

SUSTAINABILITY REPORT

2019

sergio rossi



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RICCARDO SCIUTTO
Chief Executive Officer

A MESSAGE FROM OUR CEO

2019 marks the fourth edition of the Sergio Rossi Sustainability Report and looking back I can't help but feel true pride for what we have accomplished as a team.

During the past few years lots of work has been done thanks to our passion and audacity: we recovered our true DNA and celebrated our great craftsmanship and true bond with the San Mauro Pascoli district; we enhanced the Factory, our "Magic Kingdom" where all the magic of our shoe production happens; we recovered our original identity through the Living Heritage project. All this led us to finally identify our key role as a company within our community, and select the three main strategic pillars where to focus our sustainability efforts: Energy, Human Capital, Local Communities, as a confirmation to our commitment to the Principles of the United Nations Global Compact, to which we adhere since the very first edition of this report.

In 2019 we took fundamental and impactful steps to improve our environmental footprint, focusing with priority on the ENERGY goal, and we reached amazing results. Thanks to the investments made in energy monitoring and machinery in San Mauro Pascoli plant and thanks to the great attention to consumption optimization throughout all company's activities impacting on GHG emissions, we managed to reduce our energy consumption by 18% compared to last year (29% compared to 2015) and cut by 30% our GHG emissions linked to business travel by air, train and rented cars.

We acted with a long-term perspective strategy, and our commitment to promote and implement an efficient and responsible use of energy resources will continue also in the

years to come, when the attention to sustainable practices will constantly rise and become crucial for competing in our business. Similarly, driven by the willingness to continue ensuring a challenging and stimulating working environment, we increased our efforts towards digital transformation and client centrality. Indeed, we started the digitalization process of our identity to better share the uniqueness of our heritage, involving both employees and customers.

As of today, Covid-19 has spread across all nations worldwide, having impacted deeply not only our economy, but above all what our lives used to be.

This global event led us to accelerate many processes which were already in progress, from digitalization of retail experiences to stock and logistics optimization, from quick adaptation of communication codes to rapid response to consumers' new habits.

To us, the first priority has been the safeguard of the Health and Safety of all our people: from employees to artisans, from suppliers to final customers, all risks related to our stakeholders have been carefully evaluated and promptly mitigated with precautionary measures, such as closures and disinfection of working spaces, anti-Covid procedures, new processes and tools for remote-working solutions at all levels and stages, from office to stores.

Next year's report will detail the impact that the current difficult global scenario will have on our reference market. Until then, our commitment for a more sustainable future of the business will become even stronger than in the past.

0.0 SERGIO ROSSI IN NUMBERS

The main highlights



ENERGY

-23%

OF PURCHASED ELECTRICITY IN 2019 WITH RESPECT TO 2018 THANKS TO THE HIGH-EFFICIENCY HEAT PUMP AND THE ENERGY METERING SYSTEM INSTALLED IN SAN MAURO PASCOLI

20%

OF TOTAL ELECTRICITY CONSUMPTION OF SMP PLANT IS PRODUCED BY OUR PHOTOVOLTAIC SYSTEM



HUMAN CAPITAL

318

EMPLOYEES IN EMEA REGION AS OF 31 DECEMBER 2019

65%

OF OUR TECHNICIANS AND ARTISANS HAVE STAYED WITH US FOR MORE THAN 10 YEARS



LOCAL COMMUNITIES

23%

OF OUR SUPPLIERS ARE LOCATED IN THE EMILIA-ROMAGNA REGION, MOSTLY IN THE LOCAL DISTRICT

95%

OF OUR SUPPLIERS ARE ITALIAN



sr REVOLUTION

/01

1.1 SERGIO ROSSI AT A GLANCE

Sergio Rossi S.p.A. is an Italian company active in the design, production, distribution and sale of leather shoes and leather accessories for women through its brand Sergio Rossi [102-1; 102-2]. Since its creation, our brand has become a primary reference in the luxury shoemaking sector and is renowned worldwide for its artisanship and for creating iconic models.

Over the past 68 years, the Company has fostered its distinctiveness by enhancing the quality of its materials, the craftsmanship and elegance of its products and its luxury allure, which remain the foundations of Sergio Rossi's unique style. The Sergio Rossi brand has become synonym of timeless quality and utmost sophistication and over the decades our shoes have accompanied countless female leaders and celebrities in their daily life, from the sidewalk to the red carpet, enabling them to remain effortlessly chic all day long. Whilst showroom and managerial offices are based in Milan, the fulcrum and the pulsing heart of our production activity is the San Mauro Pascoli factory [102-3], where over 150 skillful artisans and technicians have been hand-crafting Sergio Rossi shoes for the past 6 decades. The Sergio Rossi factory is the heart and soul of the brand, a place where magic and reality come together to create handmade shoes for the women of today. The plant, inaugurated in 2003, is equipped to sketch, design, develop, industrialize, and produce all types of women's luxury footwear, from flat styles to high heels, as well as to shorten the time-to-market in order to timely respond to market demand, increasingly oriented towards a "see now, buy now" model.

We distribute our products in 14 countries, including directly operated stores (DOS) and franchised stores, divided into 4 main geographical markets: Europe and the Middle East (EMEA), Asia Pacific (APAC), Japan, and the United States [102-48]. There's

been a fine-tuning and expansion of our retail space in prime locations on the world's leading shopping streets as London and Tokyo: in 2019 the number of DOS has increased from 48 to 56 scattered among these 4 regions comprising of 39 Stores and 17 Outlets with the addition of 15 franchising stores in the EMEA and APAC regions. Furthermore, we sell products through our online e-commerce channel, by shipping to 83 countries worldwide [102-6]. In the last year, from a financial standpoint, we pursued our path towards the reorganization of both our operations and corporate structure. During the two-year period 2018-19, we thus managed to decouple value generation and operating costs: despite the new store openings, operating costs increased by 10% with respect to an overall 14% increase in revenues. Financial sustainability in the long-term is indeed one of our key priorities to keep creating value for all our stakeholders.

In 2019, we have reached an overall economic value generated equal to 66.9 million euros [102-7; 201-1]. As for the economic value distributed, equal to 65.3 million, 26% has been allocated to our employees through wages and benefits while almost all the remaining 74% constitute operating costs. The economic value retained, calculated as the difference between the direct economic value generated and the economic value distributed, has significantly increased shifting from a negative 3.65 million euros at the closure of the 2018 financial year, to a positive 1.55 million in 2019.

OUR ECONOMIC PERFORMANCE

	M. U.	2018 <small>(Italy and Global Retail Network - ITA, FR e UK) revised</small>	2019 <small>(Italy and Global Retail Network - ITA, FR, DE e UK)</small>
Direct economic value generated: revenues	€	58,458,108	66,857,111
Economic value distributed	€	62,113,115	65,303,096
- Operating costs	€	43,975,911	48,385,894
- Employee wages and benefits	€	17,706,275	16,654,994
- Payments to Providers of capital	€	156,394	31,101
- Payments to government	€	221,335	193,090
- Community investments	€	53,200	38,016
Economic value retained	€	-3,655,007	1,554,015

*FINANCIAL DATA INCLUDE ECONOMIC DATA OF SERGIO ROSSI S.P.A. AND OF THE FOLLOWING LEGAL ENTITIES: SERGIO ROSSI RETAIL S.R.L., SERGIO ROSSI UK LTD, SERGIO ROSSI DEUTSCHLAND GMBH, THAT COVER THE 57.05% OF THE GROUP IN TERMS OF NET GLOBAL REVENUES. THE SCOPE OF THE 2019 SUSTAINABILITY REPORT CONSIDERS INSTEAD JUST SELECTED MONOBRAND AND OUTLET STORES FROM THE COMPANY'S EMEA RETAIL NETWORK, SEE THE METHODOLOGICAL NOTE AT PAG. 87 FOR FURTHER DETAILS. PLEASE NOTE THAT, IN ORDER TO IMPROVE DATA COMPARABILITY, 2018 DATA HAVE BEEN RESTATED WITH RESPECT TO LAST YEAR'S SUSTAINABILITY REPORT DUE TO A CHANGE IN THE CALCULATION METHODOLOGY. FOR HISTORICAL DATA PLEASE REFER TO 2018 SUSTAINABILITY REPORT [102-48].



sr1 PUMP

The plant, inaugurated in 2003, is equipped to sketch, design, develop, industrialize, and produce all types of women's luxury footwear, from flat styles to high heels, as well as to shorten the time-to-market in order to timely respond to market demand, increasingly oriented towards a "see now, buy now" model.





The Sergio Rossi factory is the heart and soul of the brand, a place where magic and reality come together to create handmade shoes for the women of today.

The timeline leading to our corporate new deal



1970s

1950s



1980s



1950s

Immediately after the end of World War II, the young Sergio Rossi, native of the San Mauro area, started learning how to make shoes from his father, an artisan shoemaker, whom he accompanied in his daily working activities. In the early 50s, Sergio Rossi took over the father's profession and created his own sandals selling them in the Riviera. The Opanca sandal, which embodied Sergio's disruptive creativity, was such a success that in 1966 Sergio opened his own company, together with his brother, who then became the Company's Production Director and maintained this role for his entire life.

1970s

Sergio started joining the Milanese fashion community and soon became the point of reference of the most renowned fashion stylists, such as Gianni Versace, with whom he started a collaboration by providing his shoes for catwalk shows. Swiftly, Sergio Rossi became a renowned brand in Italy's fashion capital and the public recognized it as a synonym of "Made in Italy" excellence.

1980s

The Company started its expansion age, by opening its first monobrand boutique in Ancona, soon followed by Turin, Florence, Rome, Brussels, New York, Los Angeles, and London. It was also a period of intense collaboration with some of the most iconic fashion houses at an international level, since Sergio Rossi produced shoes for the collections of haute couture brands like Dolce & Gabbana and Azzedine Alaïa.



2000 - 2015

1990s

2015 - 2019



1990s

Sergio Rossi's philosophy and values became more defined: women are a symbol of femininity and forcefulness, given their progressive emancipation and change of status. The shoe, instead, represented a continuation of the woman's body, a vital element of her character, and heels and shapes became an emblem of taste. Following three decades of continuous economic growth, in 1999 the Gucci Group acquired the Sergio Rossi brand.

2000 - 2015

In 2005 the Company was fully acquired by the Kering Group, new owner of Gucci. While the San Mauro Pascoli factory and the brand philosophy were completely refurbished, a series of well-known and very talented designers joined the company as its creative directors.

2015 - 2019

A fund managed by Investindustrial indirectly acquired 100% of Sergio Rossi. The acquisition set the beginning of a new relaunch phase for the brand, focusing on innovation in line with traditional codes. In 2016, Sergio Rossi S.p.A. completed its fusion with Sergio Rossi Manufacturing S.r.l., involved in all the shoe production activities, while the company started a comprehensive transformation of its brand and image.

Ownership structure

Since December 2015, Sergio Rossi S.p.A. has been 100% controlled by Absolute Luxury Holding S.r.l., which is indirectly owned by a fund managed by Investindustrial. Prior to that, the Company was controlled by the primary international multi-brand Kering Group, which had acquired it from Mr. Sergio Rossi in 1999 [102-10]. In addition, Sergio Rossi S.p.A. entirely controls a series of affiliates located abroad, namely SR USA, SR UK, SR JAPAN, SR HK which on its turn controls 100% of SR SHANGHAI, and the newly formed SR DEUTSCHLAND in 2019, as well as SR RETAIL which owns and manages the business of the direct operated stores in Italy and France [102-5, 102-10, 102-45]. All data and information refer to our operations in the EMEA region as highlighted in below chart.

Corporate governance

Our governance structure is based on a Board of Directors of Sergio Rossi S.p.A., comprising five members, which is entrusted with all the powers to ensure the ordinary and extraordinary management of the Company and a Board of Statutory Auditors, comprising three standing statutory auditors and two substitute statutory auditors. An independent auditing firm has also been appointed [102-18].

