

SALVATORE FERRAGAMO GROUP
SUSTAINABILITY REPORT 2018

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





LETTER FROM THE CHAIRMAN

In the current social and economic context, organizations need to prepare growth plans that take full account of the impacts generated on people, the environment and society. The risks connected with climate change and social and political tensions in fact require companies to take a long-term view and identify sustainable development routes, envisaging specific goals.

This is why 2014 saw us, as a Company, embark on a journey towards the integration of sustainability into our long-term growth strategies; it is a challenge we face with great professionalism and determination, in keeping with the values that have always been the hallmark of our family and organization. This commitment was formalized with the adoption, in 2017, of the Salvatore Ferragamo Group's Sustainability Plan, created in a bid to involve all our employees, keeping them united in achieving shared sustainability goals.

We owe it to our people, to allow for their professional growth and make them feel in harmony with corporate values. We owe it to the community, with which Salvatore Ferragamo has a long-standing, authentic bond. We owe it to our local community, which deserves to be preserved and valued.

The sustainability strategy does not only call for awareness of our impacts and transparency towards stakeholders, it also demands creativity and inventiveness, to find ever more innovative solutions to the critical issues characterizing today's market.

The promotion of circular economy models and the use of low environmental impact materials are just some of the certainties laid out in our route towards a more sustainable future. This is borne out by Salvatore Ferragamo's commitment in the Italian Alliance for the Circular Economy and the Make Fashion Circular Initiative promoted by the Ellen MacArthur Foundation. It is shown by our participation in the United Nations Global Compact, knowing that collaboration and sharing are key factors in identifying virtuous solutions on a system level.

"Made in Italy" remains key to our route, allowing us to safeguard a priceless wealth of knowledge by supporting Italian manufacture. The "Art of Craftsmanship" prize awarded to our shoemakers at the Green Carpet Fashion Awards is the proof that quality and professional expertise remain our country's excellences, recognized internationally.

The Ferragamo Group's 2018 Sustainability Report describes the Group's achievements during the year. We wish to improve our commitment more and more, placing respect, transparency and passion at the basis of each and every decision we make.

"Make the ordinary extraordinary". This is the catchphrase that guides us in the management of day-to-day operations, reminding us that every single project we develop, if approached with vision, courage and altruism, can generate positive value.

Ferruccio Ferragamo

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RESPONSIBLE PASSION

Commitment
Sustainability Plan and SDGs
Stakeholders and materiality

“Cultivate the grace but also
the irreverence of tradition”.

Simone Marchetti, Repubblica

RESPONSIBLE PASSION

COMMITMENT

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

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

Sustainability is a positive challenge that the Salvatore Ferragamo Group decided to take and interpret for the future generations, by committing to put corporate responsibility at the center of the decision-making process, and seeking to grow the business while considering also the positive and negative impact of its operations on society and the environment.

The commitment to sustainability, intended as a model for how to act without compromise, has been structured over the years and is inspired by the values that underlie the very history of the Group: a passion for world-class craftsmanship, creativity and innovation. Understanding and respecting these values translate into ethically correct behaviors, both inside and outside the Group, supporting it in terms of economic growth and credibility.



THE SALVATORE FERRAGAMO GROUP IN 2018

ART OF CRAFTSMANSHIP
AWARD

Green Carpet Fashion Awards 2018

CORPORATE SOCIAL
RESPONSIBILITY AWARD

UK-ITALY Business Awards 2018

PARTICIPATION IN THE
UN GLOBAL COMPACT

PARTICIPATION IN THE MAKE
FASHION CIRCULAR INITIATIVE

promoted by the
Ellen MacArthur Foundation

UPDATE OF THE GROUP
SUSTAINABILITY PLAN

LAUNCH OF A
POSITION PAPER

in collaboration with the Italian Alliance
for Circular Economy



To be transparent about its operations, the Group has committed to reporting on its corporate social responsibility initiatives. Salvatore Ferragamo S.p.A. has been preparing a **Sustainability Report** since 2014 (and, since 2016, for the whole Group), according to international guidelines and with a view to presenting the projects pursued in terms of corporate social responsibility.

At the organizational level, in order to take an integrated approach to managing sustainability-related topics, since 2014 a cross-functional working group called **Green Team** has been set up, dedicated to designing and promoting corporate responsibility initiatives. The team consists of people from several corporate departments, allowing to bring together cross-functional skills in order to promote all-around sustainability. The main responsibility of the Green Team is improving the quality of the workplace and the internal and external impact of the Company's operations, as well as facilitating a direct relationship with the local community in all its environmental and human facets. The particular structure of the Green Team enables the development of sustainability initiatives as part of

materials research and development, communication, packaging, information systems, logistics, operations, environment and safety, community & charity, purchasing of raw materials, human resources, mobility and store planning. In 2017, the Merchandising function joined the Green Team, strengthening the projects focusing on innovative and sustainable materials in accordance with the Brand's creative spirit. In addition, since 2016 the Control and Risk Committee has been supervising sustainability-related issues with the goal of monitoring the inclusion of responsible practices into the Group's business strategies.

To further testify to the Group's commitment, in 2017 we prepared and published the **Sustainability Policy** to develop a corporate culture oriented to equity and professional expertise, promote honesty, integrity and transparency, encourage sustainable growth, stimulate a conversation on business ethics, and make stakeholders more accountable. Prepared in accordance with the principles and rules of the Group's Code of Ethics as well as the framework of the United Nations Sustainable Development Goals (SDGs), the Policy seeks to encourage the Group's

governance bodies, employees, and collaborators to share ideas and recommendations to implement sustainability in day-to-day operations.

In addition, corporate commitment over the years took the form of the Company's participation in associations and networks that would strengthen the Group's awareness of sustainability, with a view on sharing experience and best practices. In November 2017 the Group signed the **Manifesto for a Circular Economy**, which establishes an Alliance to promote innovative and sustainable projects. The Alliance, promoted by Enel and Intesa San Paolo, involves various "Made in Italy" businesses from different sectors, recognized worldwide. The collaboration aims to develop business models based on sharing, extending products' useful life, re-using energy and using renewable resources. November 2018 saw the presentation of the Position Paper setting out the Alliance's commitment to bringing the Circular Economy issue at the very heart of the Italian political agenda and making proposals that can set the basis for discussion in developing an Italian approach to the matter.

In December 2018, the Salvatore Ferragamo Group took part in the Make Fashion Circular initiative promoted by the Ellen MacArthur Foundation, established in 2010 with the aim of speeding up the transition towards Circular Economy. The foundation brought the issue in the agenda of some of the most important decision-makers of companies, governments and universities, extending the principles of circular economy also to the fashion industry. Indeed, the **Make Fashion Circular** initiative was established with the aim of stimulating the collaboration and innovation necessary to create a new fashion industry, in line with the principles of Circular Economy. The Brand's participation further highlights the commitment towards the virtuous model of Circular Economy.

In order to implement the universal principles of sustainability and support the United Nations' goals, in December 2018, the Salvatore Ferragamo Group joined the **United Nations Global Compact**, the world's largest corporate sustainability initiative. The Global Compact offers a universal language for corporate responsibility and a framework for businesses of all sizes, complexity and location, thereby supporting organizations

in making responsible strategic decisions to promote internationally-shared corporate goals.

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

In November 2018, the Group's commitment to sustainability was rewarded at the UK Business Awards, an event during which the British government and the Department for International Trade (DIT) reward the Italian and British companies that have stood out as examples of excellence in various sectors. The ceremony was held at the offices of Borsa Italiana, in Palazzo Mezzanotte. During the course of the evening, various awards were given and the Salvatore Ferragamo Group was assigned the **Corporate Social Responsibility Award**.

To help people connect with the Ferragamo world and strengthen the bond between stakeholders

and the Brand, the Group has adopted a strategy that connects the online and offline worlds also for the purposes of sustainability-related topics. In 2016, the Salvatore Ferragamo Group launched a **section entirely dedicated to corporate responsibility** on its website, highlighting the most important social responsibility projects the Group has promoted over the years.

In 2018, we added new content to our website to further engage stakeholders: we published an interactive digital version of the Corporate Sustainability Report, which offers a user-friendly experience optimized for mobile devices, as well as the video "**We are Ferragamo**" made in collaboration with **Business of Fashion**, recounting the main intervention areas as regards to sustainability. Additionally, the Brand's sustainability initiatives were also promoted on social channels: on the day of its upload, the announcement of the publication of the Salvatore Ferragamo Group's Sustainability Report 2017 on the Brand's LinkedIn profile was viewed over 70,000 times and that relating to the publication of the video dedicated to corporate responsibility projects was viewed over 120,000 times.

THE SUSTAINABILITY PATH OF THE SALVATORE FERRAGAMO GROUP

2014

Creation of a cross-functional working group called Green Team, dedicated to designing and promoting corporate responsibility initiatives.

Identification of stakeholders.

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

2015

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

Creation of an e-mail address specifically dedicated to Corporate Social Responsibility.

Addition of a section dedicated to Corporate Social Responsibility on the Company's intranet.

2016

Drafting and publication of the 2015 Corporate Sustainability Report for Salvatore Ferragamo S.p.A., subject to limited assurance.

Creation of a section dedicated to Corporate Social Responsibility on the Salvatore Ferragamo Group's website, available in English and Italian.

Update of stakeholder map.

Update of materiality analysis.

2017

Drafting and publication of the 2016 Corporate Sustainability Report relating, for the first time, to the Salvatore Ferragamo Group, subject to limited assurance.

Achievement of the 2017 Business International Finance Award in the category "Financial Statements, Integrated Reporting, and Financial Communication" as well as the "Identity and Vision" Special Mention from Biblioteca Bilancio Sociale for the 2016 Corporate Sustainability Report.

Adoption of the Sustainable Development Goals (SDGs).

Drafting and publication of the 2017 Corporate Sustainability Report for the Salvatore Ferragamo Group, subject to limited assurance.

Drafting and publication of the first Sustainability Policy for the Salvatore Ferragamo Group.

Drafting of the Salvatore Ferragamo Group's Sustainability Plan.

Adherence to the Manifesto of the Italian Alliance for Circular Economy.

2018

Drafting and publication of the 2018 Corporate Sustainability Report for the Salvatore Ferragamo Group, subject to limited assurance.

Update of the Salvatore Ferragamo Group's Sustainability Plan.

Update of materiality analysis.

Participation in the UN Global Compact.

Participation in the Ellen MacArthur Foundation's initiative Make Fashion Circular.

SUSTAINABILITY PLAN AND SDGs

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

- **Good health and wellbeing:** to promote and support initiatives looking to protect the health of women and children, in line with its Charity Policy;
- **Quality education:** in collaboration with Fondazione Ferragamo, to invest 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 the Founder;
- **Affordable and clean energy:** to protect and safeguard the environment through continuous improvement in energy efficiency in its consumption and by promoting the use of renewable sources;
- **Decent work and economic growth:** to facilitate and add value to the professional development of people, while respecting the historic community values, in order to incentivize innovation and creativity, thus also guaranteeing health in its workplaces;
- **Sustainable cities and communities:** to direct 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:** to guarantee 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.

Moreover, with a view to strengthening its effort, in 2017, the Company drafted its first Group Sustainability Plan, with a time horizon to 2020. The Plan, which is updated once a year, was shared with top management and the Control and Risk Committee and aims to create a Group vision of the direction taken in terms of sustainability. The desire to map out the achievement of the objectives set and add new challenges for future development led, in 2018, to the update of the Ferragamo Group's Sustainability Plan. The document identifies the main goals to be achieved in connection with strategy and governance, people and principles, environmental protection, culture and participation, and identifies specific initiatives to be implemented to achieve the following goals:

- embedding sustainability into business strategies and making the relationships with internal and external stakeholders more transparent;
- increasing the frequency of internal communication on sustainability-related issues and promoting initiatives to engage stakeholders;
- promoting the Group's sustainability strategy externally;
- maximizing human capital at the Group level;
- continuously improving occupational health;
- promoting Company Welfare initiatives and strengthening internal communication;
- monitoring the supply chain and

collaborating with suppliers on shared projects;

- constantly improving energy and environmental efficiency;
- reducing the use of resources as part of production and consumption processes;
- monitoring chemical substances inside raw materials and finished products;
- promoting and using sustainable materials and by-products;
- planning and implementing charitable initiatives to protect the health of women and children as well as promote Italy's culture around the world;
- Leveraging the Company's know-how and heritage in the context of craftsmanship and Made in Italy products as well as promoting relevant training opportunities (initiatives promoted by the Museo Salvatore Ferragamo and Fondazione Ferragamo).

With the 2018 update, the Group further enhanced its commitment, for example, as regards environmental protection, human resource management, health and safety, and sustainability culture, including actions such as obtaining additional environmental certifications, the continuation of welfare initiatives for its employees, extending audit activities to the supply chain and organizing sustainability training sessions in the Company.



STAKEHOLDER AND MATERIALITY

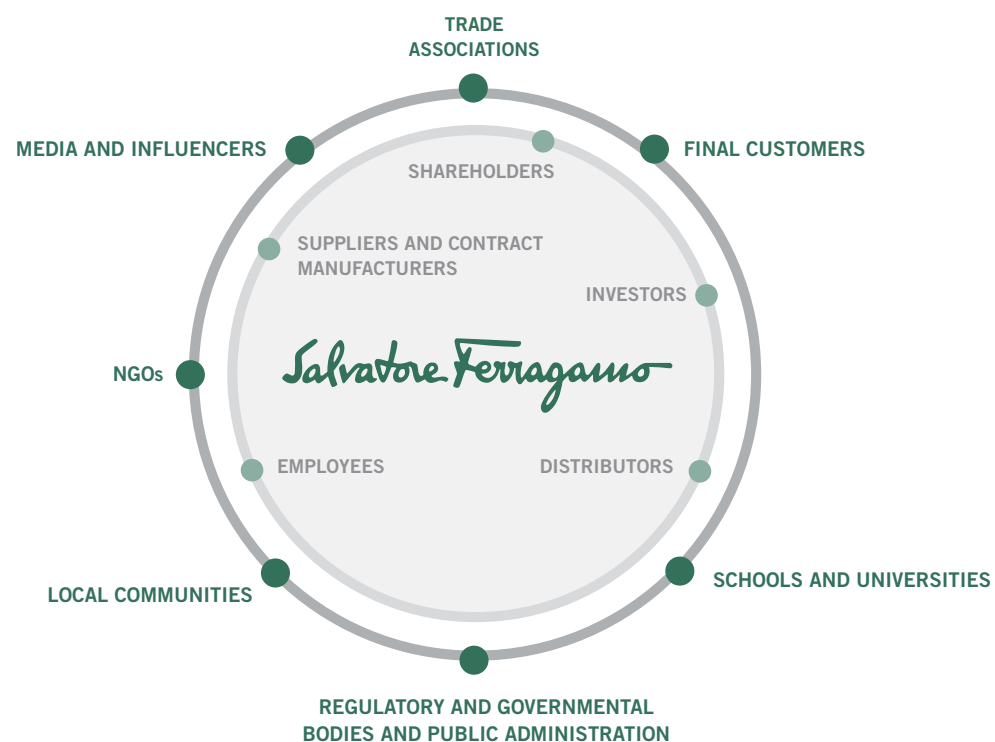
The numerous elements of the sustainability path undertaken by the Salvatore Ferragamo Group are based on an approach focused on transparency, integrity and reliability, with the aim of engaging stakeholders in the economic, social and environmental goals of its business. The Group does not simply promote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

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

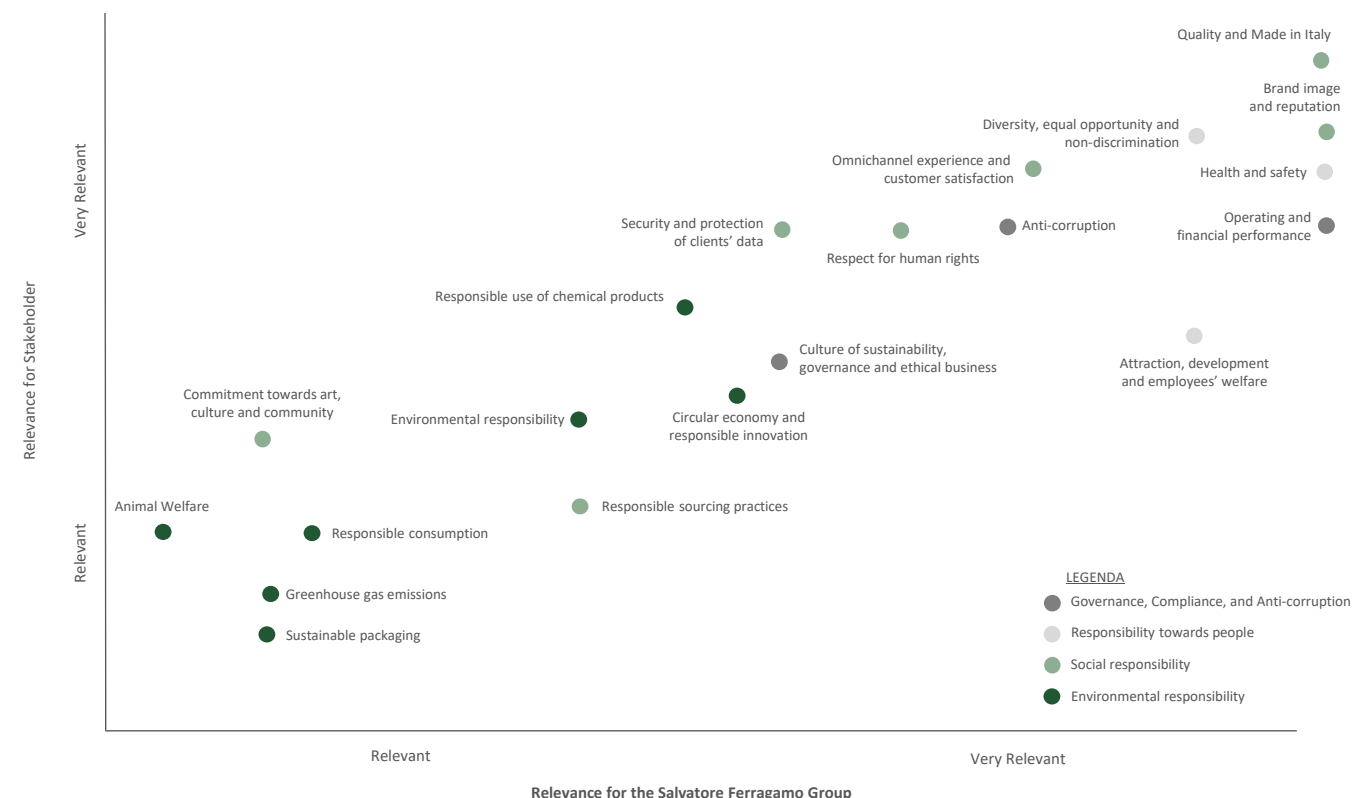
in final customers, schools and universities, regulatory and governmental bodies and the public administration, local communities, non-governmental organizations (NGOs), media and influencers, and trade associations.