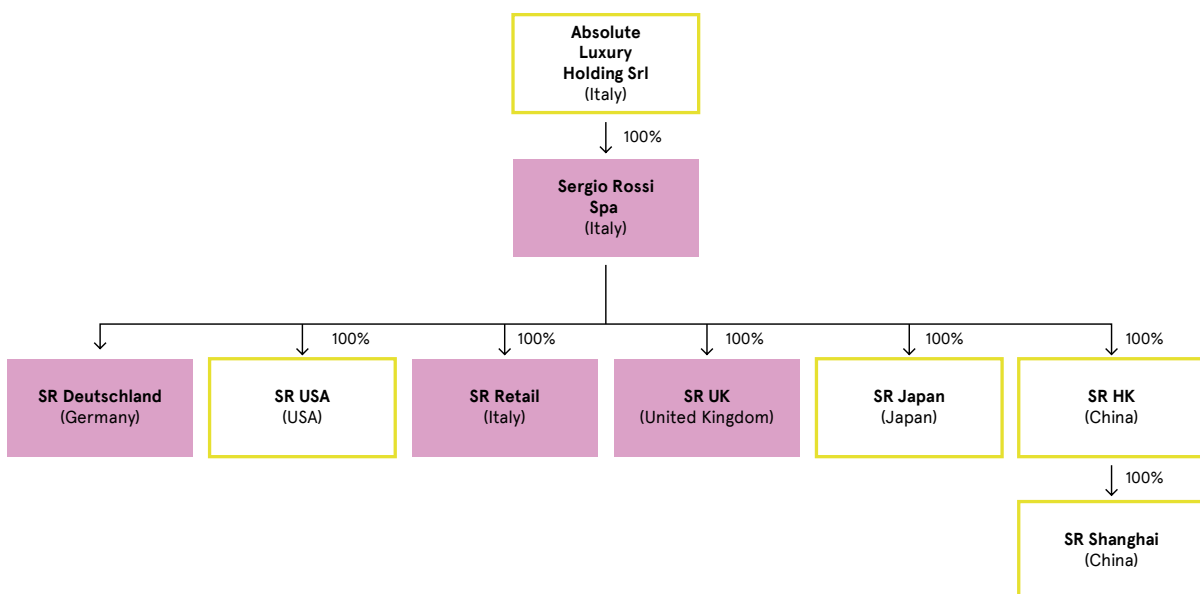
The Board of Directors reflects our new ownership structure, since, following the 2015 acquisition, 6 out of 8 members formally or informally represent Investindustrial in the definition of the corporate strategy and governance. Board members have also distributed among themselves a set of key responsibilities in order to ensure constant monitoring and correct conduct of corporate operations. In particular, our Chairman, Mr. Cesare Piovene Porto Godi, is in charge of the legal representation of the Company before any relevant stakeholder, while our CEO, Mr. Riccardo Sciutto, is responsible for any decision related to economic, social and environmental aspects and sets the Company’s strategic objectives, in dialogue with the Company’s top management.

Risk Management and corporate values

The Company’s top management is entrusted with all the risk management activities related to corporate operations and the supply chain, as well as with the periodic revision of their effectiveness. In dialogue with the CEO, the Operations Function and the Human Resources Department continuously verify compliance of Sergio Rossi with local, national and international environmental and social laws and regulations. As a demonstration of the effectiveness of our internal control system, we have committed no legal violations and have not received any sanctions or fines in the reporting period [307-1]. Sergio Rossi has adopted a model of organization, management and control (“Model”) in accordance with the principles set out in the Legislative Decree no. 231 of 8 June 2001 (“Decree”), in order to prevent the liability envisaged for the commission of the offences set out in the Decree and the application of the related sanctions.

The gap analysis, carried out last year within the Organizational Model arrangement, confirmed the absence of significant risks with respect to all the potential offences identified by the Model itself. In addition, in accordance with Italian legislation, the Model entails the introduction of a Supervisory Board, in charge of the supervision of the functioning and observance of the Model, and of a dedicated whistleblowing channel, which provides a secure tool to all our stakeholders for reporting violations of laws and internal policies. The application of the Model is constantly assessed and monitored by the vigilance body appointed for this specific file and no infringements have been recorded during 2019.

SERGIO ROSSI GROUP STRUCTURE



Legend: ■ Legal Entity inserted in the Reporting Scope

THE VALUES OF THE SERGIO ROSSI GROUP

"We are true
to our brand
and committed
to protect and
develop it"
Riccardo Sciutto,
Group CEO.

The Group is committed to the highest ethical standards:

INTEGRITY

At the heart of the Group's Code of Conduct. We act with Integrity when doing business and in our working environment. Ethical behavior, accountability and moral responsibility are necessary tools for maintaining consistency between one's actions and Company's principles in order to put the Company's interest first and to contribute to the well-being of the working environment.

RESPECT

Interact with people by using a fair, professional and polite approach due in any respectful interaction between individuals.

RESPONSIBILITY

Be accountable when doing business, to perform satisfactorily and fulfill obligations in accordance with the Company's values.

LOYALTY

Support the Company's needs and commit to serve Company' interests first.

As regarding internal policies, since 2017, we have adopted a Code of Business Conduct defining a set of core corporate values, norms and principles of behavior, to which all employees of each company belonging to the Sergio Rossi Group must adhere without prejudice to the local law provisions. The Code of Conduct addresses the employees' responsibilities to the Company, to their colleagues and to their suppliers and customers, and states the Company's commitment on how the Group does business across the world. The document helps guide employees on how to conduct themselves as representatives of the Sergio Rossi Group, to be sure that all our employees' behaviors and decisions, both inside and outside the Company, are aligned towards the same principles and thus protect our Company Brand. [102-16]. As of today, the Human Resources Department is entrusted with ensuring the respect of the content of the Code by all the corporate employees. As for internal auditing and control activities, these are conducted by the Board of Statutory Auditors, which also oversees and manages the collection of internal data needed for the appropriate redaction of financial reporting documents.

TIMELINE WITH THE MOST ICONIC MODELS

#GODIVAPUMP

The Godiva Pump is the timeless shoe every woman should own. This iconic pump represents a versatile choice, the perfect balance between charming femininity and a dynamic attitude.

#sr1

Presented in September 2016 and first introduced to the market in Spring 2017, sr1 soon emerged as one of the latest icons for Sergio Rossi: the square toe, the metal plaque and the leather tongue make this family immediately recognizable and gave birth to a complete collection of products, customization services and special collaboration projects recalling the same stylistic codes.

#SRMILANO

Introduced in FW18 as a return to true femininity, srMilano took inspiration from our historical archive. srMilano is inspired by an early '00s sandal and aims at paying a tribute to the city of Milan and the glamour of its women: sophisticated, subtle, and yet impossible not to notice.

#SERGIO

Introduced in FW19, the Sergio product line pays tribute to the label's heritage, being defined by a geometric reedition of a Sergio Rossi archival logo dating back to the seventies. The family features pumps, booties and boots, and additionally marks the debut of Sergio Rossi's personal and distinctive take on the urban sneaker.

1.2 CLIENT CENTRICITY

Starting from 2016, we have been redefining our brand identity and positioning with the aim of rediscovering Sergio Rossi's original DNA, thus enhancing its renowned craftsmanship and relaunching its product authenticity.

At first, the process involved the design of our products, by reconnecting to the deepest essence of Sergio Rossi's distinctive style and innovative design. Concurrently, we started a complete digitalization process of our identity, capable of channeling the uniqueness of our heritage via a new digital identity. A central part of this path has been the creation of a corporate archive, essential for rediscovering our origins and roots, inspiring our future path and making our clients aware of Sergio Rossi's history and heritage. Finally, we began the development of the "Retail Excellence" project, aimed at turning the shopping occasion into a client-tailored moment and at creating an emotional and exclusive bond with each client. In the meantime, our social media communication strategy has been evolving together with our clients needs and habits, thus leading us to activate strategic brand ambassadress and digital KOL programs in Europe and China, as well as investing in dedicated product capsules collections to better catch our clients' moods and lifestyles.

sr1

The sr1 collection represents the first step of the new beginning of the Company and the rediscovery of our iconic design.

In fact, the "sr" acronym represents our willingness to respect and stay focused on Sergio Rossi's most intimate nature, whilst the number "1" stands for this new chapter in our history.

With the "sr1" collection, inspired by a 90s model of our corporate archive, we made a fresh start by revisiting the most authentic aesthetics of the brand and providing our contemporary target customer with an interesting and portable footwear, diving into the legacy of the brand. The sr1 slipper, the first model introduced, recalled the daily flat shoes that marked the first success of Sergio Rossi, while the sr1 pump was a tribute to an historic archive piece inspired by the allure and boldness of the 90s' Supermodels. Accessories also pay tribute to our important heritage, with the emblematic leather tongue and its personalized silver plaque that is spread all over the collection.

The products are timeless and break free from traditional and outdated rules – they work from day to night and suit all places and situations.

The sr1 collection was aimed at responding to the tastes of the redefined target customer archetype of Sergio Rossi, who is an entrepreneurial and active woman, instinctively attracted by beauty, elegance and style.



sr1 SLIPPER, sr1 PUMP

The new store concept

In 2017, following the Sergio Rossi renewed brand identity, we launched the new store concept, designed by Marco Costanzi. The architect conceived a new structure identifying materials, colors and shapes which could perfectly communicate the new brand positioning and exalt the new product collections. Additionally, the interior designer Cristina Celestino designed all the furniture pieces of the new store, taking inspiration from a cultivated and ironic femininity with a contemporary allure and expressly referring to iconic shapes, which made Sergio Rossi renowned all over the world.

In 2018, we completed the roll out of the new store concept all over the world, and in 2019 we introduced further design elements inspired by our Living Heritage Archive in San Mauro Pascoli in some of the most innovative and newly opened shopping destination malls. The stores thus became an experiential environment where the customer could have come into contact with the authentic Sergio Rossi DNA and felt like visiting our factory and archive.

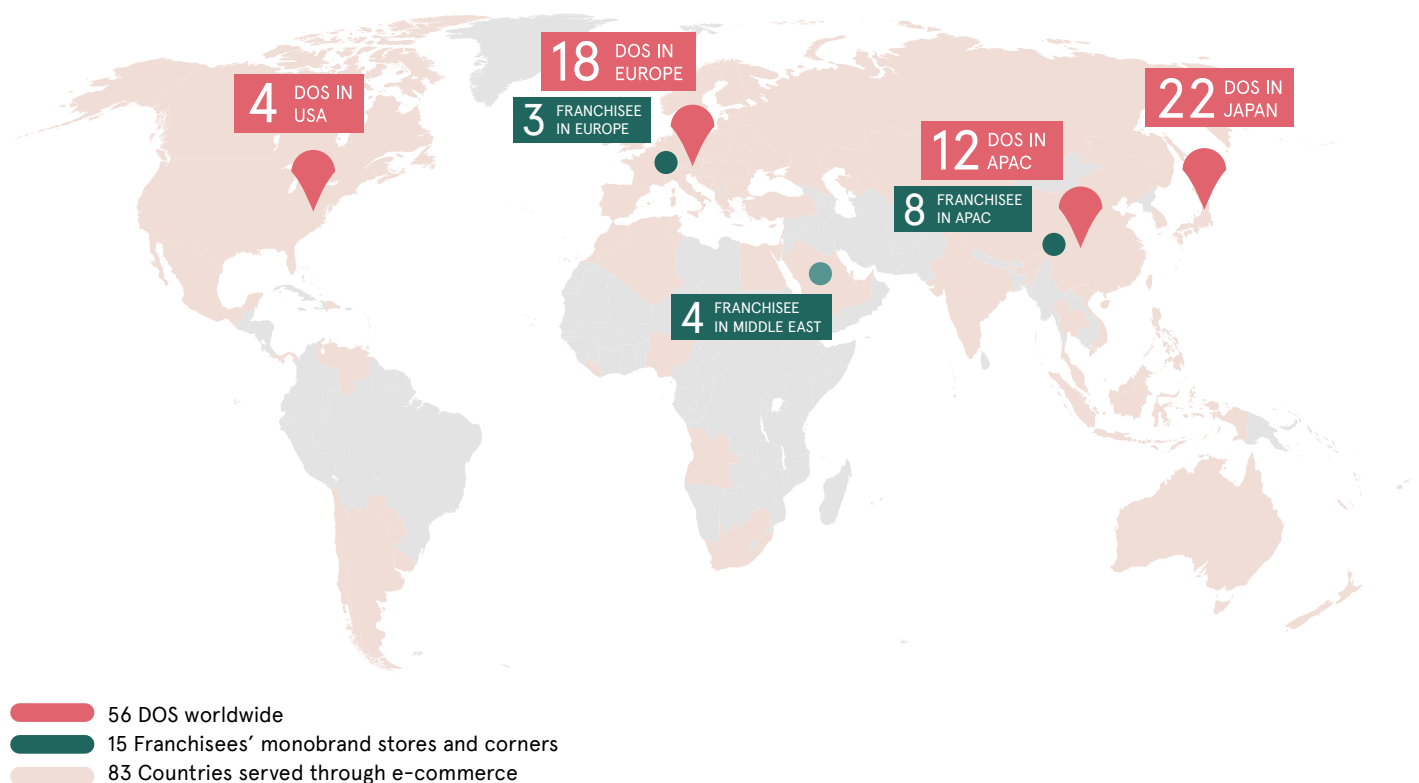
Moreover we started to play with our spaces and pop-ups, mixing the clean and delicate store concept by Costanzi-Celestino with strong and impactful graphic elements linked to the SERGIO collection launch. We leveraged all set ups and temporary spaces to raise the awareness of the newly introduced collection and related logomania pattern, introducing some key visual elements taken from the Press Presentation of February 2019 in Milan and designed by artist Gary Card. The result was a powerful mix of classics shapes and edgy graphics, soft colors and black and white pattern, timeless furniture with contemporary creativity.



CHENGDU IFS



SHANGHAI ONE ITC





BRAND PROTECTION

Our brand represents one of Sergio Rossi's most valuable assets and therefore it deserves a continuous and dedicated protection and monitoring.

Indeed, it is so precious for us to preserve our design authenticity and uniqueness that we continue to register the models belonging to the sr1 collection as well as to the new srMilano and SERGIO collection. In addition, we carefully work on our trademarks' portfolio to ensure global protection. In our view, in fact, intellectual property consists not only in the protection of our brand, but also in the valuation of how our corporate identity is perceived by our key stakeholders.

Digitalizing our identity: “think heritage, play digital”

As part of our corporate digitalization strategy we prosecuted the concentration of our efforts in advertising, communication & PR specifically on social networks like Instagram and Facebook for Western markets, alongside with Wechat and Weibo for Eastern regions. As a result, we can now count over 1,151,000 followers on Instagram, 320,153 likes on our Facebook page, 24,044 subscribers on our Wechat profile (+47% versus 2018) and 42,654 Weibo followers (+74% versus 2018) – all numbers obtained from organic growth, without any paid followers acquisition.

In line with the motto introduced by our CEO, “Think heritage, play digital”, as our goal to merge tradition and modernity, we continued the implementation of our new corporate digitalization strategy, which aims at progressively enhancing our online presence and our consistency within all digital tools and environments, while streamlining our internal processes and teams. Such a strategy, which involves all the main business functions in a cross-departmental fashion, will contribute to discovering and exploiting new synergies between them while making their functions more effective, thus reducing our overall environmental impact. Our multi-channel retail digitalization strategy, first outlined in 2017, became an authentic omnichannel department in 2019, which was created by merging the different digital competencies already present in our organization (from digital marketing to e-commerce management, from retail relationships to CRM), entitled to strengthen and validate an authentic and deep change in our company mindset. Conceived with the aim of making our reaction to the market changes and requests as flexible and dynamic as possible, it represented a clear statement

of the client centricity approach to the business, making our customers the actual epicenter of all communication, marketing, product and commercial goals. The internalization of IT processes on a global scale realized in 2017-18 was fundamental to step up to a higher level of automatization and data analysis needed to perform our activities both at a corporate and store level. At present, our customers can buy Sergio Rossi products where it is most convenient for them, using a variety of different channels, from physical stores to our online e-commerce platform, now locally managed on a regional stock basis and product assortment, in line with our overall g-local strategy. For logistics as well, the IT monitoring infrastructure is now under complete governance of the Sergio Rossi headquarters and is fully integrated with our IT system. This will lead to more meaningful and satisfying customer experiences, as well as to a direct benefit from a substantial cost reduction thanks to stock, logistics and operations optimization in a more harmonized way.

In addition, we have started implementing a series of actions aimed at ameliorating our cybersecurity profile. A business continuity plan has been put in place, i.e. a series of processes related to the prevention of potential cyber threats - such as data thefts - and to information recovery. Indeed, as a recovery measure, we now rely on a server farm managed by a trusted third party, which provides us data storage and back-up services. Fully integrated with our corporate digital communication strategy, we have decided to enrich and enhance the uniqueness of our brand heritage sustaining the shaping of our digital identity with a series of interventions, which will be described in the next chapters.

320,153

FACEBOOK FANS

1,151,103

INSTAGRAM FOLLOWERS

24,044

WECHAT SUBSCRIBERS

42,654

WEIBO FOLLOWERS



Advertising Campaigns and Special Digital Projects

After the relaunch of the sr1 collection, the first to be entirely digitally advertised, all our brand and communication projects have been created to fit digital and social-media channels and tools, to enhance the interaction between the customer and the collections.



The project “srMilano – The Musical” introduced the srMilano family to the public through a magical, whimsical and dreamy video and photo contents, featuring both SS and FW models, thus reinforcing our product value, which never goes out of style, and carryover merchandising strategy, which allow many of our products to overcome season’s boundaries to become everlasting designs.

The video became inspiration for retail windows and in-store events all year round, thus involving our clients at 360 and making our message and collection communication codes consistent.

Same cross-channel communication strategy approach was adopted to present and introduce the SERGIO collection. First presented in February 2019 at MFW, it was soon defined by its strong archive-inspired codes thanks to artist Gary Card, who transformed the brand's showroom into a modern and refined shoe factory, where playful industrial tools met hyper-graphic logomania. The project evolved into window concept rolled out all over the world, as well as distinctive store visuals, digital videos and events concept. The collection was the first to be communicated following the strategy of the "see now - buy now", leveraging the extraordinary capability of our factory to deliver first items to key stores just a few weeks after the press presentation, so satisfying clients demand for novelties almost real-time but at the same time extending the life of the products beyond the standard selling season and increasing the value for the buyers.



SERGIO PUMPS



ROSSI

**RGIO
SSI**

**SERGIO
ROSSI**



**SERGIO
ROSSI**

**SER
ROS**

Lastly, we decided to start involving our final clients on a project which we care most: our sustainability commitment. We decided to create a complete brand image project aimed at several goals: 1. State our commitment 2. Showcase our results 3. Invite our customers to join our efforts towards a conscious and sustainable lifestyle. The project was declined into several different mini-videos suitable for social media, to be easily enjoyed by our followers as well as shared with their audience and friends. The shoe, from our iconic sr1 to the newest SERGIO, was the protagonist of each statement, speaking directly to the public about its being conscious, ethic, energy-saver etc. The messages also became in-store videos and windows, and the results in terms of engagement of the final customers were great, demonstrating the growing interest for such topic and the importance of making people aware of the great impact we all have on our planet and society.

This was soon followed by the launch of the "sr Light Footprint" internal project, consisting of several initiatives aimed at a greater involvement of employees on sustainability: the first activity involved the distribution of branded personal water bottles to all our employees, both in Milan and San Mauro, to reduce/eliminate the consumption of disposable plastic. The project is already fully operational in Milan, where the plastic of water bottles and bottles for the customers of the sales campaign, coffee cups, plastic cutlery, etc., has been abolished.

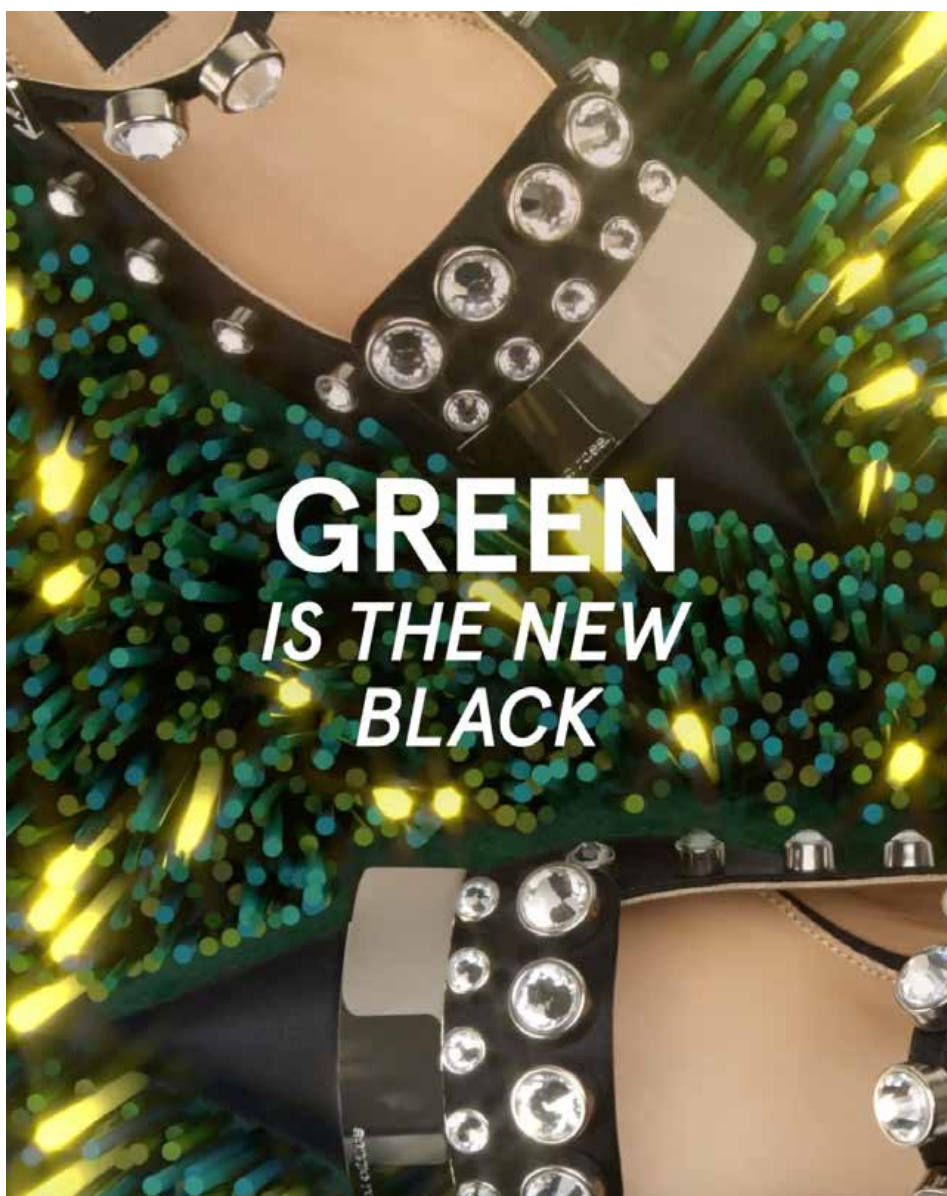
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SERGIO ROSSI
24 BOTTLE





srAddiction

In May 2019 we launched a brand new product and communication project, with the aim of spreading the brand awareness amongst youngest and more trend setter clients: srAddiction.

srAddiction is the creative container created by Sergio Rossi to embrace all kinds of collection partnerships. This unique collaboration hub is aimed at seeing a selection of different synergies, from the fashion system to the most unexpected and unexplored lands, interpreting the world of Sergio Rossi with an exclusive vision.

The first collaboration presented was SR + Marta Ferri. The collaboration with the Italian designer and couturier gave a new spin to the iconic sr1 collection celebrating the light heartedness of summer. The capsule collection was made of mules, slippers and espadrillas, featuring the combination of different materials such as velvet and juta, bringing new unexpected vibes to the Sergio Rossi collection.

In October we introduced SR + Rosie Assoulin capsule, a

collaboration with the exuberant and charming vision of the American designer as well as her ethical vegan stand. The protagonist was the sr1 collection again, to strengthen the link with our DNA and leverage its timeless design. This capsule represented the first vegan collection for Sergio Rossi: four different kinds of silks, from classic black to the brilliant white and red, until the most outstanding blue floral print silk. Pumps, mules and ballerinas with the distinguished squared metal plaque have been embellished with a waterfall of pearls, giving a whimsical nonchalance to every step.

A third collaboration was also dedicated to a partner e-tailer: we teamed with Swarovski for a special collection promoted and exclusively distributed by Farfetch on their e-commerce platform. The selection of pumps, sandals and ballerinas was revised into new and unique versions thanks to the sparkling and prestigious Swarovski crystals, thus reinforcing further our belief in the importance of contamination in the era of the digital revolution.