The Salvatore Ferragamo Group's **materiality analysis** reflects the topics material to the Group as well as the concerns and expectations of its stakeholders. After conducting it for the first time in 2014 with the participation of the

SALVATORE FERRAGAMO GROUP'S STAKEHOLDERS' MAP



SALVATORE FERRAGAMO GROUP'S MATERIALITY ANALYSIS



Green Team and top management, the Group updated the materiality analysis in 2016 and, subsequently, in 2018, in accordance with the Global Reporting Initiatives Guidelines on identifying, mapping and defining stakeholders' expectations as well as processing the results of their engagement and prioritizing them. In 2018, the materiality analysis was updated with the input of the Group's Green Team and top management as well as by engaging stakeholders both within and without the Group, asking them for their opinion as part of the process to define, assess, and prioritize material topics. To this end, a survey has been prepared with the aim of identifying, through the assignment of scores, those topics which, for their significance and relevance, should be included in the Sustainability Report. This survey was submitted to the GreenTeam, the

Regional Directors and the Salvatore Ferragamo Parfums' CEO.

Moreover, in order to identify the needs and expectations of its stakeholders, in 2018, the Group organized a stakeholder engagement activity with all suppliers involved in the value chain of the Rainbow Future shoe, in order to identify which, from the Group stakeholders' point of view, were the most important sustainability topics. This initiative was held at Palazzo Spini Feroni and involved all those who, with their work and know-how, contributed to make the Rainbow Future shoe a sustainable design creation and expression of Italian excellence. Again in 2018, the Group launched a digital platform for use by corporate employees of Salvatore Ferragamo S.p.A. and the Group's American and European employees to explore present and future

social responsibility projects, results and goals and through which they can express an opinion on the relevance of such activities. These stakeholder engagement initiatives come in addition to those carried out in previous years, which saw the involvement of important universities, Store Managers and Assistant Store Managers of European boutiques and the younger Group employees. The outcome of the 2018 analysis is reflected in the materiality matrix. With respect to previous matrices, the new "Circular economy and Responsible innovation" issue was added in 2018, in line with the strategic approach adopted by the Group in recent years.



SALVATORE FERRAGAMO GROUP

Numbers
History and market
Responsible management

“The transformation of a polished brand history into a contemporary story, where the expected makes space to intrigue”.

Linda Loppa, Industry Expert

SALVATORE FERRAGAMO GROUP

NUMBERS

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

The Salvatore Ferragamo Group includes Salvatore Ferragamo S.p.A. as the Parent company and the following subsidiaries¹ - consolidated on a line-by-line basis - in which the Parent company holds majority stakes, both directly or indirectly, and which it controls. 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 distribution processes through investment in research, product innovation, IT and business support.

THE SALVATORE FERRAGAMO GROUP IN 2018

672

STORES IN THE WORLD

214 mln

EURO IN EBITDA

over 90

COUNTRIES WHERE IT OPERATES

over 4,200

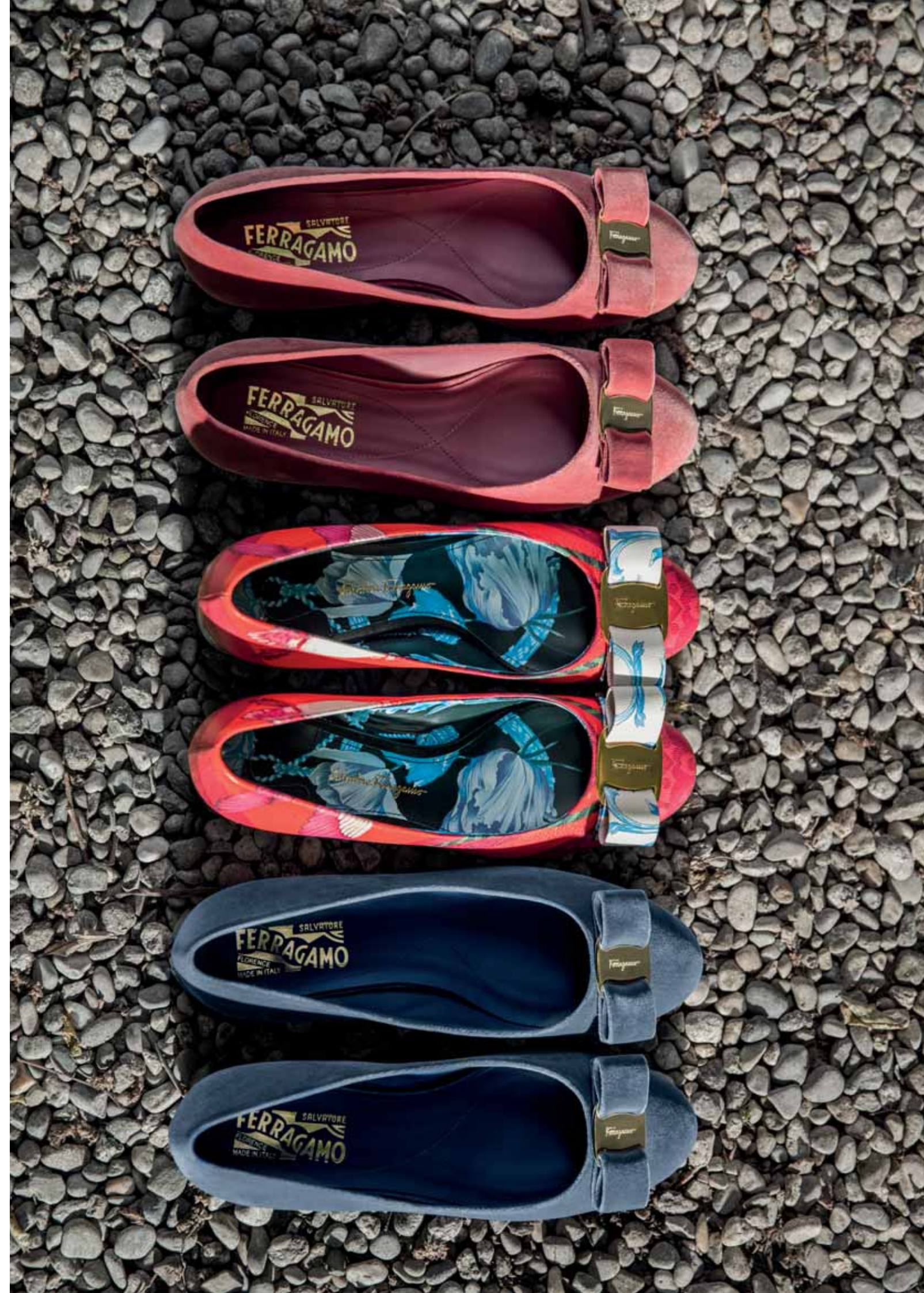
EMPLOYEES WORLDWIDE

88.4 mln

IN NET PROFIT ATTRIBUTABLE TO THE GROUP

1,347 mln

EURO IN REVENUES



¹ For further information on Group companies and the income, equity and financial position, reference should be made to the Annual Report as at 31 December 2018 of the Salvatore Ferragamo Group, which is available at the following link: group.ferragamo.com/it/investor-relations/documenti-finanziari

HISTORY AND MARKET



1898

Salvatore Ferragamo born in Bonito in the province of Avellino.



1923

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



1927

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



1936

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



1938

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



1947

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



1950s

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



1960s

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



1970s

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



1978

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



1986

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



1990

Creation of the bag with the famous Gancini decorative symbol.



1995

Inauguration of the 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.



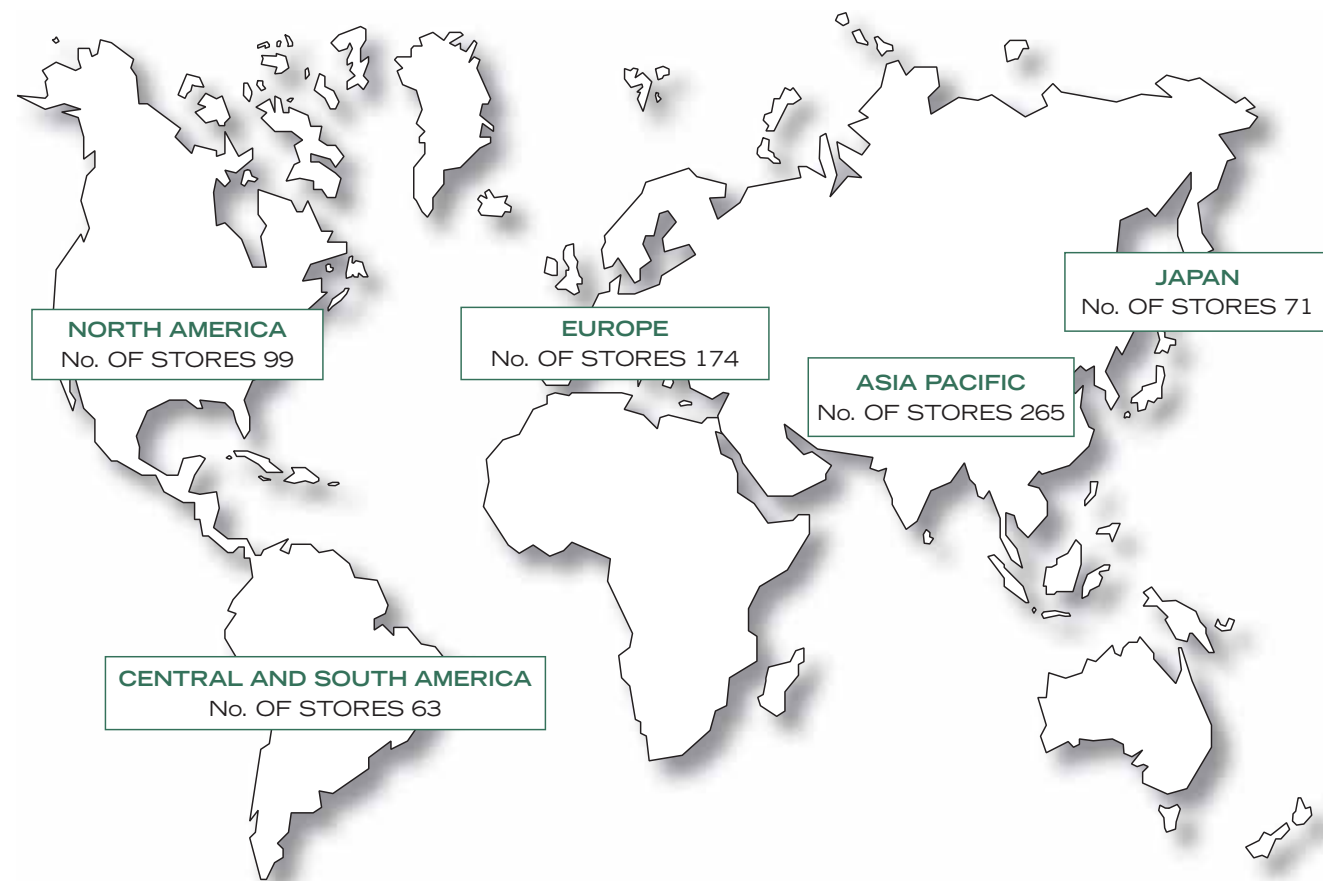
2011

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



2018

Micaela le Divelec Lemmi appointed new CEO.



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

At 31 December 2018 the Group's distribution network, consisting of a total of **672 stores**, could rely on 409 directly operated stores (DOS) and 263 single-brand stores managed by third parties (TPOS) in the Wholesale and Travel Retail channel, as well as on its presence in leading Department Stores and top-level multi-brand Specialty Stores.

In 2018, the Group celebrated the reopening of some of the Brand's most representative stores - testifying to its constantly evolving global presence. In June, the boutique was reopened at number 68 on Calle Serrano in Madrid, the most elegant street in the Span-

ish capital. In its 320 square meters, the store displays shoes, bags, and accessories for men and women. The reopening of the store, which has been renovated highlighting the Brand's style, was celebrated with an exclusive evening event. In addition, in November 2018, the reopening of the Pacific Place store in Hong Kong was celebrated. For the occasion, the #FollowVara pop-up store was launched, with the opening ceremony attended by celebrities, followers of the Brand and socialites. Other #FollowVara pop-up stores, supported by a digital campaign, were inaugurated at Tokyo Isetan Shinjuku from 21 to 27 November and Beijing Shin Kong Place from 27 November to 1 January 2019. On this occasion, guests were able to enjoy a multisensory experience

in the Salvatore Ferragamo world through the pop-up store inspired by the iconic Vara bow in the colors of the Varina rainbow. In addition, in November 2018, London saw the celebration of the 80th anniversary of the store on Old Bond Street, with an event to launch the capsule collection inspired by the British flag, the Union Jack.



OPERATING RESPONSIBLY

Salvatore Ferragamo S.p.A.'s **Corporate Governance** system complies with the principles of the Corporate Governance Code for listed Companies issued by Borsa Italiana S.p.A. The main corporate governance body is the Board of Directors, which has the primary responsibility for determining and pursuing the strategic objectives of the Company and of the Group. The current Board of Directors was appointed by the Shareholders' Meeting of 20 April 2018 based on the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A., except for the Director Micaela le Divelec Lemmi, who was co-opted by the Board of Directors on 31 July 2018, pursuant to art. 2386 of the Italian Civil Code, and will remain in the position until the next Shareholder's Meeting.

The Board of Directors has also set up three board committees providing advisory services and making proposals: the Nomination and Remuneration Committee, the Product and Brand Strategy Committee, and the **Control and Risk Committee**.

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

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

Concerning risks, the Salvatore Ferragamo Group adopts an **Enterprise Risk Management (ERM)** model to support top management in identifying the main business risks and how to manage them, as well as organizing the relevant control system. The system adopted deals with the following aspects: updating of the mapping of risks, identification and assessment of the risks and controls adopted to contain them and define suitable monitoring and management strategies. In addition, the Company has an ERM Guidance Committee, appointed by and chaired by the Chief Executive Officer and made up of managers with strategic responsibilities, to validate Risk Assessment results with a view to sharing them with the Control and Risk Committee. The ERM Guidance Committee also reviews the monitoring of risk indicators.

In particular, hereafter there is a description of the macro-categories of risks outlined in the Directors' report and the main impacts in terms of sustainability:

- market and strategic risks, in other words risks relating to the general and/or specific macro-economic trends in the markets where the Group operates. As part of this category, the main impacts in terms of sustainability are connected to internal and external events which could have an impact on the Brand's image and reputation.
- operating risks connected to typical processes, which include both external risks, such as those relating to the abuse of intellectual property rights, and internal risks related to the organizational structure, processes and systems adopted by the Group. The main impacts in terms of sustainability are connected largely to safety and customer satisfaction, including product quality, health, safety and the quality of workers' professional life and the value chain;
- financial risks, in other words

those risks which impact directly on the economic result and the value of the Company's assets. The impacts in terms of sustainability are connected to the economic-equity performance and the systems adopted for the reliability, timeliness and completeness of financial reporting, as well as the involvement of stakeholders and the market generally and transparent information in their regard;

- compliance risks connected to the failure to comply with laws and regulations to which the Salvatore Ferragamo Group is subject. As far as sustainability within this category is concerned, the Group has adopted an Organization Model pursuant to Italian Legislative Decree 231/2001, a Code of Ethics as well as implemented an Anti-Corruption Policy; in addition, it has prepared and approved a Supplier Code of Conduct which will be disseminated in the future.

As regards sustainability, the Salvatore Ferragamo Group is committed to identifying the relevant risks and to putting in place adequate instruments to manage them.

In particular:

- as regards **social aspects and respect of human rights**, the Group monitors risks connected to the following aspects: violation of the law on occupational health and safety, inadequate procurement and supply chain model, violation of the identification requirements for "Made in Italy" products, and events with an impact on the Brand's image and reputation. As regards health and safety, the Group has implemented several systems to manage risks, such as the adoption of a Code of Ethics in which health and safety protection in the workplace is included among the Group's principles and ethical rules, the presence of a Sustainability Policy and the adoption in Italy of an Organizational Model pursuant to Leg. Decree

231/2001. For all the Company's administrative offices and stores in Italy a valid Health and Safety Management System in workplace has been implemented which is OHSAS 18001-certified. Verification of the Group's health and safety requirements is achieved through audits involving all the manufacturing and retail sites. These audits are undertaken by the Safety Department with the support of specialist consultants. In addition, the Group is constantly active in training, preparing and updating workers on health and safety issues. Health and safety are controlled along the supply chain, through audits on subcontractors in order to check compliance with HSE applicable regulations; this audit activities, which have been carried out since 2014, were significantly enhanced during 2018. The respect of human rights is referred to in the Sustainability Policy and it is an important issue also for the supply chain. During 2018, the Group approved a Supplier Code of Conduct which will be disseminated in the future and which includes all the ethical principles and rules of conduct which must be complied with throughout the supply chain in terms of transparency and responsibility. In addition, the Group has adopted a whistleblowing system and a Group Whistleblowing Policy to correctly handle notifications of violations of laws and rights also in relation to human rights. Finally, at the end of 2018 the Parent company started a project to obtain the SA8000 certification.

In reference to the local community and area, the Group has had a Charity Policy for a number of years which defines the sectors to which to donate funds and develop initiatives, in order to generate positive impacts on the community and local areas where it operates. Finally, by way of confirmation of the Group's commitment to social aspects and respect of human

rights, worthy of note is the participation in the Global Compact;

- with particular reference to **employee-related matters**, the Group places great importance on its people and therefore commits to maximize people's potential by constantly monitoring risk factors. In the Code of Ethics, the Group identifies the centrality of human resources and non-discrimination as fundamental principles and ethical rules, as similarly stated in the Sustainability Policy. Salvatore Ferragamo S.p.A. also wishes to formalize the care and attention towards its people by drawing up Company Regulation, which include the criteria underlying the employment relationship, as well as workers' key rights, and started a project to obtain the SA8000 certification. In addition, the Group has implemented a whistleblowing system and a Group Whistleblowing Policy to correctly handle any notifications on the violation of laws and rights held by people in the Group. The Group highlights its commitment and the results achieved by participating in the Global Compact;

- in reference, on the other hand, to **environmental risks**, the Group constantly monitors the risk linked to failure to comply with environmental laws and analyzes and manages the risks arising from activities, products or services over which the organization has direct control, such as for example relating to atmospheric emissions, the consumption of energy and water resources, or over which it only has influence. The environmental risk is monitored also in regard to climate change and the impacts and opportunities which these changes can generate on the Company's business. The Group has adopted a Code of Ethics which includes among its principles that of environment protection; in addition, the Organizational Model under Leg. Decree 231/2001, which is applicable in Italy, includes pro-

visions on environmental crimes. Notifications linked to the violation of environmental principles contained in these documents may be directed to the whistleblowing system, which has been regulated since 2018 through the adoption of a Group Whistleblowing Policy. Among the other controls put in place by the Group to manage environmental risks, worthy of note is the adoption of an ISO 50001-certified energy management system for the Osmannoro site, the adoption of an environmental management system pursuant to ISO 14064 standards for Palazzo Spini Feroni, the Osmannoro site and the offices in Corso Matteotti in Milan, and the participation of Salvatore Ferragamo S.p.A., since the 2017 reporting period, in the Carbon Disclosure Project (CDP) to report information concerning CO₂ emissions. Environmental risks are also considered with reference to the supply chain: in the Supplier Code of Conduct which will be disseminated in the future, respect of ecosystems and product responsibility are among the principles which they are asked to respect. Finally, in line with the commitment to environmental protection, worthy of note is the Group's participation in the Global Compact;

- in terms of compliance and combatting **active and passive corruption**, the risk is connected to violations of laws, provisions and regulations and failure to comply with codes of conduct and corporate rules by the Parent company and the Italian and non-Italian subsidiaries. In order to mitigate the likelihood and impact of the occurrence of such risks, the Group carries out several controls concerning the promotion of integrity and ethics in business. In particular, the Group has adopted an Anti-Corruption Policy in line with international best practices and highest standards. This Policy formalizes the strong commitment to combat corruption, rejecting it in any

circumstance and whatever form. During 2018, the Anti-corruption Policy, which had already been adopted by the Parent company, was adopted by all the subsidiaries, through approval by the individual Boards, its translation into local languages and dissemination to all staff. In addition, the Company has adopted specific Rules of Conduct for Employees which are detailed in the Company Regulation, which also include provisions concerning relationships with Suppliers and Customers in order to, among other purposes, discourage corrupt practices, and in the Code of Ethics there are bans on collusive and corrupt behavior and situations. In addition, failure to comply with the Code of Ethics and internal procedures, including the Organizational Model under Leg. Decree 231/2001 and the Anti-corruption Policy, as well as with applicable laws and regulations, can be notified through the whistleblowing system, which applies to the whole Group together with the Group Whistleblowing Policy. The Group set up an Ethics Committee responsible for assessing any notifications received, implementing all the controls needed to assess their validity and promote the initiatives which are considered necessary.