SERGIO ROSSI + MARTA FERRI





SERGIO ROSSI + ROSIE ASSOULIN

Women we love - collaborations with style icons, KOLs and brand ambassadress

In 2019 we decided to expand and strengthen our collaboration strategy with KOLs by implementing a structured micro-KOLs program, involving 10 talents worldwide, and engaging a deeper cooperation with three of them, with specific visibility and brand positioning goals in Europe, Middle East and China.

For Europe we chose to be represented by Chiara Ferragni, digital entrepreneuse with over 20 million followers, who posted our products and came visiting our factory, sharing the experience with her followers' base. The social media results were amazing, with almost 30 million reach and over 2 million direct engagement.

For China we partnered with famous model and actress Guli Nazha, who was appointed Brand Ambassadress for Greater

China in April 2019. To celebrate the partnership, we released a series of announcement campaign images throughout all major Chinese social media like Wechat and Weibo, starring Nazha in the brand most iconic styles in which the actress perfectly interpreted the brand DNA, followed by another series of FW19/20 campaign images starring the Chinese actress in the most fashionable styles selected among the fall-winter 2019/20 collection. For the resonance and effectiveness of this partnership, Sergio Rossi ranked #2 in the luxury brand endorsement effect index at China Gold Data Conference 2019. Besides those projects, we continued our placement and cooperation with top celebrities and stylists worldwide, dressing actresses like Scarlett Johansson, Nicole Kidman and Amber Kuo.



NAZHA



CHIARA FERRAGNI

Creating a new client experience

In 2019 we launched the “Retail Excellence” project, initially started in 2017 and aimed at turning the shopping experience into a client-tailored moment, creating an emotional and exclusive bond with each client. We started from our sr Academy and extended the training and coaching activities throughout all regions, adding a further step, named “Train-the-trainer”, to expand the reach of the project to our entire salesforce, both operating in our directly operated stores and in our outlets, adding some key wholesale partners to the program [for more information, please see Training Program § 2.1. p.52]. Hong Kong, China, Japan and USA have also being aligned to grant the same expertise level of our staff and ensure the top in-store experience to our clients in every shop and in every region.

We continued our collaborations with best international fashion e-tailers, connecting final shoppers to stores and brands from all around the world, and with other e-shop websites and marketplaces, in order to reach even more clients and offer them an even wider online experience. In addition to this, we developed dedicated product selections and even special capsules with some of them, to make the Sergio Rossi experience through these innovative channels even more tailored.

To engage customers and make the experience in store even more attractive, complete and surrounding, we implemented an impressive number of in-store events worldwide, focusing each time on new different formats and subjects, aimed at revealing the newest models, families and services.

During the year, we realized over 90 events, cocktails and pop-ups on our DOS, outlet and wholesale partners’ network, implementing 16 concepts, from the product family presentation to the participation of local mall’s events and celebrations.





2019 DIGITAL CONTENTS

Our MTO service: #yourownsergiorossi and #srWonder

In 2017 and 2018 we launched our first customization service on sr1 slipper and pump, which we completed in 2019 with the addition of the sr1 running. #yourownsergiorossi gave our customers the opportunity to enjoy an exclusive and effective personalization, thanks also to our San Mauro Pascoli factory, fully equipped to offer our clients the chance to customize their sr1 and to receive them within just 4-5 weeks. Moreover, to promote and extend the availability of the service to the fullest target customer, we arranged several pop-ups and dedicated displays all over the world from our DOS to our key wholesale partners, to best communicate our artisanal expertise and extraordinary manufacturing opportunities to all our potential clients. Following the great success and positive feedback across all channels (+25% orders in 4 distribution channels, including DOS, e-commerce and wholesales partners), we extended this activity to a complete MTO service available in selected Sergio Rossi DOS worldwide, giving our top customers and VIC the chance to create a brand new item starting from any model available in the collection, customize in all materials and colors available in our leather warehouse. Alongside with this top VIP service, we also developed a dedicated service for the most special day of our clients, through the #srWonder project, the MTO service addressed to our brides. A selection of our bestseller models, from pump to flat sandals, from platform to slippers, has been developed with exclusive and dedicated materials and colors specifically studied for matching with brides' looks. Dedicated label, packaging, customized initials and data, and a personalized message from our store managers accompany the shoe, together with the most precious detail of the "blue something" expressed through a little blue diamond nestled on the outer sole.



SR WONDER MTO



1.3 OUR COMMITMENT TO SUSTAINABILITY

Given the importance of sustainability, in 2019 we have consolidated our commitment to our first Group Sustainability Policy formalized and released in 2018. The document is the result of a cross-functional process which engaged the management of Sergio Rossi and analyzed internal and external sources regarding sustainability issues. It outlines what Sustainability is to Sergio Rossi by underlining the link with our founding corporate values and defines the three main strategic areas – pillars – that are at the core of our approach to managing a responsible business.

As expressed in the Policy, “Sustainability” for Sergio Rossi means being able to pursue quality and artisanal excellence while fostering environmental protection and social responsibility. Therefore, we undertake to conduct business responsibly through the integration of economic, environmental, and social aspects within all business processes and functions and by setting dedicated short and long-term goals intended to progressively improve our corporate sustainability performance.

WE SUPPORT



These goals are established in accordance with the United Nations Global Compact (UNGC), of which Sergio Rossi is signatory [102-13], and with the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development.

As such, we are strongly committed to conducting business legally and in accordance with the highest ethical standards, by actively working against all forms of corruption, including extortion and bribery. Sergio Rossi aims to extend the awareness towards sustainability issues to all its business partners, along the supply chain, with the purpose of increasing the monitoring of each phase of the products’ production.

These efforts are guided by Sergio Rossi’s distinctive values, as highlighted in the Group’s Code of Conduct: Integrity, Respect, Responsibility and Loyalty.

Furthermore, as presented below, we identified our three main strategic pillars which represent our primary areas of commitment for the coming years.

To ensure the achievement of its main strategic objectives, Sergio Rossi’s Chief Executive Officer is also responsible for the activities related to sustainability and coordinates the Sustainability Committee, an inter-functional management working group, established in 2017.

The Sustainability Committee was involved in several activities in 2019, namely the analysis of stakeholders’ requests, the periodic revision of the materiality map and the development of the Sustainability Report.

Furthermore, Sergio Rossi’s CEO oversees the decision-making and supervision of internal health, safety and environmental (HSE) aspects. In this respect, the CEO appoints those responsible for the correct implementation of HSE actions and legal compliance.

Additionally, the CEO coordinates the activities of the Human Resources & Facility and the Operations Functions, which are entrusted with the execution of HSE actions and the continuous assessment and monitoring of the related environmental, economic and social impacts. Furthermore, the CEO periodically reports to the board about the state of such activities, potential expenditure needs related to HSE aspects, and formally reviews and approves the organization’s sustainability report.

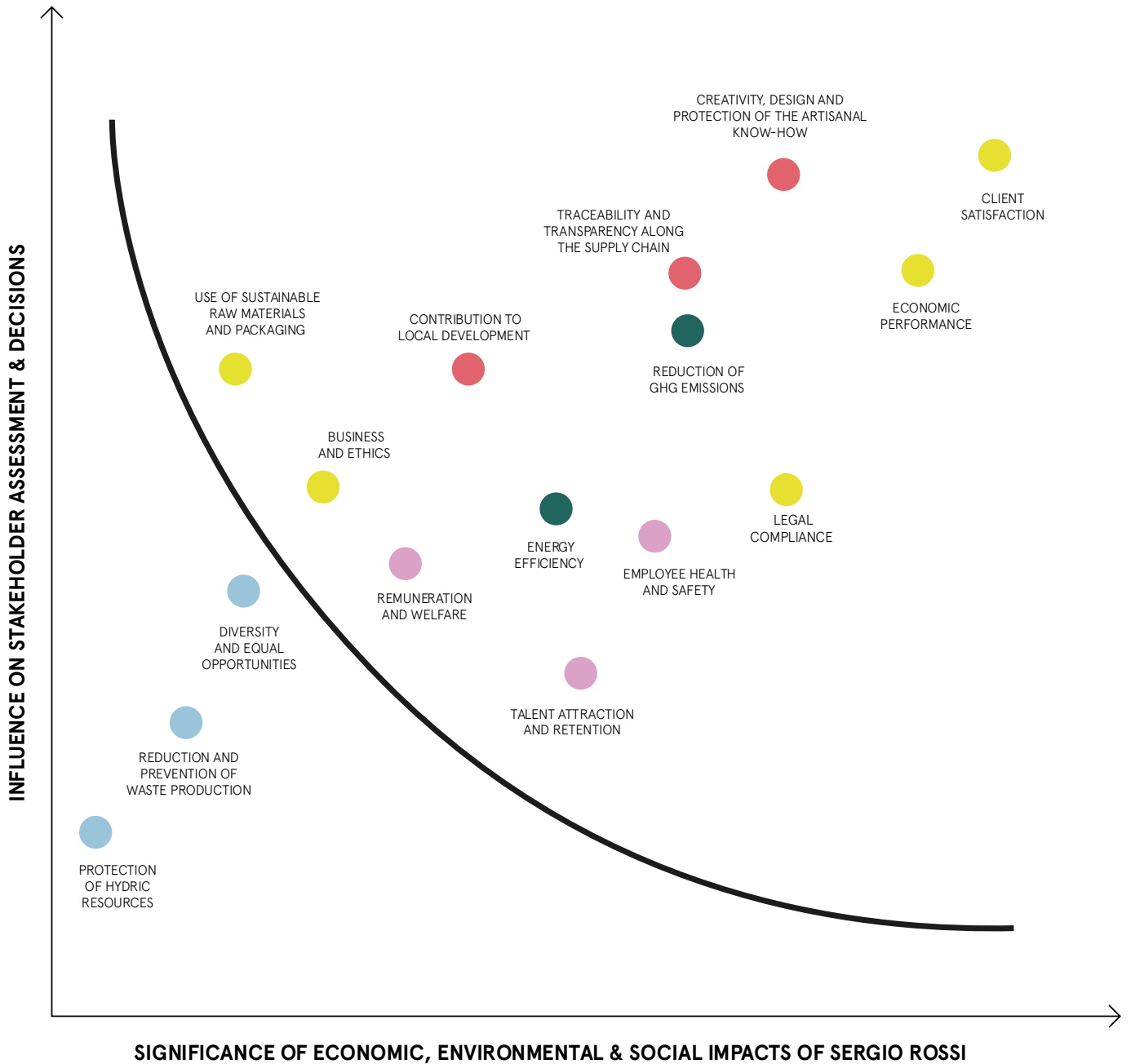
In case the Human Resources & Facility and the Operations Functions detect any critical concerns related to HSE, they report these to the CEO. Once having carefully analyzed the matter, the CEO determines the corrective actions to be implemented and appoints the respective people in charge.

Sergio Rossi’s commitment is not limited to the three strategic areas highlighted in the Policy but includes other pivotal topics in order to create long-term value for all our stakeholders. These matters were, in fact, mapped during the process for defining our Sustainability Strategy together with the updating of the materiality analysis.

In line with previous years, the materiality matrix shows the most relevant topics that reflect Sergio Rossi’s economic, environmental and social impacts and/or may influence the decisions of the key stakeholders identified.

CHAPTER 4	ENERGY	<ul style="list-style-type: none"> - Efficient and responsible use of energy resources - Corporate carbon footprint and GHG emissions minimization
CHAPTER 2	HUMAN CAPITAL	<ul style="list-style-type: none"> - Training activities for personal development - Attraction and retention of best talents - Welfare, health and safety
CHAPTER 3	LOCAL COMMUNITIES	<ul style="list-style-type: none"> - Preserve local artisanal traditions - Quality of living and socio-economic development of local communities - Philanthropic activities

Materiality Matrix



As reported above, the 13 topics above the curve were considered to be material in 2019. The topics shown on the top-right quadrant correspond to the most relevant issues both for the Company and for our stakeholders [102-47]. Compared to 2018, we have decided to further stress our effort in reducing GHG emissions and our engagement in improving our Energy Efficiency. For that reason, the 2 topics have been raised in the materiality matrix given their strategic importance in our Energy Pillar. Likewise, our culture of integrity and inclusion takes us to underline our commitment in Business ethics and legal compliance with the result of a formalized document which will be released in 2020. Furthermore, we have associated each topic with the three sustainability pillars included in our Sustainability Policy and with an additional area, “Business responsibility and economic performance”, which we consider as a precondition for the correct management of our company.

- Material topics:
- Energy
 - Human Capital
 - Local Communities
 - Business Responsibility and Economic Performance
 - Non-Material

SUSTAINABILITY PILLAR: ENERGY

Reduction of GHG emissions	We are strengthening our efforts to reduce the current levels of our GHG emissions, for what concerns our energy consumption. Our photovoltaic plant represents a good example of our commitment in this direction.	§3.1 Reducing the footprint of our shoes
Energy efficiency	Aware that energy consumption plays a key role in our environmental footprint, we strive to identify and implement energy efficiency initiatives in all our facilities and operations.	§4.1 Reducing the footprint of our shoes

SUSTAINABILITY PILLAR: HUMAN CAPITAL

Remuneration and welfare	Maximizing the welfare of our employees is one of our key goals. We have structured dedicated plans to ensure that our facilities are constantly motivating working environments. In the same vein, we also consider equal remuneration, regardless of gender and any kind of diversity, as a strategic factor that brings significant benefits, not only for our people but also for the whole company.	§2.2 Promoting a better working life
Employee health and safety	Ensuring the health and safety of our employees constitutes the basis of our production process. In order to make our plant a 100% safe working environment, we always exceed the legal requirements, and invest in the training and development of our people.	§2.2 Promoting a better working life
Talent attraction and retention	We are convinced that the attraction and retention of the best talent constitutes the fuel of our economic development. As such, we collaborate with renowned actors located in San Mauro Pascoli to attract and train the next generation of artisans.	§2.1 Investing in the artisans of tomorrow

SUSTAINABILITY PILLAR: LOCAL COMMUNITIES

Contribution to local development	The bulk of our economic activity takes place in the San Mauro district, recognized at a global level as an area of luxury shoemaking excellence. Given the close relationships we have built with local actors and communities, we devote our interest to promote their growth and welfare and we often collaborate for the development of mutually useful solutions.	§1.1 Sergio Rossi at a glance §2.1 Investing in the artisans of tomorrow §3.1 Exporting our artisanal maestia
Creativity, design and protection of the artisanal know-how	Creativity, design and artisanal excellence constitute the distinctive elements that make our products elegant and timeless. We consider it our duty both to foster and safeguard our know-how and the uniqueness one of the San Mauro district.	§1.2 Client centricity §3.1 Artisanal maestia in San Mauro Pascoli
Traceability and transparency along the supply chain	We acknowledge the importance of ensuring the utmost transparency along our supply chain, in order to guarantee the quality of our <i>Made in Italy</i> products and to ensure the respect of environmental and social issues. This is why we carefully select and evaluate our suppliers, most of which have collaborated with us for a long time, in a climate of mutual trust.	§3.1 Artisanal maestia in San Mauro Pascoli

BUSINESS RESPONSIBILITY AND ECONOMIC PERFORMANCE

Business Ethics	We firmly believe that an ethical business is a successful business. This is why we have redefined our internal Code of Conducts and management of corporate values.	§1.1 Corporate governance §1.3 Risk Management and corporate values
Legal compliance	We have a strong commitment with respect to national and international legal dispositions regarding eco-toxicological requirements for the raw materials we use in our production process, in order to guarantee the maximum safety for customers and the environment. That's why in the reporting period, we have committed no legal violations and have not received any sanction or fine, having usually exceeded mandatory norms.	§3.1 Artisanal maestria in San Mauro Pascoli
Economic performance	A solid and sustainable economic performance is a necessary element to ensure our growth as well as the appropriate management of sustainability aspects. Therefore, we take care to maximize the economic value we generate, with the aim of benefiting both our shareholders and the local community.	§1.1 Sergio Rossi at a glance
Use of sustainable raw materials and packaging	We devote the utmost attention to make sure that our raw materials and packaging are sustainably sourced, in order to guarantee the quality and safety of our products and to minimize our environmental and social impacts.	§3.1 Artisanal maestria in San Mauro Pascoli
Client satisfaction	We are committed to deliver an outstanding client experience focused on the creation of solid and long-lasting emotional bonds with our customers, who represent the focus of our activities and our main interlocutor.	§1.2 Client centricity

FOR FURTHER DETAILS ON THE PROCESS FOR UPDATING THE MATERIALITY ANALYSIS, PLEASE REFER TO CHAPTER "METHODOLOGICAL NOTE".



HUMAN CAPITAL

/02

Preserving the value of our people

SUSTAINABILITY POLICY

“Convinced that human capital represents an invaluable resource for the company, Sergio Rossi aims to offer a positive and stimulating work environment, in order to motivate all its employees by developing their artisanal and managerial skills. Moreover, Sergio Rossi aims to ensure employees’ welfare, health and safety in excess of normative requirements, intended to guarantee they benefit from a constructive and safe workplace that meets everyone’s needs.”

KEY COMMITMENTS OF THE POLICY

To implement training activities aimed at fostering the technical, managerial and personal development of all its employees.

To ensure a stimulating and innovative working environment in order to attract and retain the best talent.

MAIN RESULTS

- 318 employees in EMEA region as of 31 December 2019
- 63% of our employees are women and 37% are men
- Approximately 92% of our employees have a permanent contract
- 65% of our technicians and artisans have been with us for more than 10 years
- 4,000 hours of training

LINK WITH SDGs



318

EMPLOYEES IN EMEA REGION

92%

PERMANENT CONTRACT

63% **37%**

WOMEN

MEN

65%

OUR TECHNICIANS AND
ARTISANS WITH US FOR
MORE THAN 10 YEARS

4,000

HOURS OF TRAINING

2.1 INVESTING IN THE ARTISANS OF TOMORROW

We constantly strive to cultivate our corporate culture based on the concept of employee empowerment and growth. In Sergio Rossi we actively promote an inclusive environment and value the contributions of all the people that commit every day to the success of our brand.

In 2019 we continued working on our corporate structure by reviewing internal functions and increasing the number of employees in strategic areas so to consolidate the corporate relaunch.

As of 31st December 2019 we employed a total of 318 people, of which 296 were based in Italy and 22 in our store network in EMEA [102-8]. The number of employees confirms a steady growth of the company, with an increase in employees of 4.6% since last year and even higher growth (+8.2%) compared to 2017. In particular, we would like to stress how the number of female employees has grown from 186 in 2017 to 201 in 2019, equivalent to +8.1% in two years. Moreover, we have continued increasing our proportion of employees under 30 (from 15 people in 2016 to 49 in 2019), while registering in the last year a decrease (-6.8%) in employees aged 50 and above, mainly as a result of retirement of the workforce. These latter trends demonstrate our commitment to attract young talent and to support our employees as their career come to an end, particularly considering our high levels of retention.

In line with our commitment to create lasting relationships with our employees, in 2019, 92% of our employees held permanent contracts and 90% were employed on a full-time basis: 87% of employees who work on a part-time contract are women. In addition, all of our employees are covered by collective bargaining agreements as required by the respective country laws. For employees working in the UK and Deutschland, national contracts are applied [102-41].

Furthermore, most of our people are employed in our corporate offices and production site in San Mauro Pascoli, Italy (63%): 139 artisans, 13 technicians and 51 employees. Our corporate offices in Milan are composed by 56 employees (18%) while the remaining 19%, work in our stores across the EMEA Retail Network.

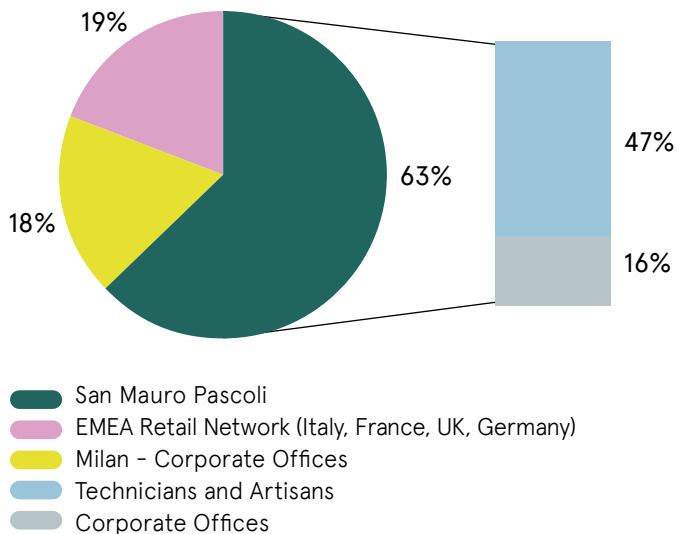
In line with previous years, we have continued investing in new hires and registered 70 new employees in 2019, with a rate of 23% mainly connected to the creation of new corporate

roles and the opening of new stores. The process has been accompanied by a slight decrease in the turnover rate, shifting from 23.1% in 2018 to 21.8% in 2019 [401-1], partially due to several retirements in 2019 and to the typical turnover rates that characterize the retail sector.

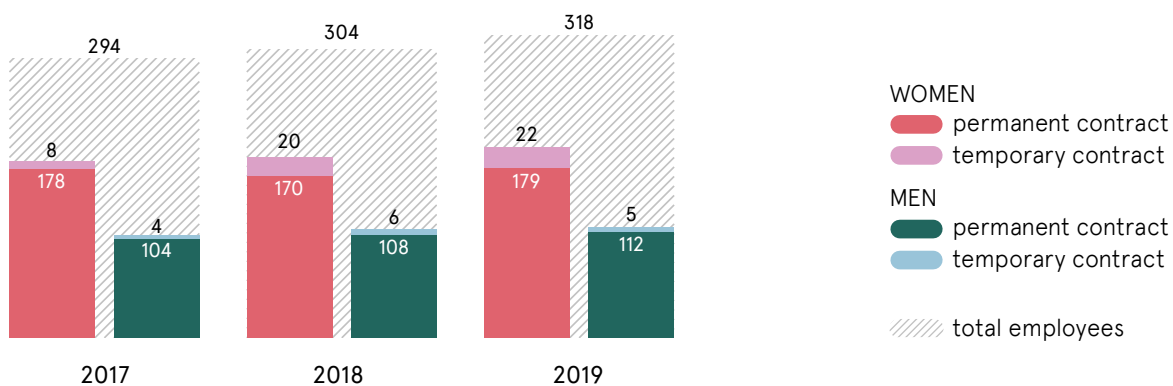
Such changes in the workforce are connected to our internal restructuring, managed by our Human Resources & Facility function, which in the last three years has led to the creation of new functions and specialized roles, to respond more effectively to market trends and client expectations.

A comprehensive breakdown of our employees in terms of employment contract and type, geography, gender and age is provided below.