The Group's commitment in fighting active and passive corruption is also confirmed by the participation in the Global Compact.

MEMBERS OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY - 31 DECEMBER 2018

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





MADE IN ITALY QUALITY

Tradition and innovation
Suppliers and contract manufacturers
Customer focus

"Sublime craftsmanship uses skill to preserve an emotional residence. In their work you can feel the heritage of production that dates back centuries, but you can also witness the amplification of great innovation".

Julianne Moore, during the presentation of the "Art of Craftsmanship Award" won by Ferragamo cobblers, Green Carpet Fashion Awards 2018

MADE IN ITALY QUALITY

THE SALVATORE FERRAGAMO GROUP IN 2018

ISO 14067

FOR THE RAINBOW FUTURE
SANDAL

+ 30.1%

LINKEDIN FOLLOWERS COMPARED
TO 2017

94.3%

LEATHER HIDES PURCHASED FROM
ITALIAN TANNERIES

+ 70%

WECHAT FOLLOWERS
COMPARED TO 2017

over 310,000

COUNTERFEIT PRODUCTS SEIZED BY
CUSTOMS OFFICIALS

over 350

PATENTS AND TRADEMARKS

TRADITION AND INNOVATION

Since 1927, the Salvatore Ferragamo Brand has been a byword for craftsmanship creativity, and innovation Made in Italy. As an essential value that underlies every creation, quality has always been part of the company's DNA, helping the Brand spread and become famous all over the world.

Salvatore Ferragamo has been a pioneering exporter of **Made in Italy** quality, and the whole Group has always been interested in developing and passing on the foundations of Italian craftsmanship. It is not just a question of manual skills, but also of experience, utmost care and attention to detail, and constantly searching for new materials and technologies to be incorporated into a handmade, sophisticated and contemporary product, in line with the Founder's creative principles. Each product stands out for its original design, the attention to the manufacturing process, and its strong ties with the world of culture, art, and cinema. Relentlessly pursuing innovation is a key value for the Group, rooted in Salvatore Ferragamo's legendary creative talent. The Patent Archive of the Founder has over 350 patents and trademarks, which at the start of the 21st century

were collected in the patent fund of the State Central Archive, thus holding a technical and scientific knowhow of inestimable value. The Founder's restless creativity is reflected in the massive amount of ideas he patented over the years, such as the shell-shaped sole, the wedge, the sculpted heel, the invisible upper, the cage heel, and the metal sole. To this day, the Archive represents a source of innovation and inspiration for new creations, allowing to pass on Salvatore Ferragamo's ideas and technical expertise to new generations of creative talents.

With a view to celebrating the connection between the Made in Italy tradition and the Brand's commitment to sustainable development, in 2018 the Company presented the **Rainbow Future** sandal, created with responsible materials and techniques. The model is based on the legendary Rainbow sandal - one of the key creations of Salvatore Ferragamo, made in suede in 1938 for the actress Judy Garland. Presented in a limited edition of 100 pairs in the Ferragamo's Creations collection, Rainbow Future features a hand-finished platform in veritable wood, crafted in

organic crocheted cotton (certified in accordance with the strict environmental and social GOTS - Global Organic Textile Standards), with lining in leather finished with no carbon dioxide emission or water consumption (Layertech technology). Rainbow Future has obtained the ISO 14067 certification, by virtue of which it is possible to quantify the emissions caused by the manufacturing process and to offset them through reforestation projects, thus making the sandal carbon neutral. To this end, Salvatore Ferragamo S.p.A. has called on the support of Treedom, a Florence-based company which promotes the implementation of agri-forest projects and carbon offsetting. Treedom has planted 100 orange trees in the countryside around Catania, in the context of sustainable production of high-quality products by means of environmentally friendly processes. A code on the accompanying certificate firmly ties each tree to a pair of Rainbow Future sandals: a precious symbolic gift by Salvatore Ferragamo S.p.A. to the customers buying them.



The attention and passion for materials have always characterized Salvatore Ferragamo's Brand heritage: many of the Founder's most famous creations are products of his time and clearly show he was sensitive to the economic and manufacturing changes that swept Italy in the 20th century. To strengthen the sole of his shoes during the autarky of the 1930s, Salvatore Ferragamo had the brilliant idea of using cork and created the wedge, one of the fashion industry's most revolutionary and enduring innovations. This is the same reason why he carefully selected and constantly experimented with not only exclusive types of leather, but also the most humble and unusual kinds such as fish skin, used in some of the Brand's most iconic models. Following the death of his Founder, the Group has consolidated the tradition of experimenting with materials by setting up a dedicated function, so as to constantly update the materials used - placing a special emphasis on **environmentally sustainable** ones.

In 2018 an internal competition was launched which saw the participation of very young creative designers from Salvatore Ferragamo, according to the brief "creating accessories with sustainable materials and consistently with the iconic style of the Brand". The result of this competition, which was judged by an international jury of experts, journalists and influencers, is the **42 Degrees capsule collection**. Consisting of men's sneakers, women's sneakers, a backpack and a shopping bag, the collection was conceived by two young designers from Salvatore Ferragamo, Flavia Corridori and Luciano Dimotta, who were inspired by the iconic Rainbow sandal, a model of 1938 with rainbow colors. All the components of the collection are made of Italian materials and are prepared by companies that operate in Italy

and have been present on the market for years, combining tradition and innovation and ensuring a transparent and traceable supply chain. The 42 Degrees capsule will be available in some selected stores for the inauguration of the "Sustainable Thinking" exhibition to be held at Museo Salvatore Ferragamo from April 2019 and dedicated to sustainability in art and design.

The use of sustainable materials was also promoted at the second edition of the **Green Carpet Fashion Awards** in September 2018. Dedicated to the celebration of sustainability goals achieved in the fashion and luxury industry, the event was promoted by the National Chamber for Italian Fashion (CNMI, Camera Nazionale della Moda Italiana) in collaboration with Eco-Age and with the support of the Ministry of Economic Development, the Italian Trade Agency and the Milan City Council. In the historic Teatro alla Scala in Milan there was a fashion show with creations made by the most important Italian fashion houses in accordance with the criteria set by the guidelines of the "Manifesto for Sustainability" of the CNMI. Among the most eagerly awaited and admired guests of the evening was the Oscar-winning actress Julianne Moore, who arrived on the "green" carpet accompanied by Paul Andrew, the Creative Director of Salvatore Ferragamo women's collections. Julianne Moore wore a long jersey dress created specifically for the occasion in a special fabric, perPETual, which owes its name to the raw material from which it is made: plastic recovered from oceans and transformed into yarn through a patented polymerization process. The dress was enriched with accessories: a clutch bag and sandals with a sculptured heel in GOTS certified silk (produced in accordance organic farming criteria) and metal-free leather treated without water

consumption or CO₂ emissions (naturally tanned and dyed leather with "first-class" Oekotex 100 certification). During the event, 14 awards were given for a similar number of categories. Among these, the **Art of Craftsmanship** award was assigned to the Salvatore Ferragamo Brand for the contribution provided in terms of tradition and innovation. The award was collected by a representative team of expert artisans from the fashion house in the presence of the Chairman Ferruccio Ferragamo.

The Group has always been working with those committed to research and experimentation and acknowledging the importance of raising the awareness of its creative teams about the use of sustainable, innovative and high-quality materials. Therefore, also in 2018 the Group held an **interactive workshop on sustainable and innovative materials**, organized by C.L.A.S.S, for style, production, and material research teams, so as to promote a culture of sustainability and stimulate their interest in new materials. In addition, during 2018, the Company actively participated in several conferences and working groups set up to start a conversation about sustainability among Italian and international fashion leaders. Among others, the Company participated in the Sustainable Luxury Academy organized by Milan's Polytechnic University in partnership with Mazars International. The Academy's goal is to discuss and identify the next steps required to completely embed sustainability into the luxury industry's supply chains.



SUPPLIERS AND CONTRACT MANUFACTURERS²

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

To deliver a quality product as well as make production and distribution more efficient and flexible, the Salvatore Ferragamo Group pays special attention to the key stages of the supply chain, limiting subcontracting to only one tier in order to better monitor quality throughout the supply chain. Similarly, the Group directly manages the product development and industrialization stages as well as performs quality and safety controls, both at the start and at the end of the manufacturing process, on the whole production.

When selecting suitable suppliers, the Group places special emphasis on the technical assessment of raw materials, semi-finished and finished products as well as the acquisition of documents concerning manufacturing plants – and, in some cases, it follows up with a visit to the premises. In order to ensure the essential quality of the Brand's products, the Salvatore Ferragamo Group uses a selection process for suppliers and work-

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

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

certified raw materials suppliers. Since 2016, the Salvatore Ferragamo Group has been addressing the topic of chemical substances by submitting its **Restricted Substances Lists (RSLs)**. The lists, which were drawn up voluntarily in order to eliminate or restrict the use of some chemical substances during the manufacturing process were updated in 2018 and were shared with all suppliers and workshops and signed by them. In December 2018, the dissemination of the lists was also extended to suppliers of special works and structures with both direct and indirect relationships with the Company.

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. Against this backdrop, the Group remains deeply connected to the local community: considering the geographical distribution by company name of only the suppliers related to production operations, Italian entities account for as much as 97.4% of suppliers' turnover in 2018.

As for workshops, the Salvatore Ferragamo Group works exclusively with highly specialized manufacturers that meet the most demanding quality standards. Virtually all of them are located in Italy. The selection and retention of external workshops 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

SUPPLIERS IN FIGURES - 2018



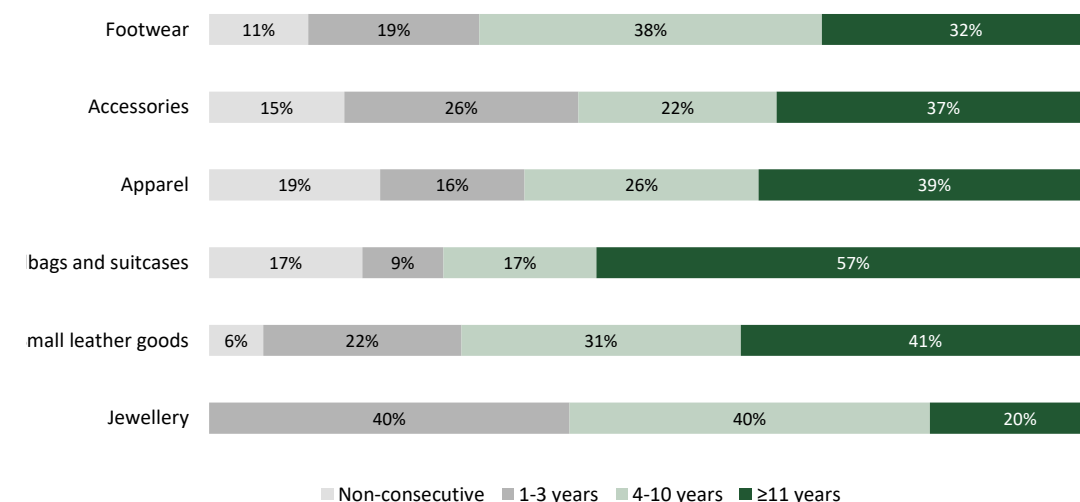
the Group and the contract manufacturers, and the highly specialized products and production processes involved. This integration is supported by an IT system that connects the main workshops with the Group. This allows to share the progress of production and logistic processes, check whether raw materials are in the workshops' stock, and effectively plan the production stages as well as the

procurement of raw materials and components.

In addition, by signing the trademark protection agreement, the Salvatore Ferragamo Group bans external workshops from selling the Brand's products to third parties. These workshops must disclose if they work with any subcontractors, to which they can outsource different production

processes, in accordance with the policy limiting subcontracting to just one tier. In addition, the Group constantly monitors workshops through inspections performed by technical and production staff.

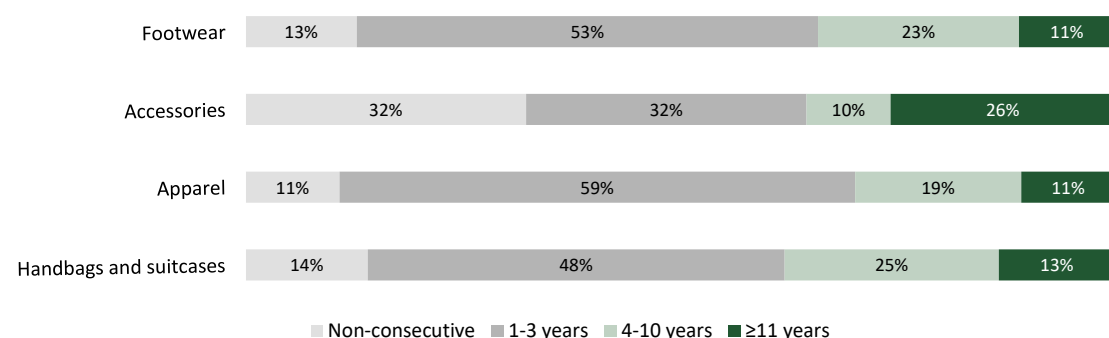
YEARS OF PARTNERSHIP CONTINUITY WITH CONTRACT MANUFACTURERS BY SECTOR - 2018



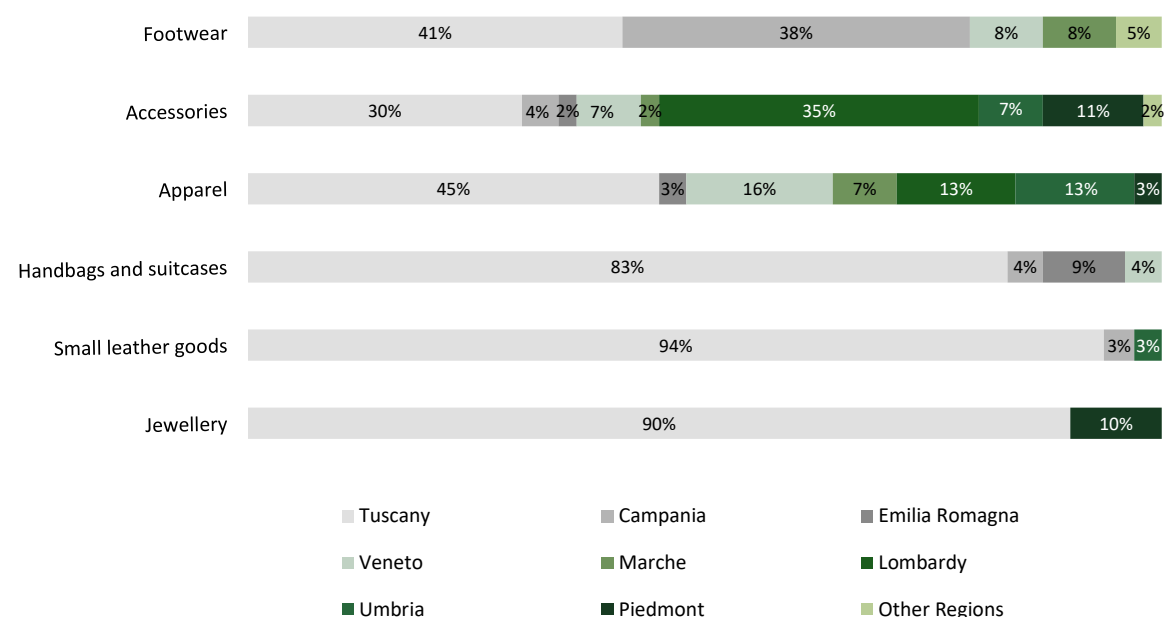
² The reported data and information refer exclusively to suppliers related to production process.



YEARS OF PARTNERSHIP CONTINUITY WITH SUPPLIERS BY SECTOR - 2018



GEOGRAPHICAL BREAKDOWN OF ITALIAN CONTRACT MANUFACTURERS BY SECTOR - 2018



To uphold **corporate social responsibility within the supply chain**, since 2014 the Salvatore Ferragamo Group has been performing audits on subcontractors. These audits, based on a multi-year plan and handled by an external specialist, seek to ensure the respect for human rights and workers as well as compliance with occupational health, safety and hygiene standards. The audit process involves a number of stages. First, the sub-contract manufacturers are required to fill in a pre-assessment survey; then, an on-site audit is carried out by interviewing both employees and the management. Based on the audit findings, the Group prepares an improvement plan with the sub-contract manufacturers 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 a person responsible at the supplier. Since 2014, the Group has conducted **over 260 audits and about 90 follow-ups**. During 2018, the assessment process involved the categories of women's footwear, men's leather products and footwear, Ready-to-Wear and accessories. Also in 2019, the Salvatore Ferragamo Group will be committed to continuing this monitoring, in order to guarantee responsible management of its supply chain in compliance with the laws in force. Once again in 2019, the group will audit the following product categories: women's footwear, men's footwear, leather goods, Ready-to-Wear and accessories. In addition, in order to ensure high standards of occupational health and safety, in 2018 the Company started safety audits on workshops which will continue in 2019.

In accordance with the Group's Code of Ethics and in order to embed corporate social responsibility into day-to-day operations, the

Group sees collaborating with the supply chain as key to achieving the highest ethical and sustainable business development standards. By way of further confirmation of the actions undertaken in 2018, the Group approved its own **Supplier Code of Conduct**, setting out the standards of ethics and conduct that, along with legal, regulatory and procedural provisions, must govern the Group's business relations with its partners. The Code includes rules and standards of conduct concerning business ethics and integrity, labor and human rights, the respect of ecosystems, including respect of animals and environment protection, and product responsibility. During 2019, initiatives have been planned for the coming into force of the Code, by providing information and training to its recipients, requesting a formal commitment to comply with the Code's principles and provisions, monitoring compliance through an audit plan, as well as providing any support needed to achieve full compliance.