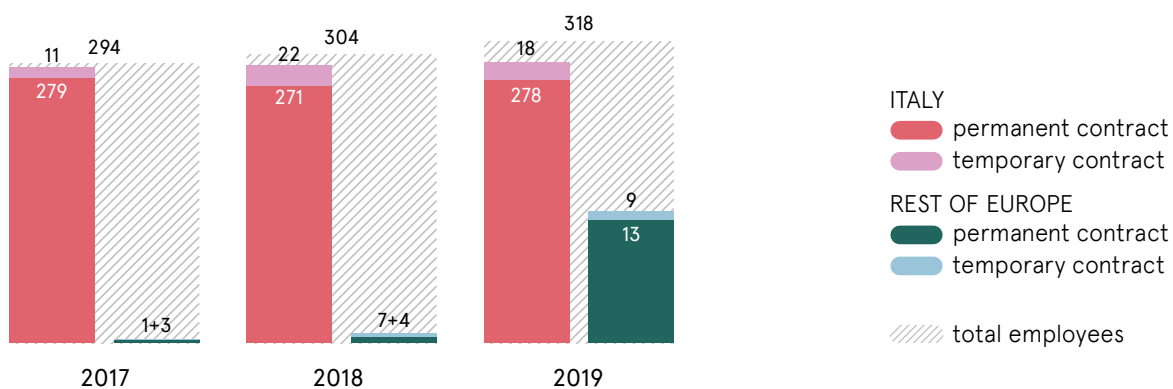
EMPLOYEE DISTRIBUTION AS OF 31 DECEMBER



EMPLOYEES BY CONTRACT TYPE AND GENDER GR1 102-8

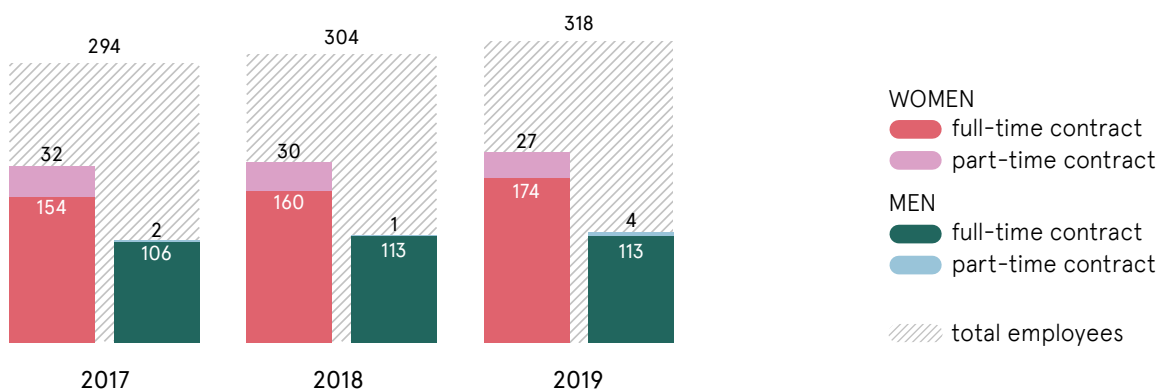


EMPLOYEES BY CONTRACT TYPE AND REGION GR1 102-8

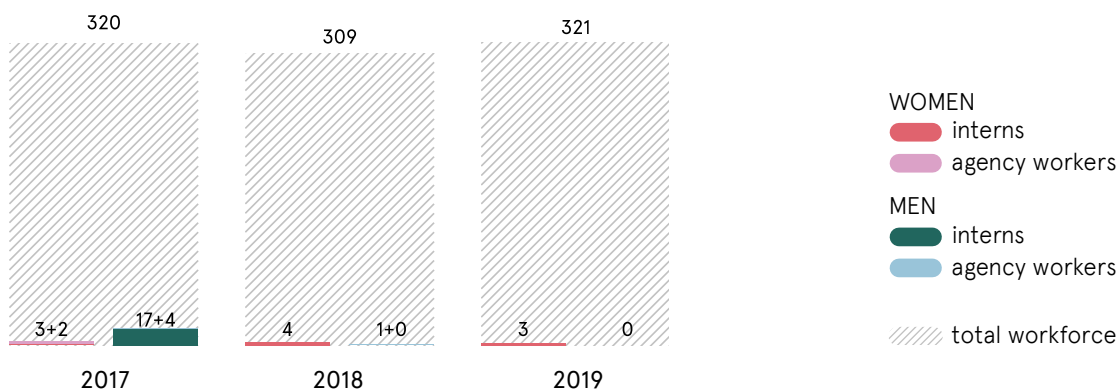


NUMBER OF EMPLOYEES
(AS OF 31 DECEMBER)

EMPLOYEES BY CONTRACT TYPE AND GENDER GR1 102-8

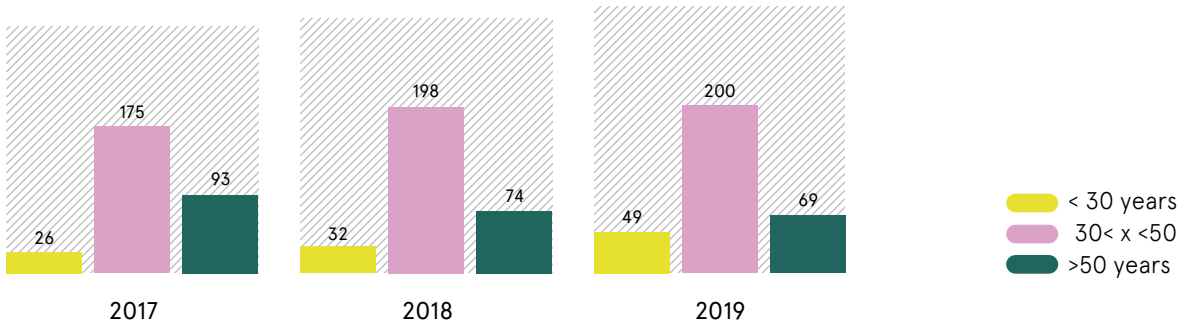


EMPLOYEES BY OTHER CONTRACT TYPE GR1 102-8



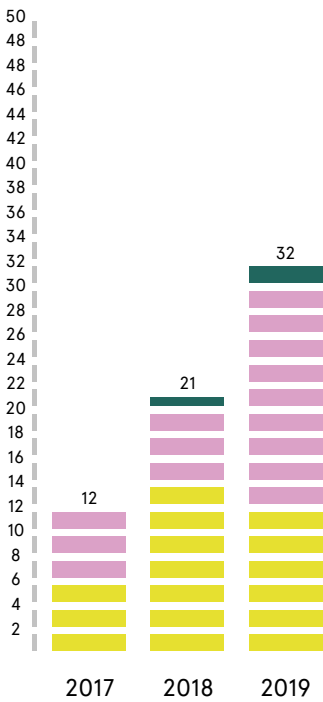
NUMBER OF EMPLOYEES
(AS OF 31 DECEMBER)

EMPLOYEES BY AGE
GRI 102-8



NEW EMPLOYEES HIRES BY GENDER AND AGE
GRI 401-1

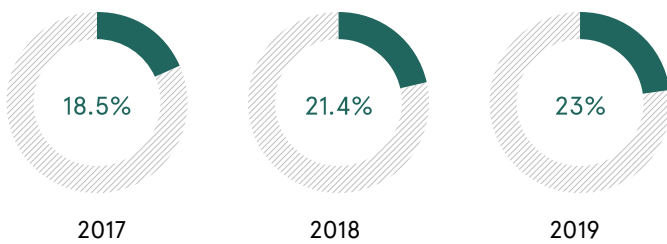
MEN



WOMEN

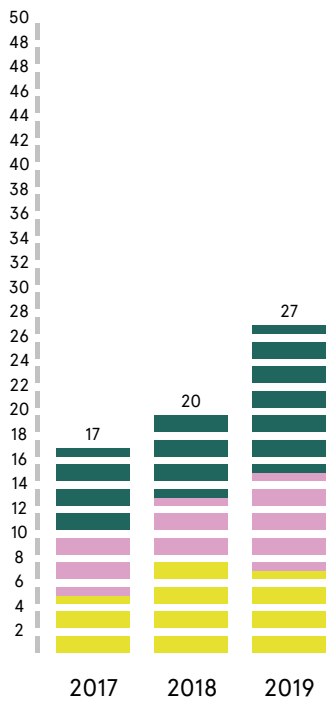


NEW HIRES RATE
GRI 401-1



TERMINATIONS BY GENDER AND AGE GRI 401-1

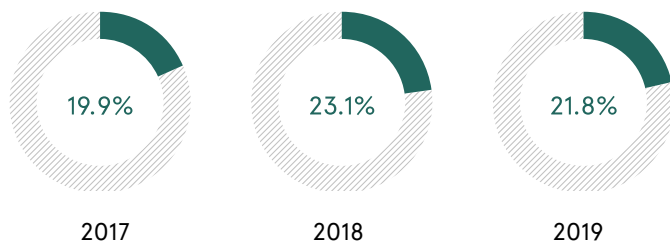
MEN



WOMEN



TURNOVER RATE GRI 401-1



NUMBER OF EMPLOYEES
(AS OF 31 DECEMBER)

Talent attraction and retention

Firmly convinced that the success of our iconic models is rooted in a stimulating and inclusive working environment, we strive to attract the best talents and to encourage people in developing innovative and creative ideas and solutions.

Since artisanal excellence is one of our distinctive attributes, in 2019 we continued investing in the development of talents by strengthening our partnership with CERCAL, one of the most renowned professional shoemaking schools in Italy.

Building on the activities put in place in the past three years, we renewed our participation in the "Shoes Academy" program, an initiative that connects unemployed young people with local shoe manufacturers, through a dedicated internship scheme.

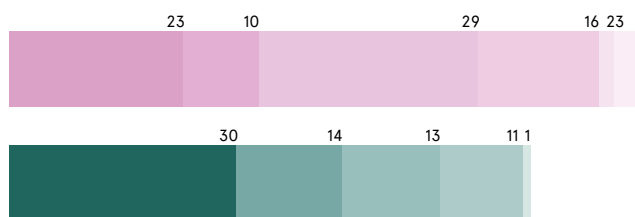
The program aims to create professionals in the luxury shoemaking sector with the ability to contribute to all phases of production, from cutting to the preparation of the final product and to value the artisanal expertise and the art of luxury shoemaking. Same as last year, the initiative proved to be extremely successful being carried out together with other shoe companies in the San Mauro District, with the objective

of creating a shared program in the area. 3 out of the 5 young students composing the group hosted by Sergio Rossi had been in fact hired at the end of the program. In addition, as a further result of the positive collaboration with CERCAL, we were able to offer an internship to 2 additional students belonging to protected categories who completed a 120 hour course learning traditional shoemaking techniques: at the end of the program the interns were hired as permanent employees.

Given the importance of attracting the best talents, we maintained our global referral program in 2019, which enables employees to inform the recruiting team of potential candidates for current and future job openings. In case a referred person is hired and successfully completes a probation period of 6 months, the referring employee is entitled to receive a financial reward, which is proportional to the rank of the newly-hired person.

Regarding our technicians and artisans, we have maintained a high retention rate (65% for 10 years staying) even if slightly decreased compared to last year mainly due to regular retirements, confirming our ability to create a positive environment and to retain highly skilled workers.

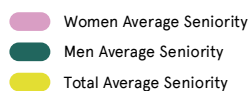
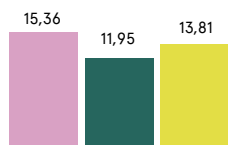
EMPLOYEES RETENTION (TECHNICIANS AND ARTISANS)



women



men





ARTISANS AT WORK

Training Programs

Sergio Rossi has structured specific training programs aimed at developing everyone's professional and personal skills. Each new hire receives training related to the requirements of the business program and to our corporate values and policies, which enable us to respect our legal duties. The training package includes our Code of Business Conduct, which is aimed at spreading the knowledge of our corporate principles as well as the conduct our employees are required to maintain when exposed to potential conflicts of interest, bribery and corruption or gift occurrences. Furthermore, the program includes our internal policies, representing another key part of the standard training.

In addition, new hires receive the specific training program tailored according to their specific role in the company. It normally includes a warm welcome into Sergio Rossi world with a presentation of the brand history and a full immersion into the uniqueness of our production site in San Mauro Pascoli.

Both Headquarter and Corporate Offices receive ongoing training programs through the partnership of various training associations (Formazione Fondimpresa). Advanced Excel courses, one-to-one English lessons and specific sessions related to the corporate culture as well as to health and safety aspects are constantly held on specific schedules.

Together with these continuative programs, we constantly promote specific technical courses which help us to maintain a high quality standard of the technical competences of our people.

In 2019 a comprehensive course about leather has been held by Lineapelle in San Mauro Pascoli factory and attended by employees and technicians: it provided an in-depth analysis about leather's principles and peculiarities, giving an overall understanding about tanning processes, as well as an accurate update on toxicological aspects and their evolution and implications.

sr World: sr Academy, sr Ambassador, sr Awards

Beside a constant updating of San Mauro Pascoli and Milan teams through the aforementioned initiatives, in 2019 we particularly focused on developing a structured plan for our worldwide retail network.

Since we truly believe in our "Retail Excellence" project, aimed at turning the shopping experience into a client-tailored moment (for more information, please see §1.2. Client Centricity), we constantly carry forward training courses and coaching activities, in-store and in the classroom, through our consolidated program sr Academy and several initiatives, as sr Awards or the incentive game sr Ambassadors.

In order to engage our sale and wholesale teams across the world throughout a deeper digital interaction, these activities are constantly supplemented with regular interactive updates on the brand's own eLearning platform called sr World. Translated in three languages, the platform includes an access to a retail roadmap -which supports inductions in-store- as well as exercises, videos and contents of our programs sr Academy and sr Ambassador.

In 2019, 70% of online exercises have been completed from all the worldwide SR users, the aim is to maintain this standard of participation in 2020, introducing new activities every ten days.

sr Academy

In order to spread harmonious habits and to enhance sales competences, the key starting point of the project since 2017 has been the implementation of the sr Academy, which goals are to assure a client-centered approach and focus on a personalized service, to increase proactivity and raise passion for our brand through the knowledge of products. The ambition of the sr Academy is twofold: following a "glocal" approach, we aim at training and coaching the store staff all around the world to create coherence between production, product, sales and communication; moreover, the store personnel studies how to adapt to different requests and situations in a proactive manner and how to build up a commercial mindset by using their product knowledge in the most personalized way.

Through this program, sales teams receive additional sessions highlighting the features of the communication and marketing activities, in line with our digital strategy, as well as specific training courses dedicated to our craftsmanship and materials' quality. Furthermore, in 2019 we added a specific focus on store teams for both Retail and important Wholesale partners through small one-to-one groups interaction and "train-the-trainer" programs with the main goals of increasing coaching attitude towards our retail network.

sr Ambassador and sr Award

An exciting three months project was launched in October this year, the "sr Ambassador" performance game, which aims to boost in-store activities whilst having fun. It has been specifically designed for the Retail Network employees, with the objective to train, engage and reward our people. The program consists of different tasks assigned to employees based on role and type of store; every task performed, such as e-learning courses, CRM activities or the achievement of sales KPI's, grant points to obtain rewards. Based on the level reached, employees can win gifts, vouchers for leisure activities and even the opportunity to experience working in a different store or country. Overall guidelines have been established globally but the tasks rewarded may be adapted to local needs or to specific market requests.

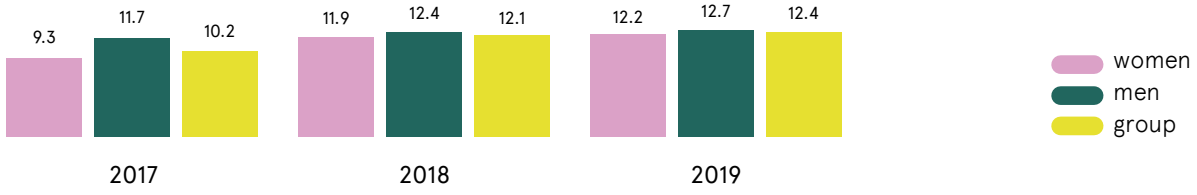
It has been a pilot project that involved only EMEA stores, but it was so successful that we'd like to extend the initiative throughout the next years, involving USA, China, Hong Kong and Japan.

In 2019 we also continued the sr Awards, Sergio Rossi worldwide retail competition specifically targeting in-store employees and designed to highlight and reward the best performers of the year. This year the contest was enlarged and more structured with several themes and additional functionalities, aimed to price the Worldwide Best Seller of direct stores.

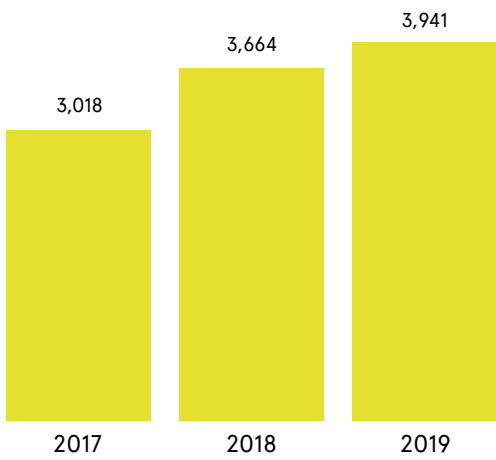
The aforementioned initiatives have contributed to further strengthening our corporate culture and the synergies existing between our internal functions.

As a result, the number of per capita training hours provided to our employees has increased in the last three years, from 10.2 in 2017 to 12.4 in 2019 (+21.6%). In line with the per capita increase, total hours of training have reached 3,941 hours in 2019, +7.6% compared to 2018 [404-1]. Regarding the average training hours by employee category, in 2019 we have registered an increase of activities for managers and white collar employees, the same categories which in 2017 had lower training hours compared to other employee groups. The data highlights our commitment to engage and train, over time, all categories of our employees, also succeeding in reducing the gap of the average hours of training by gender. Training programs are constantly updated according to departments' specific needs, market requests and new requirements.

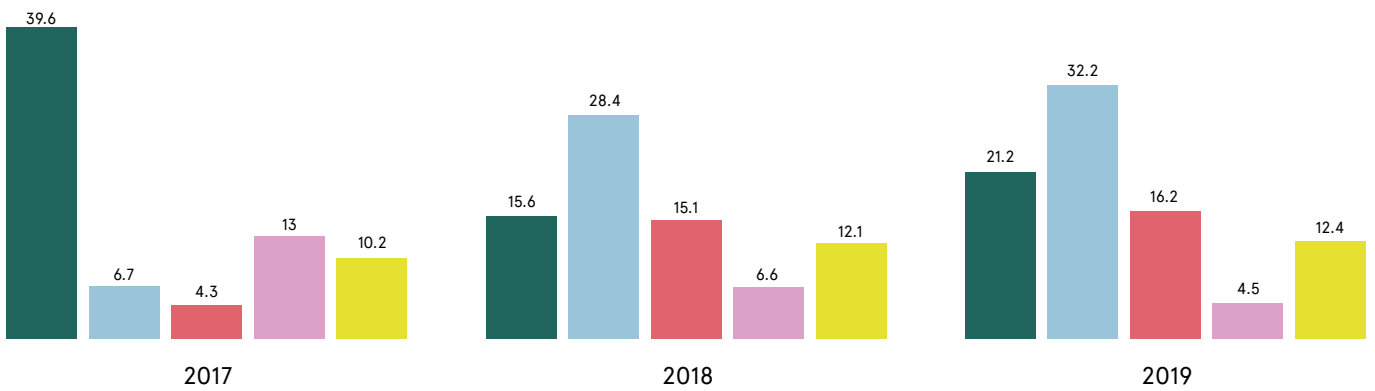
AVERAGE HOURS OF TRAINING BY GENDER
GRI 404-1



TOTAL NUMBER OF HOURS OF TRAINING
GRI 404-1



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY
GRI 404-1



- executives
- managers
- white collars
- blue collars
- group

Performance Appraisal

We believe that one of the most important aspects of retaining the best talents is an equal and fair evaluation of employees' performance. For this reason, each employee sets and updates annual targets during a dedicated meeting with his/her supervisor, depending on his/her rank and seniority. During the year, supervisors define a set of milestones to be achieved by their supervisees and carefully monitor their progress through continuous coaching activities. Supervisors are open to listening to employees' requests and try to satisfy these, when appropriate. Given the positive results of the "Calibration of talents", we have continued holding an annual meeting of all directors, aimed at sharing feedback about the overall performance of their team, highlighting best practices and model behaviors to be potentially replicated across the organization.

Moreover, we continued to apply our incentive schemes as follows: an MBO (Management By Objective) and an MBO+C specific for commercial roles, for executives and managers population, both intended to establish a set of shared rules regarding individual performance, company yearly objectives and appraisal criteria.

Bonus are distributed based on the Company's and individuals' achievement of pre-determined targets, agreed with their supervisors. A special incentive "Premio Di Risultato" for workers and employees, is negotiated with Unions based on yearly production and Company targets.

In 2019 we maintained the existing commission scheme for store employees, with the intention of rewarding performance by allocating benefits at an individual level, instead of merely at a store level, as was previously the case. The updated scheme is intended to boost the individual and collective performance, given that employees could receive both an individual and a pooled commission. It is also designed to encourage personal commitment and motivation. As of today, the new commission scheme has been adopted in the EMEA and APAC and is currently extended to Japan.

2.2 PROMOTING A BETTER WORKING LIFE

To nurture a positive work environment, we invest the utmost attention to the quality of employees’ working life, a crucial element to maintain our corporate reputation and reach economic results. Indeed, we are proactively managing the health, safety and welfare aspects linked to the life of our people, and in the past few years we have been introducing a series of brand new initiatives enabling us to better address these matters, with a specific focus on the San Mauro Pascoli working environment.

In San Mauro, health and safety aspects are directly managed by our Facility Function, responsible for monitoring activities as well as implementing a comprehensive set of health and safety activities aimed at maximizing the protection we guarantee to our employees, often by exceeding standard requirements. The team is also in charge of reporting health and safety performance on a monthly basis and of transmitting it to an evaluation team, including the CEO, the Chief Operating Officer and the Production Director, in order to highlight how the safety performance of our employees is evolving.

In early 2017 we put in place a yearly check of the correct functioning of the aspiration system of powders and solvents within the San Mauro factory, which led to a satisfactory result with no detection of malfunctioning. Since 2018, the introduction of vending solution for personal protective equipment (PPE) helped safety managers to oversee the correct use of PPE thus increasing the awareness of their correct use.

We registered 3 injuries in 2019, which is equal to a 40% reduction compared to 2018. In line with previous years, no injuries were categorized as “high-consequence” as they did not result in a fatality or in an injury from which the worker could not expect to recover fully to pre-injury health status within 6 months [403-9].



ARTISAN AT WORK

GRI 403-9	2017	2018	2019
Total number of recordable work-related injuries	8	5	3
of which high-consequence work-related injuries	0	0	0
Number of hours worked	846,275	466,258	482,856
Recordable work-related injuries rate	9.5	10.7	6.2

[403-9:2019] NOTE: RECORDABLE WORK-RELATED INJURIES RATE IS CALCULATED AS THE NUMBER OF RECORDABLE WORK-RELATED INJURIES / NUMBER OF HOURS WORKED MULTIPLIED BY 1,000,000. HIGH-CONSEQUENCE WORK-RELATED INJURIES RATE IS CALCULATED AS THE NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES / NUMBER OF HOURS WORKED MULTIPLIED BY 1,000,000.

In relation to employee welfare, in 2019 we consolidated the new system for senior and middle managers which enables them to convert the full amount of their bonus, thus exempt from taxes, directly into welfare services, such as leisure activities, courses, sports, elderly care, supplementary pension, etc. Moreover, a second reward with similar characteristics has been defined and it is connected to the business results of the year. Furthermore, a new welfare program has also been implemented for all employees, allowing them to choose whether to receive payment of their "Production Bonus" in terms of monetary contribution or in welfare services, thus exempted from taxation.

In line with our corporate digitalization strategy, in 2019 we finalized the optimization of a HR management software that allows to integrate the HR Workflow in one platform, reducing significantly procedures about payments, presences, travels. All employees have their own virtual page with personal documents (payslip, attendance sheet, etc), corporate communications and memorandums, immediately categorized and archived.

Moreover, the platform is available via web from desktop and mobile for the HR Department, the managers and the employees. We are still devoted to Workplace, the interactive internal platform that facilitates more transparent and direct communication of activities, events or campaigns, covering the entire Sergio Rossi global network whether and spreading the energy amongst our community. Ultimately, the growth of the use of this platform may foster the development of new corporate welfare initiatives and enhance opinions and ideas-sharing at all levels.

As such, we are continuously focused on evaluating new digital tools which could simplify internal procedures among all company functions.

Finally, regarding parental leave, the number of employees benefitting from maternity or paternity leave has been almost constant compared to 2018 (from a total of 27 to 29 in 2019). All employees who ended their mandatory parental leave returned to work in 2019, besides two people who have yet to complete [401-3].

PARENTAL LEAVE / GRI 401-3	2017	2018	2019
Employees entitled to benefit from a maternity leave	127	144	150
Employees entitled to benefit from a paternity leave	109	114	117
Total employees entitled to benefit from parental leave	236	258	267
Number of employees who have benefited from a maternity leave	26	20	22
Number of employees who have benefited from a paternity leave	5	7	7
Total employees who have benefited from a parental leave	31	27	29
Of which: number of employees who have benefited also from a flexible distribution of the voluntary maternity leave	25	19	19
Of which: number of employees who have benefited also from a flexible distribution of the voluntary paternity leave	5	5	5
Of which: Number of employees who have benefited also from a flexible distribution of the voluntary parental leave	30	24	24
Of which: number of employees who returned after their maternity leave	26	18	19
Of which: number of employees who returned after their paternity leave	5	2	2
Of which: Number of employees who returned after their parental leave	31	20	21
Number of employees retained 12 months after returning to work following a period of maternity leave	26	18	19
Number of employees retained 12 months after returning to work following a period of paternity leave	4	7	7
Total employees retained 12 months after returning to work following a period of parental leave	30	25	26



ARTISANS AT WORK



LOCAL COMMUNITIES /03

Fostering local districts

SUSTAINABILITY POLICY

“Sergio Rossi is highly committed to promoting the growth, cultural development and welfare of the San Mauro Pascoli territory, where it concentrates its business activity, by involving the population and local stakeholders in the creation of new opportunities and initiatives based on local needs and expectations.”