Besides the attention which the Company places on transparency and monitoring, particular importance is given to maintaining high quality standards. Concerning footwear production operations, the Group has always relied on a small prototyping and manufacturing unit comprising materials cutters, stitchers and fitters: the **Manovia** division. 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. 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 Museo Ferragamo. 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. In November 2017, the Group launched a renewed **Modelleria** division for Men's and Women's Leather Goods: this approximately 1,200 square meter lab brings together craftsmanship and research and is designed to pass the know-how of master leather craftsmen on to young talents. Staying true to its tradition and craftsmanship, the Group wants to celebrate the "Ferragamo touch" in the world of leather goods, with infinite possibilities for testing innovative types of leather and materials during the processing stages as well as improving the quality and efficiency of development processes. Together, Manovia and Modelleria are key to preserving the know-how passed on by the Founder and carried on by the skilled craftsmen of the Salvatore Ferragamo Group.



CUSTOMER FOCUS

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

In this light, the Group has adopted a **customer-centric strategy** aimed at anticipating the needs of existing and potential customers in order to create long-term value. In 2018, the Group conducted sales and sector analyses and constantly monitored market trends and sector studies to guide the creative teams in the development of “glocal” collections that can even better meet the expectations of the Brand’s customers. In 2018, the Group also introduced thematic offerings consistent with a Buy Now/Wear Now approach, which consists in allowing customers to buy an item they can start wearing right away. In addition, a Global Core Assortment has been created in order to identify a selection of products which are common to all markets, with the aim of having a consistent Brand image worldwide and maximizing the impact of marketing and communication activities.

To ensure customer understanding and satisfaction, the Group strives to make its sales staff capable of conveying the passion for craftsmanship and quality that characterized the Founder. Therefore, **retail staff training** is key to keeping the Brand exclusive and driving engagement. The goal is to make every employee aware of the company’s culture, which is made up of traditions as well as strong and distinctive values. In order to communicate the inspiration and themes underlying the collections, seasonal training

sessions have been provided to sales staff on the men’s and women’s collections, which were customized based on information relating to purchases from the different stores. Training sessions were offered through the new **iLearn digital learning platform**, available in 9 languages to both retail and wholesale sales staff. The platform, accessible from PCs, tablets, and smartphones, is based on an adaptive technology allowing it to display perfectly fine on any device. The contents include a general introduction to the history and legacy of Salvatore Ferragamo, information on product storytelling and the selling ceremony, as well as more specific and professional contents related to individual product categories. The Group uses the iLearn platform also to distribute expanded seasonal training programs, optimizing them in terms of form and usability, as well as contents focusing specifically on the key selling points and storytelling. At the end of each training module, employees are given tests whose results are tracked by the digital platform; everyone can download their certificate of attendance and digital passport, which includes a record of all digital courses attended.

Besides online training sessions, the Group also offers **in-class sessions** to client advisor teams with the goal of strengthening not only their sales skills and customer approach, but also expanding their knowledge of specific topics such as Chinese culture and the processing and characteristics of leather hides. In 2018, in addition, the dissemination continued of the training format on customer relationship management for sales teams: the program, developed to be strongly interactive, also explains the current interaction strategy and provides practical examples and exercises to optimize its implementation. In addition, coach-

ing sessions were held in stores in order to monitor interactions with customers and improve the client experience. As for managerial training for store managers, the focus is on the skills required to manage the store, upgrading the skills of employees, sales performance coaching, and the alignment with the company’s goals. These sessions are key to optimizing customer greeting at the store and conveying the Brand’s key values.

In order to enhance customer relations in the various steps – before, during and after the sale – in 2018 various activities were undertaken. Each single moment of any interaction is an opportunity to deepen knowledge of customers, to understand their satisfaction drivers, to have a good approach in offering experiences and services and to talk to their heart. During the year, a program was developed of in-store experiences and events to be offered to specific customers, and the after-sales approach was reviewed to improve the experience in a stage which is sometimes critical in the relationship, thanks also to a review of the After-sales guidelines.

Concerning the initiatives for the benefit of customers, the Group uses the **Authenticity Tag** system, which protects the consumer that purchases a genuine and Made in Italy Salvatore Ferragamo product, preventing and limiting counterfeiting. Said innovative traceability project consists in the implementation and adoption of an NFC (Near Field Communication) solution to uniquely identify Salvatore Ferragamo products. NFC is a radio-frequency technology based on a chip, which stores the data, and an antenna that sends signals using radio waves. The combination of chip and antenna is the so-called Tag. A device known as reader is able to decode the radio signals emitted

by the **RFID (Radio Frequency Identification) Tag**. The NFC Tag is embedded into the product at the end of the manufacturing process and activated following a quality control check. It cannot be counterfeited, as it is based on a unique identifier certified and assigned by a manufacturer. It allows to encrypt or protect the data on it with a password as well as read it from a distance of only a few centimeters using new generation smartphones. Industry insiders can also access exclusively an application that reads some of the data stored in the Tag, such as the serial number, the manufacturer number, and the collection the product is part of. Currently, thanks to the expansion of the project in past years, the Tag, except for some models, is in all Ferragamo leather products, as well as in ties and scarves. According to the project, a pilot stage will be implemented for the forthcoming collections for Ready-to-Wear products.

In order to protect its customers and the value of its trademarks, over the years the Salvatore Ferragamo Group has implemented a series of **anti-counterfeiting activities**, both offline and online. For years now, its online monitoring activities have enabled it to achieve significant results. In 2018, 3,218,080 illicit contents and profiles were removed from the main social media platforms, and 124,302 listings of counterfeit products were identified, blocked and removed from online auction sites. In addition, during 2018, 256 illicit websites were tracked and taken down, and 128,346 uses of “Ferragamo” as a keyword on digital Marketplaces were removed. A significant result achieved in 2018 was the ruling by the Court of New York which issued an injunction against 60 owners of illegal online profiles regarding the use of the Salvatore Ferragamo Brand and the sale of counterfeit

products, condemning them to pay an amount of USD 60 million to the Company. In addition, in 2018 the Group carried out constant controls on physical markets through various and numerous out-of-court and in-court activities, focusing their efforts on one of the areas where counterfeiting is most widespread, China. In 2018, 41,949 counterfeit products were seized in China and 310,010 worldwide. The Group’s commitment to combating counterfeiting has delivered remarkable results thanks to the relentless and effective efforts to safeguard its brands as well as the development of new tools to protect its industrial and intellectual property rights. The Group will double down on these efforts in 2019.

As regards the focus on customer relationships, the Group has adopted a strategy connects the online and offline approach in order to encourage and promote interaction with the Ferragamo world. **Integrating the digital channel** in communication strategies makes the brand experience for the Salvatore Ferragamo Group complete, offering them an effective and hands-on opportunity to learn more about the Brand. With a view to increasing connection between customers and the Ferragamo world, during 2018, the Group updated its **eCommerce platform** to provide an innovative and intuitive user experience, highlighting the craftsmanship and outstanding quality of Salvatore Ferragamo products. In order to make its websites easier to use, in 2018 the Group introduced contents in German in its eStore in Germany and Austria, and completed the migration to the new website in Korea and Australia and the soft restyling for the websites in Mexico and Japan. Since introducing the eCommerce platform in 2009, the Group has been adding more and more functions to meet the needs of its digital customers: new

payment methods, new product categories, and the introduction of exclusive products. Since 2016, US customers can use the Reserve in Store, Stock Enquiry, and Pickup in Store services. All this is part of the initiatives related to the **omnichannel project**, which aims to steer customers from online channels to the physical stores – and vice versa – in order to gather information allowing to customize online offerings and communication. In the United States, in 2018 On Behalf Of was launched in stores, a service which is present also in Europe and makes it possible for sales staff to purchase, on behalf of customers, particular products which are not present in the range through a special iPad interface. The Pickup in Store function, which already exists in the United States, was extended in 2018 to the Brand’s other eCommerce stores. The coming online of the new website in Korea and Australia saw the activation of the Stock Enquiry service, which is already available in European eStores. This makes it possible to identify the stores where it is possible to find the item selected on the website. In addition, in 2018 the Ship from Store function was introduced in China, which guarantees faster customer deliveries. The experience of online purchasing in the United States was also enhanced with the planning of a post-purchase email which, besides providing information to track the order, invites users to keep in touch with the Brand and evaluate their purchase experience. In 2017, the five European eStores as well as those in Australia and Mexico introduced the functionality to recover abandoned shopping carts. During 2018, the Ready-to-wear category was included in the five European eStores, ensuring eCommerce customers access to a broader product range, in line with that found in physical boutiques, and the Store Locator was improved. This allows

users to obtain detailed information on Ferragamo stores worldwide. In China, the official WeChat miniprogram was launched, aiming at increasing the visibility of the Brand and of the eCommerce website. In addition, in order to ensure a safer experience for customers who purchase through the eCommerce platform, in 2018 the fraud-prevention system was strengthened, the contents were updated to the new GDPR regulation in Italy and Secure Acceptance was implemented in Japan. In 2018, a new Web Application Firewall was introduced globally, ensuring greater data protection. Finally, the new release of the PIM (product information management) system allows for easier and safer management of onsite contents. The improved functions and services offered by the online channel has caused the number of subscribers to the Ferragamo eCommerce newsletter to rise by 15% in 2018 compared to the prior year.

The digital evolution of the last few years has significantly changed also Salvatore Ferragamo's social strategies. Using **social media** allows to further engage customers and deliver a comprehensive experience through short Brand stories posted in formats tailored to each channel. In 2018, the Group launched several digital campaigns: THE WORLD IS A WORK OF ART, which for the first time sees Paul Andrew hold the role of

Creative Director, celebrates the connection between Italian tradition and an innovative vision, imagining a scenario with a timeless design and rarefied atmosphere of a place of art. The relationship between the Company and art is at the core of the #Ferragamo StudioBag campaign, featuring the artist Ana Kras and her studio, the space par excellence for creatives - where they can paint, design, photograph, dance, form new ideas. Drawing inspiration from elegant floral patterns from the archives, the #FlowerInvasion capsule collection focused on a storytelling experience on both digital channels and at specific stores. Another key issue in digital campaigns was the connection between the Company and sustainability, which saw the celebration of #RainbowFuture, the first footwear item which bears witness to the link between the tradition of Made in Italy products and the Brand's commitment to sustainable development, and the participation in the #GreenCarpetFashion Awards, during which the Group received the Art of Craftsmanship award. In addition, there were numerous digital campaigns concerning historic models, capsule collections and store events: #SwipeToSwitch, #FerragamoMoccasins, #ItalianJournery, #FutureHeritage, #UnexpectedFlorence, #FollowVara, #FerragamoHoliday, #FerragamoMadrid and, finally, #80thFerragamoLondon.

Bearing witness to the success of the campaigns undertaken and the strong commitment which the Group places on digital communication, 2018 was marked by a significant increase in the number of followers on the main social channels. In particular, WeChat and Instagram saw important growth in the number of followers compared to 2017, 70% and 42.2% respectively.

THE SALVATORE FERRAGAMO GROUP ON SOCIAL MEDIA
GROWTH IN FOLLOWERS (2017 vs 2018)

INSTAGRAM	+42.2%	LINKEDIN	+30.1%
FACEBOOK	+3.1%	WEIBO	+32%
PINTEREST	+9.3%	WECHAT	+70%





A SHARED HISTORY

Diversity and equal opportunity
Attracting and developing talent
Wellbeing of people

“However, despite evolving from a single individual to a global team of over 4.000 employees during its 90 year history, the same spirit of shared passion, teamwork and respect for communities, established by Salvatore Ferragamo's first partnerships with Florentine craftsmen, continues to define the company today”.

Business of Fashion

A SHARED HISTORY

The Salvatore Ferragamo Group is aware that a fundamental role in maintaining its success are the people who every day, with competence, passion and dedication, contribute to carrying out its work, while respecting the heritage and the values that were promoted and transmitted, in the first instance, by its Founder. The Group considers its human capital to be crucial and is committed to maximizing people's potential at each step of the production chain, investing in the professional growth of its employees and attracting new talents while complying with occupational health and safety standards. Therefore, for years now Salvatore Ferragamo has been formalizing its care and attention for its own people in Company Regulation that set out the principles underlying the employment relationship as well as the main rights of Ferragamo employees-which are summarized in the section on employee rules of conduct. The Regulations are available and freely accessible to all employees through the company Intranet.

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

As at 31 December 2018, the Group had 4,228 employees, an increase of around 1% from the previous year. 62% of employees is in the age range between 30 and 50.

THE SALVATORE FERRAGAMO GROUP IN 2018

4,228

EMPLOYEES WORLDWIDE

1,128

EMPLOYEES UNDER 30

≈ 70%

WOMEN

≈ 70%

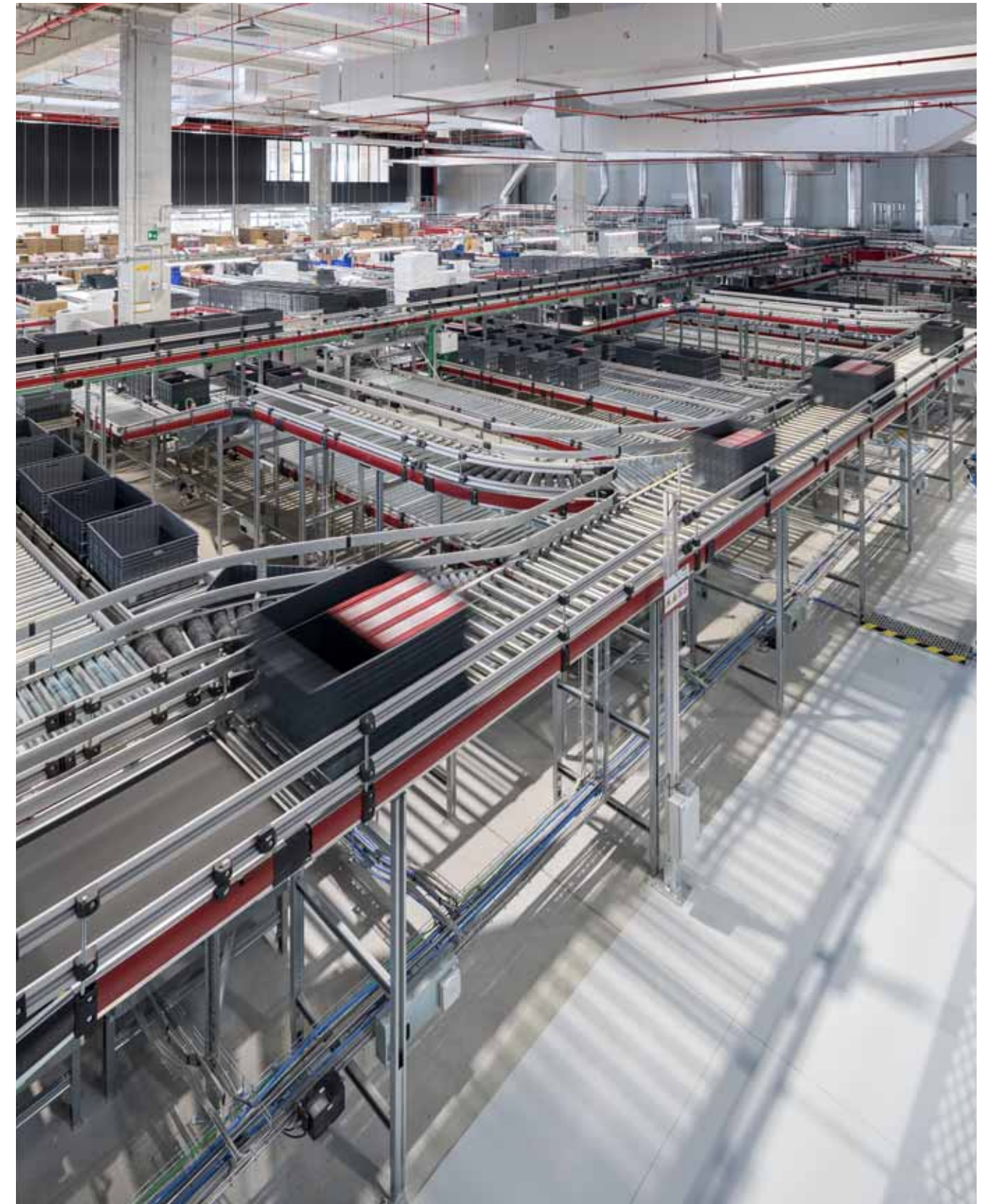
EMPLOYEES SUBJECT TO PERFORMANCE ASSESSMENT

over 50%

UNDER 30s AMONG THE NEW RECRUITS

92%

EMPLOYEES ON PERMANENT CONTRACTS





DIVERSITY AND EQUAL OPPORTUNITY

The Group places extreme importance on its human capital and is committed to guaranteeing their management based on the principles of correctness, integrity and respect, aimed at valorising and protecting its people, demanding respect of these essential and absolute values in both internal relations and in dealings with third parties. Employee relationships are based on the principles of inclusion and diversity, preventing any **discrimination** based on age, race, ethnicity, nationality, political views, trade union membership, religious beliefs, sexual orientation, gender identity, physical and mental disabilities, and any other personal characteristics, in line with the Group's Code of Ethics. In this regard, during 2018 the Group worked to prepare an **Inclusion Policy**, which will be implemented in the future, with the aim of formalising the commitment to favour the promotion and protection of the values of diversity and inclusion and setting out the principles which, in keeping with the statements in the Code of Ethics and in the Sustainability Policy, have always led the Salvatore

Ferragamo Group in the transparent and responsible undertaking of its business. Special emphasis is placed also on providing **equal opportunities**, ensuring the same work conditions for male and female employees and promoting initiatives to help balance family and professional life through different types of employment agreements.

At 31 December 2018, there were 59 male employees and 247 female employees who were on part-time contracts. **Women** play a key role in the Salvatore Ferragamo Group: they account for nearly 70% of its employees and **hold around 65% of senior management positions**. In addition, women make up a significant 39% of the Parent's Board of Directors, above and beyond the applicable laws.

The Group adopts **remuneration policies** that recognize the personal contribution of each employee according to the principles of gender equality and merit. For several years now, the Group has been implementing a remuneration system differentiated for the various employee categories, including also

economic incentives contingent on individual and company performance goals aimed at promoting a sense of belonging and teamwork.

Finally, as for industrial relations, more than 50% of the Group's employees are covered by **collective bargaining agreements**, as required by applicable laws and regulations in the countries in which it operates³. In addition, these agreements, together with the laws in force in the countries where the Group operates, also regulate the pay aspects as well as the minimum notice periods for significant operating changes. In reference to the Parent company, in November 2018 negotiations started positively for the signing of the corporate contract and for the results bonus in relation to 2019-2021.

EMPLOYEES OF THE SALVATORE FERRAGAMO GROUP - 31 DECEMBER 2018

NO. OF PEOPLE	MEN	WOMEN	TOT
PARENT COMPANY	411	563	974
EUROPE	140	277	417
NORTH AMERICA	289	347	636
CENTRAL AND SOUTH AMERICA	119	93	212
ASIA PACIFIC	321	1,260	1,581
JAPAN	91	317	408
TOTAL	1,371	2,857	4,228

³ The topic related to industrial relationships has not been considered material for the Salvatore Ferragamo Group and its stakeholders.

ATTRACTING AND DEVELOPING TALENT

Respect for the Brand and People together with Passion, the source of creativity and innovation, are considered success factors for the Salvatore Ferragamo Group, which is committed to attracting talented staff who believe in these principles and to creating an environment favourable to disseminating these principles. Confirming this commitment, in 2018 1,553 employees joined the Salvatore Ferragamo Group, of whom around 50% were under 30 and around 67% women, thus recording a staff turnover of 37%. It considers offering a stable and long-lasting employment relationship as necessary to foster the Company's growth, as well as an important motivational factor. The high proportion of employees on permanent contracts, accounting for 92% of the total in 2018, is evidence of the Group's commitment in this sense.

In Italy, Salvatore Ferragamo has an **Induction program** for all new recruits aimed at transmitting the Brand's values right from the start and creating a strong sense of belonging. The three-day Classic Induction course consists in a training session to introduce new hires to the Brand, the history of the Founder, and the Group's values, as well as guided tours of the new Logistics Center, La Manovia, the museum and the Historical Archive in partnership with Fondazione Ferragamo and Museo Salvatore Ferragamo. The Customized Induction, which is reserved to executives and managers, is instead organized so that it is tailored to the role that the incoming manager is required to fill.

To select and attract top young talents, the Parent has partnerships with several Italian Universities, Business Schools and Design Academies, organizing presentations, career days, and field projects. During 2018, 15 **Employer Branding** sessions were held during which Salvatore Ferragamo

met 714 students, 21 of whom started work with the Company. In addition, for a few years now Salvatore Ferragamo has been the official partner of SDA Bocconi School of Management's Master in Fashion, Experience & Design Management (MAFED), an international program for those who want a managerial career in the fashion, luxury and design industries. In 2018, in collaboration with MAFED, the "New women's shoes business opportunities" project was completed. This enabled students to present an action plan to improve Ferragamo's women's shoes in terms of product, service and communication. During 2018 the Parent collaborated with Domus Academy, launching the "Sustainable Innovation" field project which involved the students of the Master in Fashion Management in developing projects focussed on analysing the link between Salvatore Ferragamo, Sustainability and Millennials.

Again in 2018, Salvatore Ferragamo collaborated with the Costume and Fashion Academy of Rome in launching the "High Tech - High Craft" project, which involved the students of the Master in Accessories in developing a men's leather capsule collection on the theme of travel. The two most important initiatives to valorise young people which were promoted in 2018 and are planned for 2019 are: the Salvatore Ferragamo study grant for the Sustainability Management track of the Master in Brand & Business Management which will be held at the Milan Fashion Institute, an inter-university consortium for high-level training in the fashion field founded in 2007 by Bocconi University, Cattolica University and Milan Polytechnic, and will seek to teach how to manage sustainability using an holistic approach, planning successful business strategies and responsible innovation, welcoming the new trends which are influencing the fashion sector; the partnership

with the Master in "Shoe Design" of Polimoda, with the aim of training the new generation of designers who are destined to inherit the experience and know-how of Ferragamo and acquire the skills needed to design and develop a footwear collection with a strong and innovative creative direction.

With a view to promoting the growth of people in the Company, in 2018 the activities to train and develop the talented staff identified at corporate level in the previous year continued, and a project was launched to design a **Talent Management** system at global level. As part of its own Ferragamo Excellence model, the Parent identifies nine essential competencies divided into Core Competencies and Managerial Competencies, to be enhanced in each employee. Core Competencies are key for all employees and enable them to achieve high levels of performance and quality as well as promptly address issues and problems as they arise by working in teams and exploring new ideas and solutions. The Group has identified additional competencies for middle and senior managers focusing on knowledge that is crucial in order to create value and improve competitiveness over time, inspiring enthusiasm and a passion for work and excellence in other people. Over the next few years, the Group will gradually expand the Talent Management system to all employees, regardless of the geography in which they operate, maximizing the potential of key resources across the entire Salvatore Ferragamo Group.

The digitalisation process which the Company is pursuing also led to the design and implementation of a new **eLearning platform** which, with the aim of extending the supply of training contents, will contribute to promoting greater interaction between employees and continuous training.

In 2018 the **Internal Job Posting** project also continued, which constantly updates available open positions, promptly informing employees. The Group will continue developing the project in the upcoming years to promote a closer integration between all the areas in which the Salvatore Ferragamo Group operates.

In order to valorise resources in the retail segment and incentivise the constant improvement of the experience offered to customers in Boutiques, in 2018 the **retail staff development** program continued, with the aim of establishing structured career paths and facilitating internal mobility. During the year the **Stitching Together** initiative was also launched, which allowed retail staff to obtain an increase in variable pay, focussing their energy on the sale of specific items and on achieving individual performance objectives.

The Group pays special attention to the families of its employees: in 2018, it continued the **Store Internship for Employees' Sons and Daughters** program, offering the children of its employees the opportunity to work at the Brand's stores and live a work experience in the Ferragamo world. In 2018, the program has been extended also to the siblings of the Group's employees.

To facilitate the development of their staff, the Group implemented, in continuity with previous years, some performance assessment programs, including the **Performance Appraisal System**, in order to identify the strengths and any areas for improvement of each employee. The system is conceived not only as a monetary incentive system but also as an instrument for development: the performance appraisal is connected to a position profile and the specific technical skills required. During 2018, over 92% of Group managers were subject to this

type of analysis, as were around 70% of all Group employees.

Among the internal engagement initiatives, 2018 saw the creation of "**Ferragamo Together**", the innovative company intranet, designed to facilitate collaboration and sharing of ideas, information and projects among all the Group's employees, thus increasing the sense of belonging and team spirit. Ferragamo Together can also be used through a mobile app. To the same end, in October 2018 the Company organised a packed lunch at the Parco delle Idee (Park of Ideas), involving over 60 employees and illustrating to them the evolution of this park created thanks to the Company.

In addition, Ferragamo employees were invited to participate in two important sports events by forming a team: the Milan Relay Marathon and the New York Marathon in collaboration with the San Patrignano Running Team. On both these occasions the Ferragamo team was able to support important charities while promoting the values of sport and solidarity.

Salvatore Ferragamo's approach to sustainability and the importance attributed to team work are told through the video "We are Ferragamo", made in collaboration with **Business of Fashion** in 2018. The video goes over the main action areas for sustainability: from innovation and digital to creativity and design, from craftsmanship and the relationship with the local territory to the need to work in a team to promote the Company's sustainable development. From its publication in July 2018 up to December 2018, the "We are Ferragamo" video recorded over 65,000 views, generated over 545,000 impressions on social media and over 3,100,000 impressions in total.

To embed sustainability into its internal communication platforms, the Group has set up a **corporate**

responsibility section on Ferragamo Together as well as a dedicated e-mail address through which employees can directly engage with sustainability topics and submit sustainability-related ideas and projects to the Green Team.



Salvatore Ferragamo

cimberio

NEW YORK CITY MARATHON
04.11.2018

Salvatore Ferragamo

cimberio

NEW YORK CITY MARATHON
04.11.2018

Salvatore Ferragamo

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NEW YORK CITY MARATHON
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Salvatore Ferragamo

cimberio

NEW YORK CITY MARATHON
04.11.2018

WELLBEING OF PEOPLE

The wellbeing of its workers is a fundamental element for the success of the Brand: for this reason, the Salvatore Ferragamo Group implements numerous initiatives in the area of corporate welfare.

Since 2014 a **Flexible Benefit Plan** has been in force in Italy, the purpose of which is to support workers and their families in social and cultural activities, in their development and in school fees and costs for their children. The plan consists of the possibility to replace or complement part of the variable pay with benefits in the form of services, to address personal and family needs. Specifically, employees can select their own type of benefit from a vast selection, including areas such as: education, sports, culture and leisure, travel and supplementary pensions.

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

The **benefits** and advantages for the full-time employees of the Group's companies vary according to local laws and practices: they include, but are not limited to, health and life insurance policies, discounts at the Brand's stores, pension contributions, and reimbursements of company canteen services or benefits in lieu thereof. The wellbeing of employees, collaborators, suppliers, and consultants has always been a core part of the Group's DNA. Over the years, the Company has made significant investments in safeguarding the wellbeing of its employees,

developing an Occupational Health and Safety Management System to reduce or minimize the risks employees or other parties may be exposed to for different reasons as part of the company's operations. In late 2017, this system received the coveted **OHSAS 18001** certification, which is valid for all the Company's Italian offices and stores. This result strengthens the effectiveness of the existing administrative liability system pursuant to the 231/2001 Model, ensuring the principles of the relevant policy are properly implemented in all work environments. In addition, this regulation is valid internationally, which will allow to extend the certification to the sales offices located abroad over the next few years, thus consolidating the Group's reputation. The Company has started the process to obtain **SA8000** certification, the main social certification standard based on the Universal Declaration of Human Rights, on the agreements of the ILO, on international laws on human rights and on national labour laws. Furthermore, the Group, through involvement, training and preparation activities, aims at continuous improvement in performance in terms of workers' health and safety, with particular attention to preventing accidents and work-related illnesses.

Salvatore Ferragamo's attention to its people is reflected also in the creation of workspaces that are both functional and pleasant. Since 2016, the Foundation has been working together with the Company on the **renovation, decoration and embellishment of workspaces** by researching and creating new fixtures and fittings as well as evaluating spaces and their design.

In addition, again in order to guarantee the wellbeing of employees, during 2018 a study was launched relating to **flexible working** with

a view to improving work-life balance.

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

In addition, in June 2018, the first Salvatore Ferragamo **Green Day** was organised, in the spirit of sharing and transparency towards the Company's people and with the desire to illustrate the Group's sustainability strategy. During the day, which was organised for employees at the Osmannoro site, initiatives were promoted linked to the wellbeing of employees such as the company library, bike to work and walk to work.





CULTURE AND PARTICIPATION

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

“We are pleased to have by our side a prestigious Maison that cherishes the beauty and the culture of Florence”.

Dario Nardella, Mayor of Florence

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 has always looked for inspiration, ideas and partnerships 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 2018, the Salvatore Ferragamo Group thus supported communities, charitable bodies and non-profit organizations which work for the causes identified by the Charity Policy, making around 70% of its donations for Italian culture around the world.

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

THE SALVATORE FERRAGAMO GROUP IN 2018

over 5,800

MEALS DONATED TO THE
BANCO ALIMENTARE IN ITALY

over 34,000

T-SHIRTS MADE FOR
CORRI LA VITA

1.5 mln

EURO DONATED FOR THE RESTORATION OF
THE FOUNTAIN OF NEPTUNE SINCE 2016

over 23,100

ITEMS AND MODELS CATALOGUED IN
THE HISTORIC ARCHIVE

≈ 1,100

CHILDREN IN WORKSHOP WITH
FONDAZIONE FERRAGAMO

over 44,100

VISITORS TO THE MUSEO
FERRAGAMO



LINK WITH THE COMMUNITY AND THE LOCAL COMMUNITY

In 2018, the Company finalized the donation, which had begun in 2016, of 1.5 million euros for the restoration of the Fountain of Neptune in Piazza della Signoria, Florence, which was returned to its original splendor. The **Fountain of Neptune** was made by the sculptor Bartolomeo Ammannati under commission from Cosimo I de' Medici and the subject alludes to the maritime dominance of Florence during the Renaissance. It was the first public fountain in the city and today is one of its best-known symbols. The project involved restoring the Fountain's marble and bronze elements as well as renovating the water supply system. The Company's commitment to protecting and restoring the Fountain, which is part of Florence's historical heritage, was recognized also at the 2017 Corporate Art Awards promoted by Italy's Ministry for Cultural Heritage, where Salvatore Ferragamo received the Art Bonus award. The contest drew 80 businesses and 20 international institutions from 18 countries across the world.

The Florence-based Brand has always been actively supporting countless cultural initiatives and projects-including the renovation of the **Campatelli Tower-House**, a mid-12th century architectural masterpiece owned by Fondo Ambiente Italiano (FAI, Italy's National Trust) and located in San Gimignano that reopened to the public in 2016. In memory of Marchesa Fiamma di San Giuliano Ferragamo, who was the first regional president of FAI Tuscany in 1987, the tower was dedicated to her and called Torre Fiamma. Over the years, Salvatore Ferragamo S.p.A.'s charitable contributions have allowed to reopen 8 rooms of the Uffizi Gallery, containing approximately fifty major works of art from 15th-century Florence, as well as to renovate Florence's Colonna della Giustizia di

Piazza and Ponte di Santa Trinita and curate the exhibition of Leonardo's Saint Anne painting, currently on display at the Louvre Museum in Paris. In addition, in 2017 the Company helped preserve Florence's cultural heritage by participating in the **British Institute of Florence's** fundraising campaign for the renovation of the Harold Acton Library, located in Lungarno Guicciardini.

Among other entities in Florence, the Company has been supporting also the historic **Istituto degli Innocenti**, which is a symbol of children's care and houses the UNICEF - Innocenti Research Centre. The Company has contributed to the restructuring of the properties used as care homes for mothers and children in distress. In addition, the cooperation with the Institute includes several support projects in collaboration with Fondazione Ferragamo.

The Group supports Italy's culture across the world through additional projects and donations in all the areas in which it operates. In 2018, for instance, the Salvatore Ferragamo Group supported the Italian Film Festival in Tokyo as well as sponsored events associated with the Italian Chamber of Commerce in Mexico.

As regards to the health of women and children, in 2018, the Company supported numerous initiatives for the **San Patrignano Community**, which has been helping the rehabilitation of young drug addicts in Italy for years. The Company has in fact supported the participation of 13 employees in the New York City Marathon alongside the San Patrignano Running Team, as part of the "Oltre il Traguado" project, promoted by the San Patrignano Community in partnership with Gabriele Rosa's Rosa Associati. Additionally, the funds saved by not printing Christmas greeting

cards were allocated to two work grants: these will help two girls continue their work experience at the Community's Leather unit after completing their rehabilitation program.

In 2018, Salvatore Ferragamo S.p.A. was again one of the main sponsors of the charitable sports event **Corri la Vita**, winning the "Most Numerous Group" award thanks to the enrolment of 860 people. Corri la Vita, which is held in September in Florence, directs its 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, Salvatore Ferragamo made over 34,000 t-shirts for the participants and offered free entry to the Museo Salvatore Ferragamo during the day, recording more than 2,580 visitors. The funds raised in 2018 were allocated to a major new project that involves the whole Florence area (Florence, Prato, Empoli, and Pistoia) in the fight against breast cancer and assistance to cancer patients; in addition to this, it also cooperated with Florence's LILT - the Italian League to Fight against Cancer - to support the Ce.Ri.On. - the ISPRO-LILT Cancer Rehabilitation Center in Villa delle Rose, FILE - Italian Foundation for Palliative Care - and SenoNetwork Italia Onlus, a portal that brings together the Italian Breast Units. Additionally, in 2018, Salvatore Ferragamo S.p.A. donated 10% of the income of a day in March 2018 in its Milan Women and Milan Men stores to the Italian League to Fight against Cancer.

In collaboration with Corri la Vita Onlus, in 2018 Salvatore Ferragamo S.p.A. donated two innovative items of equipment for early breast cancer diagnosis to the Careggi Hospital in Florence. The

equipment, a latest-generation digital mammography machine and a modern biopsy table, were donated to the Careggi Breast Diagnostic Unit, one of the most important in Tuscany, thereby renewing the technology equipment.

In line with its Charity Policy, during the year, Salvatore Ferragamo S.p.A. worked on multiple occasions with **Trisomia 21 Onlus**, the non-profit association born to improve the social and personal skills of children with Down syndrome. The Association could count on the support offered by the Salvatore Ferragamo's employees through a fundraising initiative.

In July 2018, the "**Cena per Viola**" dinner was organized in collaboration with Fàedèsfa ONLUS, an association that helps children with rare genetic disorders. The event raised funds to purchase an electric wheelchair for Viola, the daughter of an employee of one of the Company's suppliers, who is 8 and suffers from osteogenesis imperfecta, a disorder that prevents normal bone growth and development. **Fàedèsfa ONLUS** is one of the several entities that Salvatore Ferragamo has hosted over the year on its premises for fundraising initiatives: these included, among others, the Italian Multiple Sclerosis Society, the Italian Association for Cancer Research, and the Tuscany Cancer Association. Moreover, during refurbishment works at the Logistics Hub in Osannoro, the Company donated various items of furnishing and personal computers to Fàedèsfa ONLUS. The furniture donated, which included cupboards, bookshelves, desks, chairs and complete computer stations, were allocated to schools and nursery schools that made a specific request to the association. More specifically, the PCs were donated to disabled children needing dedicated equipment or to assist

children with learning disabilities. Additionally, around 150 items of furniture were donated to Solliciano prison in Florence: the furnishings went to laboratories where the inmates can improve and accrue skills, learn to collaborate with and respect others, and increase their culture.

In 2018, Salvatore Ferragamo S.p.A. also decided to support **CBM Italia Onlus** in the Milan Relay Marathon, the charity race raising funds to support some important charity projects. The Company supported the participation of 13 employees-athletes who took part in the relay marathon, thereby helping support the work of CBM Italia Onlus, one of the most important international humanitarian organizations involved in the prevention and treatment of blindness and disabilities in the south of the world.

To help the needy and reduce waste, starting from 2014, Salvatore Ferragamo S.p.A. has chosen to donate through the Banco Alimentare ONLUS Association (Italy's food bank) the excess food from the Company cafeteria to "CEIS - Centro di Solidarietà" in Florence, where a canteen serves both lunch and dinner. The **Banco Alimentare ONLUS Association**, which collects food and checks its integrity, received approximately 2,000 first courses, more than 2,000 second courses, over 1,800 side dishes, and over 100 kg of sundry food by the Company.

Again as part of its charity initiatives, in 2018, Salvatore Ferragamo S.p.A. supported the **Charity Star and Charity Buzz** initiatives, offering tickets for the February and September shows. The revenues obtained from auctioning off the tickets was donated to associations operating in research, healthcare and social integration.

The commitment to social responsibility is not limited just to Italy but extends also to all the areas in which the Salvatore Ferragamo Group operates. In Mexico, much of the revenues from the sale of a limited-edition sneakers model was donated, thus allowing to continue supporting the Mexican region of Chiapas, struck severely by the September 2017 earthquake.

Additionally, in line with the Group's Charity Policy, additional donations were made to support local charities, including End Child Sexual Abuse Foundation in Hong Kong, The Pearl S. Buck Foundation and Save the Children Taiwan, Korea Disabled IT Education Community and Arumjigi Culture Keeper Foundation in Korea, The British School of Tokyo in Japan, Lido Isle Women's Foundation, Rhonda Walker Foundation, New Yorkers for Children, and Two Ten Foundation in the United States of America.

As can be seen from the multiple activities the Group carries out every year, the support and development of local communities are essential goals: as proof of this commitment, it is noted that, over the years, the Group has always given a commitment to minimize the risk of generating negative impacts, current or potential, on the community.



MUSEO SALVATORE FERRAGAMO

THE MUSEO SALVATORE FERRAGAMO IN FIGURES

≈ 280

EXHIBITIONS AND PROJECTS MADE

over 395,000

VISITORS TO THE MUSEO FERRAGAMO
SINCE 2006

≈ 230

CONTACTS WITH SCHOOLS AND UNIVERSITIES

≈ 250

CONTACTS WITH MUSEUMS AND INSTITUTIONS

The strongest evidence of our commitment towards culture is the Museo Salvatore Ferragamo, established in 1995 inside the Group's historic headquarters by Mrs Wanda Miletto Ferragamo and her six children. The activities of the Museum do not only include temporary exhibitions and workshops for children, the latter in collaboration with Fondazione Ferragamo, but extend well beyond the site of the Museum. Specifically, the Museo Salvatore Ferragamo intends to represent the Group by exhibiting its most important significant items, to pass on culture within the Group in compliance with the Brand's identity, to create a sense of belonging, to train and spread business culture to the local community where the Group operates and, finally, to interact with other institutions. In 2018, the Museum cooperated with institutions, schools and universities throughout Italy, sometimes offering reduced-price entry tickets to the Museum and organizing special tours. Here below are the main initiatives in this area:

- renewed partnership with **France Odeon, the French film festival**

that has become one of Florence's most important cultural events and celebrated its 10th edition. The actors Christophe Montenez and Vanessa Guide received the "Essence of Talent" award sponsored by Ferragamo Parfums, which was the event's main sponsor;

- renewed partnership with the **River to River Florence Indian Film Festival**, which celebrated its 18th edition in December 2018 at Teatro della Compagnia. Sponsored by the Indian Embassy, River to River is the world's first festival entirely dedicated to Indian cinema and movies about India;
- renewed partnership with the 11th edition of **Lo Schermo dell'Arte Film Festival**. This one-of-a-kind project in Italy dedicated to the multiple interactions between cinema and contemporary art featured avant-garde films and documentaries, including several Italian and world premieres;
- partnership with the 2018 **Indonesian Film Festival** held in Florence in October;
- partnership with **Museimpresa** to participate in the 17th edition of the Week of Business Culture, during which a workshop on sustain-

ability dedicated to children was organized;

- renewed partnership with the **Strings City** festival, a music marathon featuring 80 string music events for a total of 50 hours across more than 50 locations. Saturday December 1 the concert entitled "From Florence to America in Tuscany and back" took place, with music by Italian and American composers like Castelnuovo Tedesco, Bernstein and Copland, providing the perfect music background to the "Italy in Hollywood" exhibition.

In 2018, the Group continued working together with leading Italian cultural institutions such as Museimpresa, the Italian association of company museums and archives, the Portal of the 20th Century Fashion Archives at Rome's State Archive, ANAI (the Italian National Association of Archivists) and Europeana Fashion, the European digital library to which the Salvatore Ferragamo Group submitted more than 1,000 records of historic footwear. The Museo Salvatore Ferragamo is part of **ICOM** (International Council of

Museums), the most important and prestigious international organization for museums and museum professionals.

Additionally, in March 2018, the Museo Salvatore Ferragamo took part in the **APRITIMODA!** initiative, which opened the hidden, often inaccessible places of the most important fashion ateliers and perfume laboratories of Florence. Created in Milan in 2017 and presented in Florence for the first time in 2018, the initiative was sponsored by Italy's Ministry of Economic Development, the Municipality of Florence, Confcommercio-Imprese per l'Italia - Tuscany, Florence Chamber of Commerce, Italy's Fashion Federation, the National Chamber for Italian Fashion, and Pitti Immagine. During this initiative, the Museo Salvatore Ferragamo was made accessible for free, recording more than 2,200 visitors.

The exhibition "**1927 The Return to Italy**", celebrating the 90-year anniversary of Salvatore Ferragamo's return to his home country after 12 years in the United States, ended on 19 May 2018. For the occasion, the Museo Salvatore Ferragamo held an exhibition on Italy in the 1920s, a period rife with returns-the return to order, to craft trade, and to the great Italian tradition. The thread running through the exhibition curated by Carlo Sisi was Salvatore Ferragamo's transatlantic crossing, taken as a metaphor of his mental journey through the visual culture of 1920s Italy-putting the topics and works that influenced him on display. The exhibition had over 45,200 visitors from May 2017 to May 2018. During the exhibition, Fondazione Ferragamo, in collaboration with the Museo Salvatore Ferragamo, realized an education program including guided visits and different activities dedicated to primary and middle school,

following the specific education route entitled "1927-2017 The Return to Italy". The Municipality of Florence made the exhibition part of the "Keys to the City" project for the school year 2017-2018, which took young students on a journey through the changes that swept Florence in the 19th and 20th century. The initiative featured a visit to the Museo Novecento and the Museo Salvatore Ferragamo.

On 24 May 2018, the "**Italy in Hollywood**" exhibition was opened, analyzing the presence of Italians in California during the first decade of the 20th century and their influence in various sectors, from architecture to art, crafts and the fledging movie industry. The story started in 1915, the same year in which Salvatore Ferragamo reached the sun-kissed lands of the West Coast. In that year, the Panama-Pacific International Exposition opened in San Francisco, featuring Marcello Piacentini's legendary Italian city, which laid the basis for the powerful, lasting influence of renaissance styles on the local architectural language. On the backdrop of the Italian migration to these lands, which constitutes the common thread of the whole project, and Hollywood that is becoming the world's capital of the fledging movie industry, there are characters who were already legends, like Rodolfo Valentino, Enrico Caruso, and Lina Cavalieri; movies that marked an era, like Cabiria, Romola and Ben-Hur; the Star System and great directors; the important role played by Italian musicians in the birth of jazz music; and the many Italians who, in working "behind the scenes", made an essential contribution to the creation of the Hollywood myth. A complex tale made of words and images of the most diverse shapes and colors: this is the set where the exciting creative adventure of the "Shoemaker of Dreams" in America begins. The

exhibition had over 28,500 visitors from May to December 2018. During the "Italy in Hollywood" exhibition, Fondazione Ferragamo, in collaboration with the Museo Salvatore Ferragamo, developed new education routes and workshops for primary and middle school children and families. Thanks to the education publication "Italy in Hollywood. Inspiration and know-how", the young visitors can discover the 1920s California where Salvatore Ferragamo lived, amidst cinema, art and crafts. At the end of the exhibition, entering the Hollywood Boot Shop, the famous Salvatore Ferragamo's store reproduced in the very last room of the exhibition, children can be photographed just like the great movie stars. And, once again this year, the Municipality of Florence made the exhibition part of the "**Keys to the City**" project for school year 2018-2019 and amongst the proposals of FAMU, the National Day of Families at the Museum, held on 14 October 2018.

The Museo Salvatore Ferragamo plays an active role in the city's cultural events, consolidating each year the already strong relationship with the local community. One example is the participation of the Director of the Museum in several congresses and conferences held during the year.



Prototipo di pianella
Prototype for mule
1928-1930
Velluto ricamato
Embroidered velvet



Prototipo di sandalo
Prototype for sandal
1930
Capretto e ottone
Kid and brass



Prototipo di sandalo
Prototype for sandal
1930
Capretto e velluto
Kid and velvet



Prototipo di sandalo
Prototype for sandal
1924



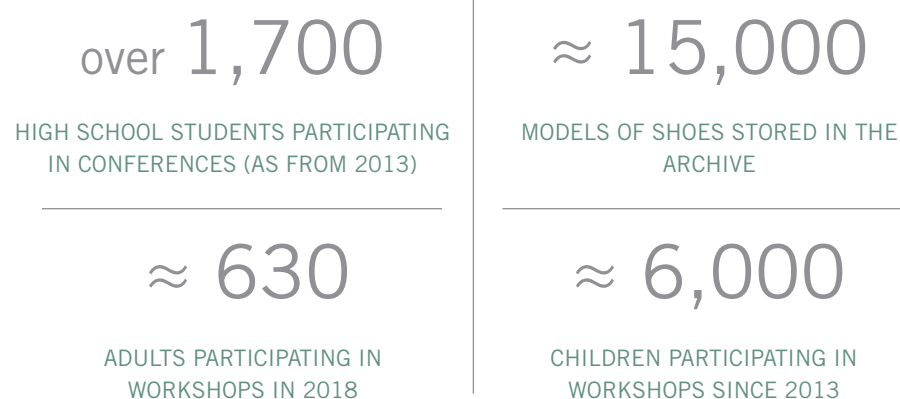
Raso e capretto
Satin and kid



Prototipo di sandalo
in due pezzi
Prototype for
two-piece
1924-1930
Cuoia
Leather

FONDAZIONE FERRAGAMO

FONDAZIONE FERRAGAMO IN FIGURES



The Ferragamo Family set up Fondazione Ferragamo 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 Museo Salvatore Ferragamo. The Foundation regularly holds conferences and events open to the residents of Florence and the general public, learning workshops for children, and various kinds of initiatives for the young—the main beneficiaries of an institution that considers handing down technical expertise and educating people to experiment one of its main goals.

Fondazione Ferragamo is at the forefront in managing and protecting its archive, which is made up of

heterogeneous funds that are implemented each day. The Archive allows to protect and promote the Salvatore Ferragamo Group's historical-artistic heritage, which represents the memory of an entire industrial and social culture. It is a constant source for inspiration that is consistent with the Brand's identity, as it preserves its history and influences the communication and work of the designers and marketers developing new products. As a testament to its efficiency and functionality, the cataloging system used by the Historical Archive was taken as a case history for the project of the Portal of the 20th Century Fashion Archives as well as for the Europeana Fashion portal.

In addition, in January 2017, the Foundation launched a project to **manage, dispose of and digitize press clippings** dedicated to Salvatore Ferragamo and the Group. In 2018, the control of national and international newspapers was completed, with a total of 6,491 magazines examined and 5,538 articles mentioning Ferragamo found. The

Foundation has been regularly donating some publications considered to be of particular interest but marked for disposal because they did not contain any articles about the Group, to the libraries of Florence's Polimoda Institute and Florence's Istituto Marangoni.

As in previous years, the Foundation collaborated in the competition "**Blogs & Crafts: young artisans and the web**", promoted by "Artigianato e Palazzo" now in its 5th 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 2018, 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 24th edition of "Artigianato e Palazzo". The ten young talents selected during the competition were also invited to visit the Company's Museum and Historical Archive.

Amongst the other activities, Fondazione Ferragamo hosts "**Workshops of ideas and creativity**" for children, teenagers and families dedicated to artisan skills, fashion, and design. To celebrate holidays or events concerning children, the Museum organizes learning activities or guided tours for the whole family to make adults and children work together. In addition, the Foundation develops the project "**Fabulous Museums**", which was launched in 2013 and offers tours in Italian and English allowing families to discover Florence's main cultural landmarks, including the Museo Salvatore Ferragamo.

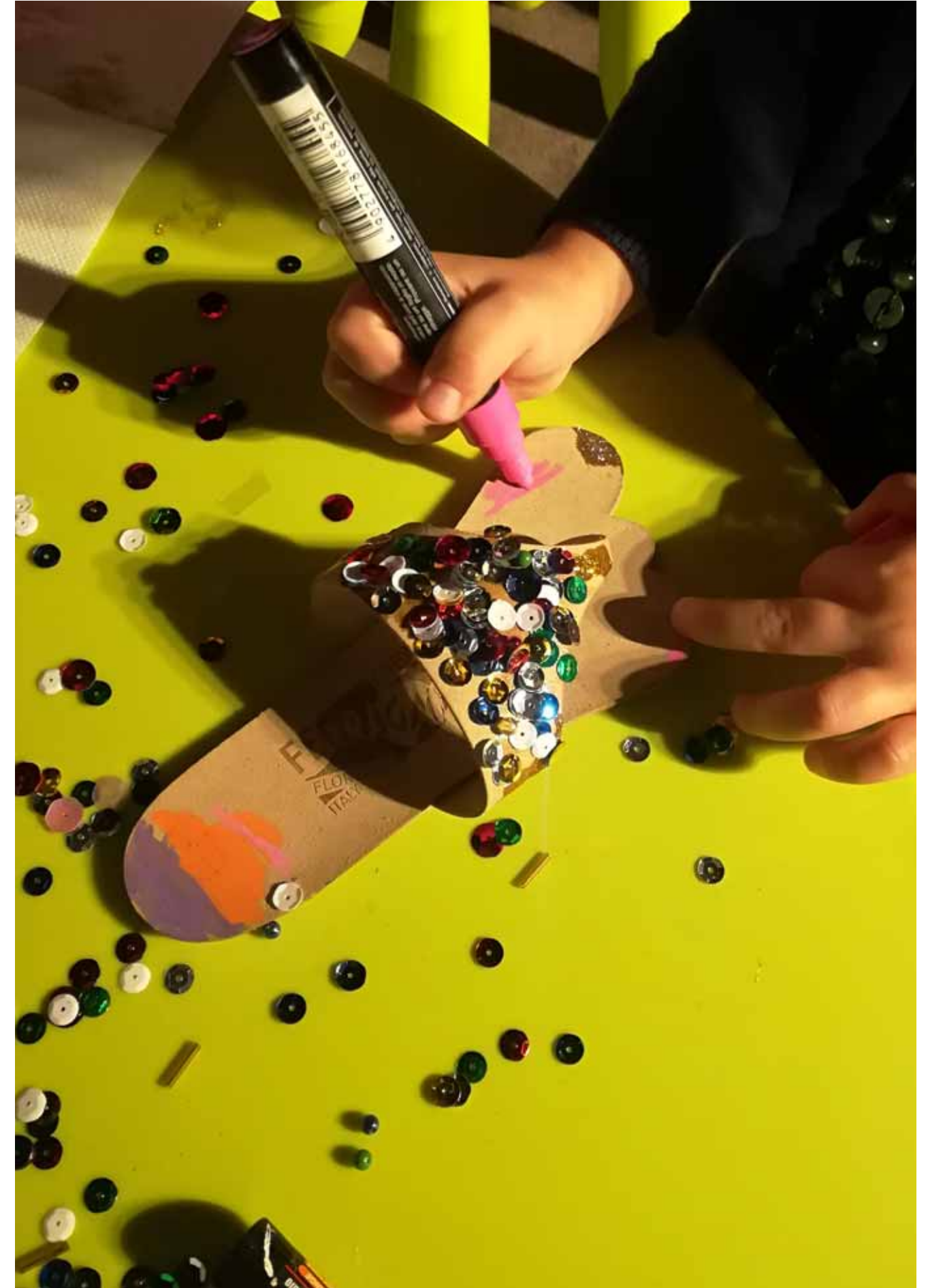
In November 2018, the Foundation presented its educational workshops at the **Dreamers** event in Turin, inviting the youngest participants to imagine the future of fashion starting from mannequins, wooden shapes and sustainable colors and materials. The two workshops called "The shoe of my dreams" and "Eco-atelier" were part of the more extensive topic of the event, dedicated to Re-Wear and sustainability in fashion.

The Foundation and the Museo Salvatore Ferragamo participated in the three-day festival "**The Florence of Children. Inventiveness**", which featured special events promoted by the Municipality of Florence and organized by MUS.E. Children had the opportunity to explore 9 thematic cities in 10 locations across Florence offering workshops, music, art, opportunities for meeting new people, and spaces for creating. "The inventiveness atelier" was organized for this occasion at Le Murate complex, proposing 5 different workshops dedicated to fashion. Children and teenagers were able to develop original collections, prototype shoes of the future and collage scarves inspired by art and the city of Florence. As part of its efforts to support

Florence's schools, the Foundation also participated in the Italian ministerial **Work-Based Learning** program by offering high-school students an inside view of how a company archive is managed and the chance of contributing to its implementation. In 2018, the Foundation welcomed students from two high schools in Florence. The class from Liceo Classico Michelangiolo took part in two training projects: **Story Telling Ferragamo**, thanks to which the students prepared the gallery texts for the "Italy in Hollywood" exhibition hosted at the Museo Salvatore Ferragamo and **Business Archive**, an activity dedicated to the digitization, cataloguing and refurbishment of the photographic materials, both physical and digital, relating to the Company's advertising campaigns and catalogues of the 1990s. The class from Liceo Scientifico Niccolò Rodolico took part in the Business Archive project digitizing, cataloguing and refurbishing materials relating to the fashion shows in the 1990s.

The activities organized by the Foundation are directed also to the Company's employees and to their families. In 2018, the Museum hosted an event for the children of Salvatore Ferragamo S.p.A.'s employees, allowing them to visit the place where their parents work, visit the exhibition and learn about the values that characterize the Brand's history. Moreover, Fondazione Ferragamo organizes induction days for new employees and designers of the Group, at which Salvatore Ferragamo's Brand Heritage is presented by the Director of the Museum and of the Foundation, and a guided tour of the exhibition currently featured at the Museo Salvatore Ferragamo and a visit to the Foundation and the Historical Archive is offered. Finally, since 2016, the Foundation has been working together

with Salvatore Ferragamo S.p.A. on the renovation, decoration and embellishment of workspaces, both by selecting existing fixtures and fittings and designing new ones as well as evaluating spaces and preparing specific projects.





PROTECTING THE ENVIRONMENT

Responsible consumption
Emissions monitoring
Green initiatives

“As today real luxury combines with a low environmental impact, the Florence-based Brand, guided by its genetic far-sighted approach, has created “Rainbow Future”, the first sandal inspired by sustainability principles”.

Vogue Italia

PROTECTING THE ENVIRONMENT

The international development of the Brand and the increasing global awareness of the importance of preserving the environment in which we live have ensured that sustainability has become a real corporate objective, both in strategy and in governance and business management models.

To protect the environment, the Group aims to positively contribute to safeguarding it through strategies and initiatives intended to minimize the environmental impact of its operations.

In 2017, the Group adopted a Sustainability Policy including a special section that formalizes its commitment to protecting the environment and ecosystems. Specifically, the Salvatore Ferragamo Group strives to curb the consumption of materials such as paper and plastic, using certificated and traceable alternative sources instead, and to monitor the efficiency of energy and water use by measuring and evaluating greenhouse gas emissions, so as to help reduce environmental impacts. In addition, the Group also seeks to constantly improve its environmental efficiency and use renewable energy sources. The Company has adopted multiple Management Systems for monitoring emissions and using energy sources responsibly. In 2018, ISO 50001:2011 certification was obtained for the Osmannoro site and the process was started to obtain ISO 140001:2015 certification for the same site. To Salvatore Ferragamo, protecting the environment means also promoting sustainable mobility initiatives for its employees as well as monitoring the retail area's consumption and impacts.

THE SALVATORE FERRAGAMO GROUP IN 2018

<p>396 kWp</p> <p>CAPACITY INSTALLED AT THE OSMANNORO PHOTOVOLTAIC PLANT</p>	<p>B</p> <p>SCORE OBTAINED BY THE PARENT COMPANY IN THE CARBON DISCLOSURE PROJECT</p>	<p>≈ 3,200</p> <p>PHOTOVOLTAIC PANELS INSTALLED ON THE NEW LOGISTICS HUB</p>
<p>LEED Gold</p> <p>FOR THE HISTORIC STORE IN COPLEY PLACE, BOSTON</p>	<p>ISO 14064</p> <p>FOR THE OSMANNORO SITE AND FOR THE OFFICES IN CORSO MATTEOTTI, MILAN</p>	<p>ISO 50001</p> <p>FOR THE OSMANNORO SITE</p>



RESPONSIBLE CONSUMPTION⁴

In 2018 the Salvatore Ferragamo Group's natural gas consumption was 10,787 GJ. Electricity consumption stood instead at 108,511 GJ. In relation to the consumption of non-renewable fuel, i.e. diesel and petrol, this stood at 9,058 GJ in 2018. As for the Italian scope, 100% of the energy used comes from renewables and is certified as "green energy" by Enel. The solar power plant at the Osmannoro site can produce 396 kWp: thanks to the photovoltaic panels the electricity self-produced by the Company is 1,107 GJ. With a view to energy efficiency, during 2018 Salvatore Ferragamo arranged to install multimeters throughout the Osmannoro site, in order to allow precise and structured recording

of electricity consumption. In addition, the Osmannoro site has been equipped with a computerized system, the **Building Management System** (BMS), which makes it possible to control and monitor the mechanical and electrical systems, such as for example the microclimate and lighting, on the basis of the quantity of natural light coming from outside.

The Group promotes a sensible and responsible use of the water for employees' domestic and hygiene-sanitary purposes. During 2018 water consumption in relation to the Group's offices alone was 39,544 m³ (of which 56% from aqueducts, 2% from aquifers and 42% from surface water)⁵.

In addition, the Group is committed to reducing the production of waste arising from its operations. The Group raises awareness among its employees about properly managing and disposing of garbage, encouraging to reuse and recycle materials as well as minimize waste. Waste production in 2018 stood at 1,051 tons (of which 99.4% was non-hazardous waste and the remaining 0.6% was hazardous waste)⁶. Among the waste produced in the year, 8.6% was recycled, 0.2% was incinerated, 22.2% was treated in waste tips and the remaining 69% through other disposal methods.

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

Since 2014 Salvatore Ferragamo has been using institutional Made in Italy packaging made with **FSC (Forest Stewardship Council)** paper that is recyclable, biodegradable, and post-consumer. FSC certification bears witness to correct forest management and the traceability of the derived products and guarantees that the product has been made with raw materials taken from forests managed in accordance with sustainability principles. "**Post-consumer**" paper consists for 40% of fibers recycled post-consumption and for the remainder of pure ECF (Elementary Chlorine Free) cellulose. These characteristics make it possible to use the related symbols on corporate and outlet packaging and Museo shopping bags. The bags used for products such as footwear, bags and accessories, as well as the covers used

for clothing, are Made in Italy, too, and made of 100% cotton. Also, for the packaging of the Ferragamo's Creations line, which is fully Made in Italy and recyclable, FSC paper has been used since 2016. For this line too, the packaging of the "Rainbow Future" capsule collection consists of special paper made up of 30% recycled cellulose, 25% leather sub-products, and recycled cardboard, and is produced using 100% green energy.

The Group's environmental goals, set out in the Sustainability Plan, include extending the use of FSC-certified and post-consumer paper for packaging purposes to other product categories. In selecting its packaging suppliers, Salvatore Ferragamo verifies that not only they are based locally, which is the main guarantee of Made in Italy quality, but they also have important certifications such as ISO 9001, ISO 14001, SA8000, OHSAS 18001, GOTS, OEKO-TEX and BCI. In addition, for e-commerce packaging, the Company uses bubble wrap made

from renewable plant sources that can be disposed of as organic waste together with animal and vegetable food scraps, since it is compostable and biodegradable. Finally, as for non-packaging materials such as catalogs, invitations, leaflets, stationery and, in general, printed materials, the Group is placing increasing emphasis on ensuring that they are made with FSC certified paper, inks and processes that do not negatively impact the environment, integrating this goal in the Sustainability Plan. Finally, in order to promote better informed use of printers and to reduce paper consumption, in 2018 the Company started an awareness-raising campaign for employees on more responsible consumption of printed paper, setting all the multifunction printers to Secure Print with black/white and printing on both sides as default settings.

THE SALVATORE FERRAGAMO GROUP IN FIGURES

	2018	2017
NATURAL GAS CONSUMPTION (GJ)	10,787	11,963
ELECTRICITY CONSUMPTION (GJ) ⁷	108,511	89,334
NON-RENEWABLE FUEL CONSUMPTION (GJ)	9,058	9,266
TOTAL ENERGY CONSUMPTION (GJ)	128,356	110,563

⁴ On the basis of their availability and materiality, the data for 2017 and 2018 have the following limitations:

- as for energy consumption, on the basis of the scope under consideration, approximately a 3,000 headcount in both 2017 and 2018:
 - natural gas consumption covered 82% and 83% of the scope in 2017 and 2018, respectively;
 - electricity consumption covered 82% and 91% of the scope in 2017 and 2018, respectively;
 - non-renewable consumption covered 88% and 83% of the scope in 2017 and 2018, respectively.
- as for water consumption and waste production, on the basis of the scope under consideration and set out in the "Methodology" section, approximately a 3,000 headcount in 2017 and 1,300 in 2018:
 - water consumption covered 68% and 80% of the scope in 2017 and 2018, respectively;
 - the production of waste covered 64% and 77% of the scope in 2017 and 2018, respectively.

⁵ In 2017, water consumption, for the scope under consideration with approximately a 3,000 headcount, covered 68% of the scope and stood at 257,860 m³. 92.3% of water extraction was from aqueducts, 0.3% from aquifers and 7.4% from surface water.

The figure for 2017 recasted in accordance with the same methodologies used in 2018 (exclusion of the stores from the reporting scope) would be around 40,000 m³, of which 49% from aqueducts, 2% from aquifers and 49% from surface waters.

⁶ In 2017, the production of waste, for the scope under consideration of around 3,000 headcounts, accounted for 64% of the scope and stood at 1,159 tons, of which 99.7% was non-hazardous waste and the remaining 0.3% hazardous waste. Of this, 19.5% was recycled, 9.1% treated in tips and the remaining 71.4% through other disposal methods.

The figure for 2017 recasted in accordance with the same methodologies applied in 2018 (exclusion of the stores from the reporting scope) would be around 950 tons, of which 99.6% non-hazardous waste and the remaining 0.4% hazardous waste. Of this, 10% was recycled, 4% treated in waste tips and the remaining 86% through other disposal methods.

The figures for 2017 and 2018 are directly provided by the companies which handle waste disposal.

⁷ The increase in electricity consumption recorded in 2018 is due to the improvement in the data collection process and the related methods for making estimates.

For some Group stores, the data relating to consumption provided in this chapter are hard to source given the location of the stores, the nature of their activities and the indirect management of these types of data.

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

MATERIALS CONSUMPTION (Kg)

	2018	2017
A3 PAPER	2,725	3,175
A4 PAPER	32,980	31,988
PAPER FOR SHOPPING BAGS	361,179	392,049
CLOTHES HANGERS	4,221	5,476



MONITORING OF EMISSIONS⁸

CARBON FOOTPRINT	2018	2017
SCOPE 1 - Direct emissions (t CO ₂ eq)	1,034	1,327
SCOPE 2 - Indirect emissions associated with electricity generation (t CO ₂) (location based)	12,517	10,404
SCOPE 3 - Indirect emissions not attributable to the product and, in particular, linked to business travel (t CO ₂ eq)	2,832	3,132

Climate changes due to man-made greenhouse gas emissions have been identified as one of the main challenges that nations, governments, economic systems and citizens will have to face in coming decades and consumers are increasingly aware that they can influence the way the market works, by paying greater attention to products, services and activities with a lower environmental impact.

In order to respond to the needs of its stakeholders, the reduction in greenhouse gas emissions and the **calculation of the carbon footprint** have a central role in the commitment adopted to reduce the environmental impact; in this context during 2018 the Group continued the process to define its own carbon footprint. This measurement, for deliveries by sea, rail and road from the Parent company's warehouse to the regional warehouses and stores and European customers, stood at around 15,600 tons of CO₂ eq Well-to-Wheels, down by

around 25% compared to 2017, and relates to almost all the transporters that work with Salvatore Ferragamo. Concerning the Group's other entities, the available data reveals that the subsidiaries made over 320,000 shipments for a total of more than 4,500 tons of goods transported.

In order to facilitate the development and implementation of plans to manage greenhouse gases by the organization itself, in 2018 Salvatore Ferragamo extended the **ISO 14064:2012** certification to the Osmannoro site and to the offices located in Corso Matteotti in Milan. The certification, which was already obtained in May 2016 for Museo Salvatore Ferragamo, the first green company museum in Italy, and in 2017 for Palazzo Spini Feroni, aims to quantify the greenhouse gas emissions connected to the activities carried out. Obtaining the ISO 14064 certification, as specified in the related Policy, makes it possible to define the

best international practices in the management, measurement and verification of data and information in reference to greenhouse gas emissions, and its extension represented important progress in the path of continuous improvement towards ever higher sustainability standards.

Finally, again with a view to monitoring greenhouse gas emissions, in 2018 the Rainbow Future sandal was presented which obtained the **ISO 14067:2013** certification, by virtue of which it is possible to quantify the emissions due to its manufacture and offset them through reforestation projects, thus making the sandal carbon neutral. With the support of Treedom, 100 orange trees were planted in the countryside around Catania, in the context of sustainable manufacture of high-quality products, made with methods which respect the environment.

In addition, with a view to reducing the environmental impact linked to the supply chain, an initiative was launched which promotes the reuse of cardboard boxes by footwear manufacturers in order to reduce CO₂ emissions from the production of cardboard. The pilot project, which started in 2016, led to a saving of over 19 tons of CO₂ thanks to emissions avoided for the production of new cardboard boxes.

In 2018 the agreement with **UPS** continued to offset all the emissions caused by deliveries in Europe and the United States of products ordered through eCommerce. This offset takes place by adhering to carbon neutral projects and in 2018 over 27 tons of CO₂ eq. were offset.

In order to reduce CO₂ emissions from the delivery of goods and products over a short distance, in 2018 the collaboration continued with UBM bike couriers for deliveries in Milan. Again, to the same end, collaboration was started with Ecopony, a bicycle delivery service which enables Salvatore Ferragamo to transport products to its boutique in Florence with no environmental impact.

Since 2017, bearing witness to the Group's commitment to reduce environmental impacts, the Parent company has voluntarily taken part in the **Carbon Disclosure Project (CDP)** to report on CO₂ emissions. The goal of the CDP is to promote transparency about the emissions generated by businesses, cities, states, and regions, allowing anyone to obtain information on the environmental impacts of each of these entities. The assessment was conducted for the "Climate Change" section through a comprehensive survey on emissions and consumption. For two consecutive years Salvatore Ferragamo received a score of B, which is a very positive result.

Another environmental protection

initiative was financing and building the **Parco delle Idee** (Park of Ideas) on land owned by the University of Florence at Sesto Fiorentino's Science Campus. In 2017 the project involved planting approximately 230 native trees, also with the help of some of the Parent company's employees, and was made possible thanks to the partnerships with local institutions and entities such as LifeGate, Carbonsink, and the Department of Agri-Food Production and Environmental Sciences. The project will bring several social and environmental benefits: from an improved air quality, with positive implications for public health, to a new green area that will promote local biodiversity and enhance the urban landscape, and it will give local schools the opportunity to conduct play-based learning activities in the field of biology, ecology, and nature preservation. Through the methodology approved and recognized by the UNFCCC (United Nations Framework Convention on Climate Change), starting from the species' biomass it was possible to estimate the quantity of carbon dioxide so far absorbed by the trees in the Park of Ideas, at around 1,400 Kg of absorbed CO₂. This estimate was made through non-destructive methods using allometric equations, which make it possible to determine biomass on the basis of diameter. In 2018 the Company supported the maintenance of the Park and will continue this also in 2019.

The search for **sustainable mobility** solution is another key part of the Group's sustainability vision. In Italy, Salvatore Ferragamo has appointed a mobility manager to optimize employee travel and promote solutions allowing to curb environmental impacts. In 2018 the collaboration with JoJob continued, an innovative company carpooling service which makes it possible to share a car with work colleagues or with employees of companies nearby. Besides generating economic savings, the

initiative reduces commuting CO₂ emissions. This year, the carpooling service has been integrated by Bici&Piedi, which makes it possible for anyone coming to work on foot or by bike to take part in the initiatives and to reduce CO₂ emissions. In addition, with the aim of incentivizing sustainable transport and the use of JoJob, prize competitions were organized, both for carpooling and for Bici&Piedi. In 2018, a total of 60,552.70 km were travelled in 3,912 trips in carpooling, by bike and on foot, which made it possible to save around 4,700 kg of CO₂. Always to promote sustainable mobility, the Group held a bike to work day, showing employees the safest bicycle route from downtown Florence to the Osmannoro site.

Finally, in 2018 the Group confirmed the preferential agreements for its employees with car and motorcycle manufacturers that offer hybrid or electric vehicles and car sharing services. Again in 2018, in order to assess solutions to improve and speed up travel, thus also reducing the related environmental impact, a questionnaire was given out relating to the possible provision of a company shuttle, which would enable connection of the T2 tramway stop in Florence to the Osmannoro site. The Company is assessing the insights that emerged in order to propose satisfactory solutions that can help its employees.

⁸On the basis of the availability and the materiality of the data, the scope under consideration, with approximately a 3,000 headcount in both 2017 and 2018, has the following limitations:

- the emissions from natural gas and from non renewable fuel consumption (SCOPE 1) and electricity consumption (SCOPE 2) covered the same scopes set out in the note on page 82;
- the emissions related to rail business travel (SCOPE 3) covered 80% and 82% of the scope in 2017 and 2018, respectively;
- the emissions related to air business travel (SCOPE 3) covered 80% and 81% of the scope in 2017 and 2018, respectively.

In 2018 SCOPE 2 market-based emissions totaled 9,687 tons of CO₂. The data relating to SCOPE 2 market-based emissions for 2017 has not been provided, since it was not provided for by GRI-G4.

To calculate the SCOPE 1 and SCOPE 3 emissions, the factors used, respectively for 2017 and 2018, are those published by the Department for Business, Energy & Industrial Strategy in 2017 and 2018.

To calculate SCOPE 2 location-based emissions, the factors used, respectively for 2017 and 2018, are those published by Terna referring to 2015 and 2016. To calculate SCOPE 2 market-based emissions for 2018, for European countries, excluding Austria, the factors used are those published by the AIB (Association of Issuing Bodies) in 2018, while for non-European countries and Austria the data used were those published by Terna in reference to 2016.

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



GREEN INITIATIVES

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

At the Osmannoro site in 2018 construction was completed of the new Salvatore Ferragamo **Logistics Hub**, a building of around 20,000 sq.m. consisting of a new gatehouse, a new warehouse and all the outside areas whether used for greenery or for the new road system. Right from the design stages, the project has followed the process for **LEED certification** with the aim of reaching the highest possible level, Platinum, which was already obtained in 2016 by the Q building of the Osmannoro site. The hub project envisaged revision of the access and transport system within the facility in accordance with the concepts of path simplification and rationalization. In addition, it is planned to restore the outside areas through the creation of a green area of around 8,000 sq.m., an open green space designed to improve the comfort and external environment for the Company's employees. In addition to the 475 parking spaces in the garage, Salvatore Ferragamo has designated 25 spaces for low-emission vehicles to promote the use of alternative means of transportation. In addition, thanks to numerous adjustments in the technical systems, water consumption has been optimized, leading to a 50% reduction in total water consumption for irrigation and a 100% reduction in the consumption of drinking water. The electrical and mechanical systems have been designed to minimize light pollution, and the property will feature a BMS (Building Management System) allowing to regulate mechanical systems as well as monitor and manage electrical ones. In order to optimize consumption and staff comfort, heating and air-condi-

tioning of the useable areas takes place through radiant flooring. The site will feature a photovoltaic plant with a peak capacity of 863.50 kWp and consisting of approximately 3,200 solar panels, resulting in a net 5,350 sq. m. installed surface area. In addition, adjustments were implemented that are coherent with the LEED standard, for both mechanical and electric systems, such as the use of lamps which minimize light pollution. Finally, a commissioning process was designed aimed at optimizing comfort and reducing consumption, as well as thoroughly analyzing the efficiency of plant performance.

The commitment to obtain certifications also involved the retail area: in October 2017 the historic store in Canton Road in Hong Kong obtained the LEED Gold certification, followed by the LEED Silver certification for the Troy store in Michigan in December 2017 and the LEED Gold certification for the Copley Place store in Boston in April 2018. In addition, the Group has undertaken, as confirmed in the Sustainability Plan, to certify other stores in the coming years.

Concerning the retail area, in 2017 Camera Nazionale della Moda Italiana (CNMI, the Italian Chamber of Fashion) issued the "CNMI Retail Sustainability Standards". These guidelines concern sustainable design techniques for fashion retail operations, and Salvatore Ferragamo actively contributed to developing them by participating in the CNMI's Sustainability Workgroup.

Finally, in 2018 the Company achieved the **ISO 50001** certification for the Osmannoro site, which specifies the requirements to establish, implement, maintain and improve a more efficient and sustainable management of energy. Through a systemic approach, the certification aims to facilitate the

achievement of the objectives defined in the Policy, such the commitment to projects aimed at improving energy performance, the dissemination within the company of the objectives of the Energy Management System and the related implementation programs, the optimization of the use of energy resources and the increase in the use of alternative and renewable energy sources. The certification will also be extended to some stores of the retail area over the next few years.



METHODOLOGY

This document represents the second Consolidated Non-Financial Statement (hereinafter also referred to as “NFS” or “Sustainability Report”) pursuant to Italian Legislative Decree no. 254 of 30 December 2016 implementing Directive 2014/95/EU of the companies belonging to the group consisting of Salvatore Ferragamo S.p.A. and its subsidiaries (hereinafter also referred to as the “Group” or “Salvatore Ferragamo Group”) for the period from 1 January to 31 December 2018. In compliance with Art. 5 of Italian Leg. Decree 254/16, this document is a separate report with specific denomination in order to consider it as the NFS required by the law. The NFS was prepared to ensure the understanding of the Group's operations performance, results, and impact, addressing the topics considered material and set out in Art. 3 and 4 of Italian Leg. Decree 254/16.

The contents have been selected based on a structured analysis of materiality, which was updated in 2018 and made it possible to identify the most important sustainability issues for the Group and its stakeholders, as detailed in the section “Stakeholders and materiality”. In addition, in order to define the contents, reference was also made to the provisions of the European Commission's “Guidelines on Non-Financial Reporting”. The scope of economic data is the same as for the Group's Consolidated Financial Statements for 2018; the scope of the social and environmental data information consists of companies included on a line-by-line basis in the Consolidated Financial Statements. Nonetheless, it is noted that in reference to the information and data relating to environmental issues, in line with 2017, also during 2018 an analysis was undertaken in order to identify the stores which are considered important to ensure the necessary understanding of the Group's business, its performance, results and the impact produced from the

environmental point of view. This reporting scope accounts for over 70% of the Group's headcount. In addition, it is noted that, in reference to stores, the data on water consumption and waste production for 2018 was not disclosed since not considered material. The chapter “Culture and Participation” includes data and information relating to Fondazione Ferragamo which, although not included in the scope of consolidation of the Salvatore Ferragamo Group, plays a significant role in the way the Group has an impact on society. Anyway of disclosing quantitative data other than what is mentioned above as for the data boundary is expressly indicated in specific notes. In addition, in order to present fairly the Group's performance and ensure data reliability, the use of estimates has been limited as much as possible. Any estimates in this document are made using the best available methods and expressly indicated. Where possible, the information contained in the NFS has been provided along with a comparison to the year 2017. Recasting of previously disclosed comparative data relating to 2017 are clearly indicated as such in the document. Finally, for the sake of understanding of the information contained herein, please note that the following terms are used in the document:

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

The NFS has been prepared in accordance with the “Global

Reporting Initiative Sustainability Reporting Standards”, defined in 2016 by the Global Reporting Initiative (GRI), Core option. At the end of the document, the Group has included an index listing the reported GRI indicators along with the relevant page numbers. This document is to be published annually in accordance with Italian Leg. Decree 254/16. For information on the Consolidated Non-Financial Statement, please contact csr@ferragamo.com. This Sustainability Report is also available in the sustainability section of the Group's website (<https://csr.ferragamo.com/en>). This document was submitted to the Control and Risk Committee and subsequently approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 12 March 2019. The cross-functional working group dedicated to sustainability of Salvatore Ferragamo S.p.A. managed data and information gathering and processing, through forms sent to the heads of the Group's functions concerned and included in the relevant scope. The entity engaged to the limited assurance of this NFS is Deloitte & Touche S.p.A., which certifies the compliance of the information provided herein with Art. 3, paragraph 10 of Italian Leg. Decree 254/16 in a separate report. The limited assurance engagement was conducted in accordance with the procedures outlined in the section of this document “Independent Auditor's Report”. Since the very beginning, the Salvatore Ferragamo Group has always considered sustainability as a model of conduct to follow without any compromises, and it has achieved significant results in this area over the years. In order to reinforce its commitment, in 2017 the Group developed a Sustainability Policy as well as a continuous improvement program through a 2020 Sustainability Plan, which has been updated during 2018. Both documents were submitted to the Control and Risk Committee.

Specifically, the Sustainability Plan, which includes four macro-areas and multiple objectives, defines the Salvatore Ferragamo Group's strategic vision on sustainability and will guide the short- and medium-term actions of the Group. To this end, below are the objectives which have already been achieved and those yet to be reached relating to the various topics considered as material.

Environment

The Group considers protecting the environment in which it operates to be key: to this end, it is committed to implementing initiatives to make its offices increasingly environmentally sustainable and efficient as well as optimize production processes throughout the supply chain. Palazzo Spini Feroni, the Osmannoro site and some offices in Milan are ISO 14064 - certified and, at the end of 2018, the Osmannoro site also obtained the ISO 50001 certification. In addition, during 2018, the Rainbow Future sandal, a new version of an iconic sandal by the Brand produced in a limited edition, obtained the ISO 14067 certification. The Group intends to continue its commitment dedicating greater attention and resources to the environment optimizing and making consumption and greenhouse gas emissions more efficient, both for the Group's offices and stores, and continuing the process to obtain certifications.

Social Matters and Respect for Human Rights

To provide customers with products that meet the highest international safety standards, the Group has adopted Restricted Substances Lists for the different product categories and has been conducting eco-toxicological tests on numerous components and finished products for several years

now. As regards culture and the local community, the Group directs significant attention and resources to developing artistic and cultural initiatives in line with the Charity Policy it has been adopting for several years now. As for health and safety, the Group is placing growing emphasis on this topic; the Italian administrative offices and stores of Salvatore Ferragamo S.p.A. are OHSAS 18001-certified. This aspect is also important along the whole supply chain: as a matter of fact, during 2018 the Group further strengthened the health and safety audit activities undertaken on its suppliers. Finally, the Group acknowledges the intrinsic value of each person and constantly strives to ensure respect for human rights both within the Group and throughout the supply chain. These rights are detailed in the Group's Code of Ethics and, as regards the supply chain, are included in the Supplier Code of Conduct, which was approved by the Board of Directors in 2018 and will be disseminated in the future. In addition, the Parent company has started its own process to obtain the SA8000 certification.

Employee-Related Matters

The Group has always been committed to promoting and maximizing the potential of its human resources as well as offering a stimulating, healthy and safe work environment, in accordance with corporate welfare principles. The care and attention for employees are outlined not only in the Group's Sustainability Policy, but also in the Company Regulation available at Parent company level and in the process undertaken by Salvatore Ferragamo S.p.A. to obtain the SA8000 certification. In addition, to confirm the importance of the principle of inclusion, during 2018 the Group drafted an Inclusion

Policy which will be implemented in the future.

Anti-Corruption and Bribery Matters

To make its operations as transparent as possible, in accordance with ethical and compliance standards, during 2017 the Group finalized an Anti-Corruption Policy. In addition, the Group relies on a whistleblowing system and in 2018 implemented a Group Whistleblowing Policy. For further information on the initiatives undertaken by the Salvatore Ferragamo Group, on the main risks generated or faced, including the relevant management procedures and objectives, reference should be made to the relevant sections in this document.

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

TOTAL EMPLOYEES

	2018			2017		
	Men	Women	Tot	Men	Women	Tot
Employees	1,371	2,857	4,228	1,327	2,856	4,183

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CONTRACT, GENDER AND GEOGRAPHIC AREA⁹

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

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

	2018						2017					
	<30		30-50		>50		<30		30-50		>50	
	N°	%	N°	%	N°	%	N°	%	N°	%	N°	%
Managers	19	0.5	574	13.6	136	3.2	25	0.6	598	14.3	139	3.3
White collars	1,052	24.9	1,885	44.6	260	6.1	1,079	25.8	1,836	43.9	228	5.5
Blue collars	57	1.3	184	4.4	61	1.4	59	1.4	164	3.9	55	1.3

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

	2018				2017			
	Men		Women		Men		Women	
	N°	%	N°	%	N°	%	N°	%
Managers	258	6.1	471	11.1	267	6.4	495	11.9
White collars	924	21.8	2,273	53.8	884	21.1	2,259	54.0
Blue collars	189	4.5	113	2.7	176	4.2	102	2.4

⁹ This breakdown is required by the GRI Standards and therefore is not available for 2017.

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER¹⁰

	2018			2017		
	Men	Women	Tot	Men	Women	Tot
Full Time	1,312	2,610	3,922	1,266	2,594	3,860
Part Time	59	247	306	61	262	323
Total	1,371	2,857	4,228	1,327	2,856	4,183

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

No. people	2018							
	<30		30-50		>50		Tot	
	Men	Women	Men	Women	Men	Women	Men	Women
Headquarters	49	99	366	560	111	116	526	775
Retail	322	658	443	1,274	80	150	845	2,082
Total	371	757	809	1,834	191	266	1,371	2,857

EMPLOYEES WHO RECEIVED A PERFORMANCE APPRAISAL BY EMPLOYMENT CATEGORY AND GENDER

Percentage	2018			2017		
	Men	Women	Tot	Men	Women	Tot
Managers	91.5%	93.4%	92.7%	89.1%	89.5%	89.2%
White collars	62.7%	69.1%	67.2%	68.4%	72.0%	71.1%
Blue collars	39.7%	17.7%	31.5%	47.2%	19.6%	36.8%
Total	64.9%	71.1%	69.1%	69.8%	73.2%	72.1%

¹⁰ The data relating to 2017 has been recasted compared to that published in the previous Sustainability Report in order to guarantee uniform calculation methodologies over the two years. The methodology used corresponds to the requirements of the GRI Standards. For the historic data which has been published previously, reference should be made to the 2017 Sustainability Report.

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

Incoming employees - 2018											
No. people	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	29	62	40	41	3	6	72	109	17.5%	19.4%	
Europe	36	65	35	70	1	1	72	136	51.4%	49.1%	
North America	59	90	27	53	2	12	88	155	30.4%	44.7%	
Central and South America	20	7	20	8	1	0	41	15	34.5%	16.1%	
Asia Pacific	129	290	85	260	2	6	216	556	67.3%	44.1%	
Japan	6	9	26	48	0	4	32	61	35.2%	19.2%	
Total	279	523	233	480	9	29	521	1,032	38.0%	36.1%	
Outgoing employees - 2018											
No. people	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	22	41	31	46	10	8	63	95	15.3%	16.9%	
Europe	33	51	37	57	0	6	70	114	50.0%	41.2%	
North America	45	71	53	55	10	12	108	138	37.4%	39.8%	
Central and South America	7	6	16	16	0	0	23	22	19.3%	23.7%	
Asia Pacific	109	279	80	278	1	10	190	567	59.2%	45.0%	
Japan	3	11	16	71	4	13	23	95	25.3%	30.0%	
Total	219	459	233	523	25	49	477	1,031	34.8%	36.1%	
Incoming employees - 2017											
No. people	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	43	65	29	47	6	5	78	117	19.4%	21.3%	
Europe	33	75	43	53	0	2	76	130	55.1%	51.0%	
North America	70	113	39	60	3	16	112	189	36.2%	57.3%	
Central and South America	14	16	17	14	0	0	31	30	30.7%	30.0%	
Asia Pacific	125	322	73	257	0	8	198	587	67.1%	46.2%	
Japan	6	13	11	56	1	2	18	71	22.0%	20.2%	
Total	291	604	212	487	10	33	513	1,124	38.7%	39.4%	
Outgoing employees - 2017											
No. people	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	24	44	27	40	12	5	63	89	15.7%	16.2%	
Europe	23	58	34	86	5	5	62	149	44.9%	58.4%	
North America	54	79	44	65	8	17	106	161	34.3%	48.8%	
Central and South America	7	9	18	14	1	4	26	27	25.7%	27.0%	
Asia Pacific	108	279	76	309	2	12	186	600	63.1%	47.2%	
Japan	2	10	13	57	3	13	18	80	22.0%	22.8%	
Total	218	479	212	571	31	56	461	1,106	34.7%	38.7%	

INJURIES

	2018	2017
No. of cases		
Injuries	57 (24 for men; 33 for women)	66 (30 for men; 36 for women)
Occupational diseases	2 (1 for men; 1 for women)	1 (1 for women)

HEALTH AND SAFETY INDICATORS¹¹ - 2018

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

HEALTH AND SAFETY INDICATORS¹¹ - 2017

Rates	Parent Company			Europe			North America		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	22.2	17.4	19.4	19.3	217.3	147.8	1.1	10.9	6.2
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	2.3	1.9	2.0	2.4	3.0	2.8	4.7	5.1	4.9
Rates	Centre and South America			Asia Pacific			Japan		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	13.9	9.9	11.9	80.7	0.2	15.3	166.3	3.4	34.3
Occupational diseases rate	0.0	0.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	3.3	0.8	2.1	0.6	0.3	0.4	2.7	0.6	1.0

¹¹ The lost day rate is calculated as the ratio of total days lost for occupational diseases or injury to total working hours during the same period, multiplied by 200,000.
The occupational diseases rate is calculated as the ratio of total occupational diseases to total working hours during the same period, multiplied by 200,000.
The injury rate is calculated as the ratio of total injuries to total working hours during the same period, multiplied by 200,000.
The absentee rate is not currently reported.

BOUNDARY OF THE GROUP'S MATERIAL TOPICS

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

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

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

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

***The Group will further assess significance in relation to other workers who are not employees starting from the next reporting period, in order to assess the need to collect data from employers of external collaborators and suppliers who work at the Group's sites and/or under the control of the Group, assessing the quality and the accuracy of this data over which the Group does not have direct control.

GRI CONTENT INDEX

Here below is the GRI¹² Content Index prepared in accordance with the GRI Standards: Core option. Any omissions are reported as notes to the individual indicators, if applicable.

CODE	INDICATOR	PAGE/NOTES
GRI 102: GENERAL DISCLOSURE 2016		
ORGANIZATIONAL PROFILE		
GRI 102-1	Name of the organization	Pagg. 5;92-93
GRI 102-2	Activities, brands, products, and services	Pagg. 22-25
GRI 102-3	Location of headquarters	Pag. 25
GRI 102-4	Location of operations	Pagg. 22;26
GRI 102-5	Ownership and legal form	Pagg. 28-30
GRI 102-6	Markets served	Pag. 26
GRI 102-7	Scale of the organization	Pag. 22
GRI 102-8	Information on employees and other workers	Pagg. 94-95
GRI 102-9	Supply chain	Pagg. 38-43
GRI 102-10	Significant changes to the organization's size, structure, ownership or supply chain in the reporting period	During 2018 there were no significant changes to the Group's size, structure, ownership or supply chain.
GRI 102-11	Precautionary Principle or approach	Pagg. 28-30; 80
GRI 102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	Pagg. 14-16; 28-30; 43; 52; 87; 90
GRI 102-13	Membership in national and/or international industry associations	Pagg. 14-15; 66-67; 90
STRATEGY		
GRI 102-14	Statement from senior decision-maker about the relevance of sustainability to the organization and its strategy for addressing sustainability	Pag. 5
GRI 102-15	Key impacts, risks and opportunities	Pagg. 28-30
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards, and norms of behavior	Pagg. 10; 28-30
GRI 102-17	Mechanisms for advice and concerns about ethics	Pagg. 28-30
GOVERNANCE		
GRI 102-18	Governance structure	Pagg. 28-30

¹² All the General Disclosures, the management approaches and topic-specific Standards provided in the GRI Content Index are those published by the GRI in 2016.

CODE	INDICATOR	PAGE/NOTES
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Pagg. 18-19
GRI 102-41	Collective bargaining agreements	Pag. 55
GRI 102-42	Identifying and selecting stakeholders	Pagg. 18-19
GRI 102-43	Approach to stakeholder engagement	Pagg. 18-19
GRI 102-44	Key topics and concerns raised by stakeholders	Pagg. 18-19
REPORTING PRACTICE		
GRI 102-45	Entities included in the Sustainability Report	Pagg. 92-93
GRI 102-46	Process for defining the Sustainability Report content	Pagg. 18-19; 92-93
GRI 102-47	List of material topics	Pagg. 18-19; 92-93; 98
GRI 102-48	Restatements of information given in the previous Sustainability Report	Pagg. 92-93
GRI 102-49	Significant changes in the list of material topics and topic boundary	Pagg. 92-93
GRI 102-50	Reporting period of the Sustainability Report	Pagg. 92-93
GRI 102-51	Date of most recent report	Pagg. 92-93
GRI 102-52	Reporting cycle	Pagg. 92-93
GRI 102-53	Contact point for questions regarding the report	Pagg. 92-93
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Pagg. 92-93
GRI 102-55	GRI content index	Pagg. 99-105
GRI 102-56	External assurance	Pagg. 92-93; 106-108
Material Topics		
ECONOMIC INDICATORS		
Economic Performance		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 22; 28-30
GRI 103-3	Evaluation of the management approach	Pagg. 22; 28-30
GRI 201-4	Financial assistance received from government	In 2018, the Salvatore Ferragamo Group received approximately 50,000 Euro in government grants for training purposes, compared to 85,000 in 2017. For both years the grants relate only to Salvatore Ferragamo S.p.A.
Procurement Practices		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 38-43

CODE	INDICATOR	PAGE/NOTES
GRI 103-3	Evaluation of the management approach	Pagg. 38-43
GRI 204-1	Proportion of spending on local suppliers	Pag. 38
Anti-Corruption		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30
GRI 103-3	Evaluation of the management approach	Pagg. 28-30
GRI 205-3	Confirmed incidents of corruption and actions taken	During 2017 and 2018 there were no incidents of corruption.
Anti-competitive behavior		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30
GRI 103-3	Evaluation of the management approach	Pagg. 28-30
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2017 and 2018 there were no legal actions for anti-competitive behavior, anti-trust and monopoly practices.
ENVIRONMENTAL INDICATORS		
Energy		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 80-90
GRI 103-3	Evaluation of the management approach	Pagg. 80-90
GRI 302-1	Energy consumption within the organization	Pag. 82
Water		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 80-90
GRI 103-3	Evaluation of the management approach	Pagg. 80-90
GRI 303-1	Water withdrawal	Pag. 82
Emissions		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 80-90
GRI 103-3	Evaluation of the management approach	Pagg. 80-90
GRI 305-1	Direct (Scope 1) GHG emissions	Pagg. 86-87
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Pagg. 86-87
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Considering the nature of its business, the Salvatore Ferragamo Group has not identified other significant emissions of ozone-depleting substances in 2017 and 2018.

CODE	INDICATOR	PAGE/NOTES
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Considering the nature of its business, the Salvatore Ferragamo Group has not identified significant emissions of NOx, SOx, or other gases in 2017 and 2018.
Effluents and Waste		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 80-90
GRI 103-3	Evaluation of the management approach	Pagg. 80-90
GRI 306-2	Waste by type and disposal method	Pag. 82
Material Aspect: Environmental Compliance		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 80
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 80
GRI 307-1	Non-compliance with environmental laws and regulations	During 2017 and 2018 there were no cases of non-compliance with environmental laws and regulations.
SOCIAL INDICATORS		
Material Aspect: Employment		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 52-60
GRI 103-3	Evaluation of the management approach	Pagg. 52-60
GRI 401-1	New employee hires and employee turnover by age group, gender and region	Pagg. 56; 96
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pag. 60
Material Aspect: Occupational Health and Safety		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 60; 97
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 60; 97
GRI 403-2	Type of injury and rate of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities by region and gender of employees	Pagg. 60; 97-98 There were no fatalities in 2017 and 2018.
Material Aspect: Training and Education		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 52-57
GRI 103-3	Evaluation of the management approach	Pagg. 52-57

CODE	INDICATOR	PAGE/NOTES
GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Pagg. 57; 95
Material Aspect: Diversity and Equal Opportunity		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 52-60
GRI 103-3	Evaluation of the management approach	Pagg. 52-60
GRI 405-1	Diversity of governance bodies and employees, breakdown by gender, age group and other indicators of diversity	Pagg. 30; 52; 55; 94-97
Material Aspect: Non-Discrimination		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30
GRI 103-3	Evaluation of the management approach	Pagg. 28-30
GRI 406-1	Incidents of discrimination and corrective actions taken*	
Material Aspect: Child Labor		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 43; 92-93
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 43; 92-93
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor**	
Material Aspect: Forced or Compulsory Labor		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 43; 92-93
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 43; 92-93
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor**	
Material Aspect: Local Communities		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 64-75
GRI 103-3	Evaluation of the management approach	Pagg. 64-75
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Pag. 67

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

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

CODE	INDICATOR	PAGE/NOTES
Material Aspect: Customer Health and Safety		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 38-39; 46-48
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 38-39; 46-48
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2017 and 2018 there were no incidents of non-compliance with regulations on health and safety of products and services during their life cycle.
Material Aspect: Customer Privacy		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 46-48
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 46-48
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2018 there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.
Material Aspect: Socioeconomic Compliance		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 80
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 80
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	During 2017 and 2018 there were no cases of non-compliance with laws and regulations in the social and economic area.
Material Topic: Circular Economy and Responsible Innovation		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 10-16; 34-36; 80-82
GRI 103-3	Evaluation of the management approach	Pagg. 10-16; 34-36; 80-82
Material Topic: Animal Welfare		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pag. 43
GRI 103-3	Evaluation of the management approach	Pag. 43
Material Topic: Sustainable Packaging		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 82-87
GRI 103-3	Evaluation of the management approach	Pagg. 82-87

CODE	INDICATOR	PAGE/NOTES
Material Topic: Brand Image and Reputation		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 28-30; 34-48
GRI 103-3	Evaluation of the management approach	Pagg. 28-30; 34-48
Material Topic: Omnichannel Experience and Customer Satisfaction		
GRI 103-1	Explanation of the material topic and its Boundary	Pagg. 19; 98
GRI 103-2	The management approach and its components	Pagg. 46-48
GRI 103-3	Evaluation of the management approach	Pagg. 46-48

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

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

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

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Salvatore Ferragamo S.p.A. and its subsidiaries (hereinafter "Salvatore Ferragamo Group" or "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 12, 2019 (hereinafter "NFS").

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

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

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

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

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

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

Auditor's Independence and quality control

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

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

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Auditor's responsibility

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

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

Specifically we carried out the following procedures:

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

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

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

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

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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Salvatore Ferragamo Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 27, 2019

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