KEY COMMITMENTS OF THE POLICY

To preserve the local artisanal tradition.

To contribute to enhancing the quality of living and the socio-economic development of local communities where the Company operates.

To implement philanthropic activities in line with Company’s values and objectives.

MAIN RESULTS

- 23% of our suppliers are located in the Emilia-Romagna region, 83% of which are in the same province of San Mauro Pascoli
- 1,500 pairs daily production capacity
- 95% of our suppliers are Italian
- 70% of the cutting activity takes place in house

LINK WITH SDGs



95%

OF OUR SUPPLIERS
ARE ITALIAN

1,500

PAIRS DAILY PRODUCTION
CAPACITY

23%

SUPPLIERS LOCATED IN
EMILIA-ROMAGNA, MOSTLY
IN THE LOCAL DISTRICT

70%

IN HOUSE CUTTING
ACTIVITY

3.1 ARTISANAL MAESTRIA IN SAN MAURO PASCOLI

Artisanal production, worldwide distribution

Since the early 20th century, the art of shoemaking has always been associated with the concept of Made in Italy. Indeed, the capability of entwining beauty and functionality in daily use objects is a unique feature of Italian artisans, who have always put their genius at the service of their clients with the genuine ambition of creating works of art capable of making their owners stand out from the crowd. This unmatched “maestria” has been fully internalized by Sergio Rossi since its foundation. Famously, our founder used to say that “the comfort of a shoe comes from its shape. I maybe made no more than ten and they are what I cherish the most. Each shape is a part of me”, demonstrating his attachment to the purest act of artistic creation.

Nowadays, we still feel the responsibility not only to keep alive the art of shoemaking but also to leverage this tradition as a means to foster the development of the community and the district in which we operate. That is the reason why the vision of Mr. Sergio Rossi is still vivid in San Mauro Pascoli, thanks to the presence of over 150 artisans and technicians, who make our Company an internationally renowned example of excellence by daily employing their skills and know-how to create unique masterpieces.



ARTISANS AT WORK

The fulcrum of our commitment: the Magic Kingdom

Within the factory, our Magic Kingdom, we are able to carry out projects from the designer's sketch to the realization of the finished product, undergoing all stages of development.

The plant comprises a factory equipped with 2 production lines and 2 warehouses, storing bottoms, leather and accessories, the prototype department and a logistic hub 11,700 sqm large, capable of dispatching up to 5,000 pairs of shoes per day all over the world.

Together with the capability of engineering our shoes, the factory is vertically integrated to all production stages: from Cutting to Finishing (see side box "Production Steps"). It has a production capacity of about 1,500 pairs a day, choosing from a range of nearly 200 models and over 1,800 SKUs¹ each collection.

Decades of accumulated know-how combined with a focus on constant innovation: indeed, Sergio Rossi's strategic approach can be considered similar to a startup's, despite the Company's long history. Furthermore, as an additional added value, the centralization of shoe production in San Mauro Pascoli guarantees the excellence of the Made in Italy savoir faire.

Last year we experimented the sneaker collection production in factory with great success. We hired new artisans and we developed new manufacturing technical expertise aimed at guaranteeing to our sportive dedicated collection the same quality levels and uniqueness that characterize our brand. In 2019, we took a further step towards the centralization of production activities by internalizing part of the men's collection. We are particularly satisfied of these new projects, since they highlight the fact that we can innovate being respectful of our tradition and, above all, guaranteeing the highest level of supervision along the entire production process.

In addition, in 2019 we continued the internalization of cutting phases - started in 2017 with the installation of a new cutting machine and the availability of joint teams of experienced and young artisans - enabling to reach the 70% of internalization of cutting activities. By doing so, we ensure to pass on the know-how from generation to generation, spreading a sustainability mindset among our artisans while having an almost complete ownership of the cutting process.

Both the internalization of our sneaker and men's collection together with a stronger presence of cutting activity in factory allows us to enhance the technical competence of our artisans, while limiting collaboration with external parties to specific tasks

conducted by recognized high quality suppliers. Furthermore, in order to increase control over our supply chain, in 2019 we also carried out a strong research activity on ground related to new sewing Italian laboratories that helped increasing the number of trusty high-quality partners in a critical production phase as sewing. The project, carried out by our Supply Chain dept together with Buying dept, is incorporated in a larger perspective of recruiting local Italian expertise, giving them the possibility to carry over their small business of excellence supporting Made in Italy productions.

The introduction and the stabilization of young talented artisans is the leitmotiv of the improvement of our manufacturing processes, not only related to cutting phases but to all processes. For this reason, we have created specific training for young employees working in production and technical areas. This commitment is also enhanced by the collaboration with CERCAL, thanks to which we ensure an adequate generational turnover (for more information, please see §2. Preserving the value of our people). Moreover, in 2019 we continued the job rotation scheme between different production functions and "training on the job" activities, dedicated to the use of specific machinery and equipment. In this way our technicians and artisans, besides improving their technical abilities, can gain a comprehensive and interconnected vision of all phases of the engineering process.

We constantly work on reducing the environmental impacts of our activities, by adopting a circular economy approach and by implementing our environmental responsibility policy across the business.

Our upcycling activities performed through our spare part request service, still confirm that the aftersales service is deeply appreciated by our clients. In fact, whether through our CRM, our DOS stores or our Franchisee partners, it is possible to ask for a replacement of a shoe component such as heel, strass, tags and laces if accidentally damaged by the client. The fulfilment of such requests is made by our artisans who are able to restore the timeless elegance and charm of our creations, thanks to their expertise and traditional craftsmanship. Thereby, the aftersales service provides the clients' defective shoes with a new life and it endlessly guarantees the quality standards and typical comfort of Sergio Rossi. In 2019 we managed 280 after sale requests coming from clients who wanted to restore their models through our service.



SERGIO ROSSI PLANT

¹ A Stock Keeping Unit (SKU) is an ID storage code for a product, based on combinations of different parameters like colors and shapes.

PRODUCTION STEPS



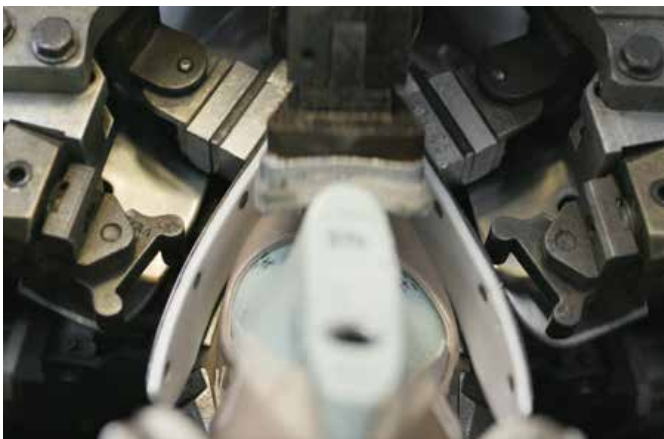
CUTTING

This process is based on automated cutting machines, hollow cutters as well as highly-skilled cutters, able to perform this operation manually, as their experience enables them to extract the best from a leather piece. Therefore, all prototype samples and special pairs are always cut manually.



SEAMING

All the upper parts coming from the previous cutting phase are sewn together thanks to the expertise of hand-sewing operators. Often, at this point specific accessories, such as buckles, stones or embroideries, depending on the characteristics of each model, are inserted.



LASTING

The lasting phase comprises a series of operations leading to the assembling of the upper and the other components, such as the sole and the heel. Our artisans' precision and ability to adapt their manual work depending on the specificities of each model add further value to the final product.



FINISHING

Representing the end of the production process, this phase comprises all the polishing, waxing and retouching activities. Our dedicated team is entrusted with implementing these final steps before placing the final product in its package.

The importance of sourcing

We are committed to contributing to the quality of living and the socio-economic development of local communities through the minimization of social and environmental impacts related to the production of our shoes. In addition, it is crucial for us to maximize scrutiny over our supply chain, in order to ensure the respect of appropriate quality levels.

To do so, when developing a new collection, Sergio Rossi's Supply Chain function coordinates with the Research & Style function to clearly establish the range of raw materials and semi-finished components which will be needed to realize at an industrial scale the models included in the new collection. The selection of new suppliers for this purpose may be a lengthy and complex process, given the high quality and reliability we require from all our business partners.

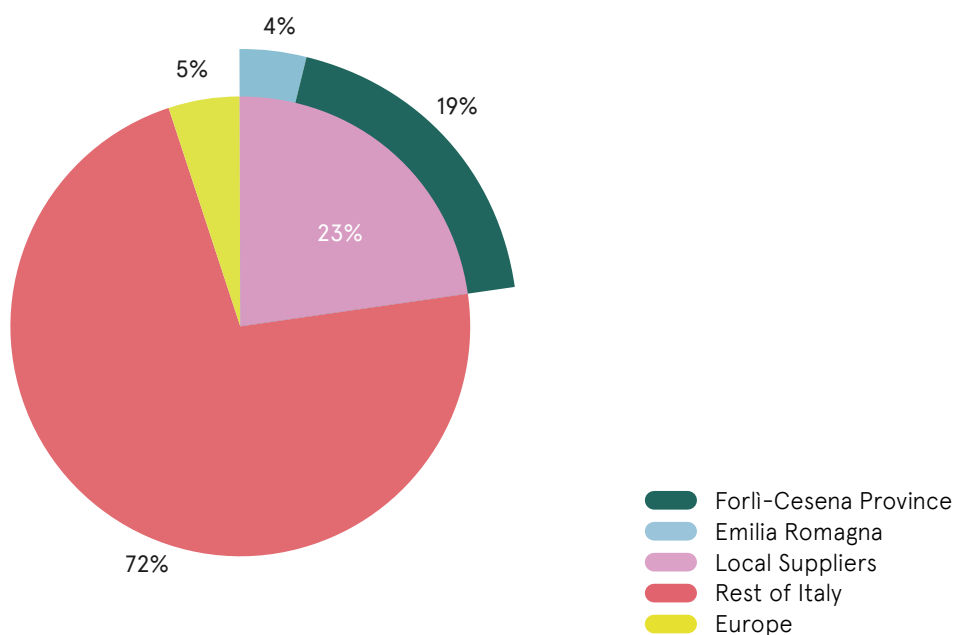
Furthermore, the Supply Chain function is entrusted with the smooth and correct functioning of all the supplier selection, monitoring and control phase, as well as of the inbound and outbound logistics operations. The function interacts closely with the Logistics and Buying offices, which are responsible for each specific task involved in the selection and shipping of raw materials, accessories, semi-finished and finished products. Given the strategic role of suppliers, we put in place a structured system to ensure their appropriate selection and monitoring to guarantee consistent levels of quality; for this reason, we are constantly in contact with them and we visit their production sites regularly.

The supplier research activity driven by the Buying Office is sealed by the signing of our supply agreements comprised of a series of ethical and environmental clauses that have to be accepted in order to agree a commercial collaboration. At the same time, we

also ask our suppliers to adhere to our Restricted Substances List (RSL) (please refer to the box concerning customer health and safety), containing all the specific limitations in the use of chemical substances, which suppliers have to comply with before we can accept their products in our warehouses. The Buying Office relies on a consolidated network of raw material suppliers, which have been carefully evaluated in the past few years thanks to dedicated Quality/Cost/Effectiveness rankings, which are constantly monitored.

We are proud to underline that leather and components of a Sergio Rossi shoe are rigorously Made in Italy. Leather is the most important material of our production, not only for quantity and value, but also because it defines the style of Sergio Rossi's shoes. Therefore, we rely on Italian tanneries for 100% of the leather procured.

The strong collaboration created with our external raw materials and semi-finished products providers has been possible also thanks to the constant commitment to keeping and strengthening our relationships with local and historic providers, while simultaneously extending our network, in a constant pursuit of transparent, efficient and reliable partners who share our values. In addition, we strongly rely on the uniqueness and force of the Forlì and Cesena district, gathering around 200 small companies and 3.000 people working with the best shoemaking brands in the world. These local suppliers provide us more than the 23% of our overall procurement volumes² and, more generally, 95% of our procurement of raw materials, products and services comes from Italian suppliers, while the remaining 5% comes from the European area [102-9; 204-1].

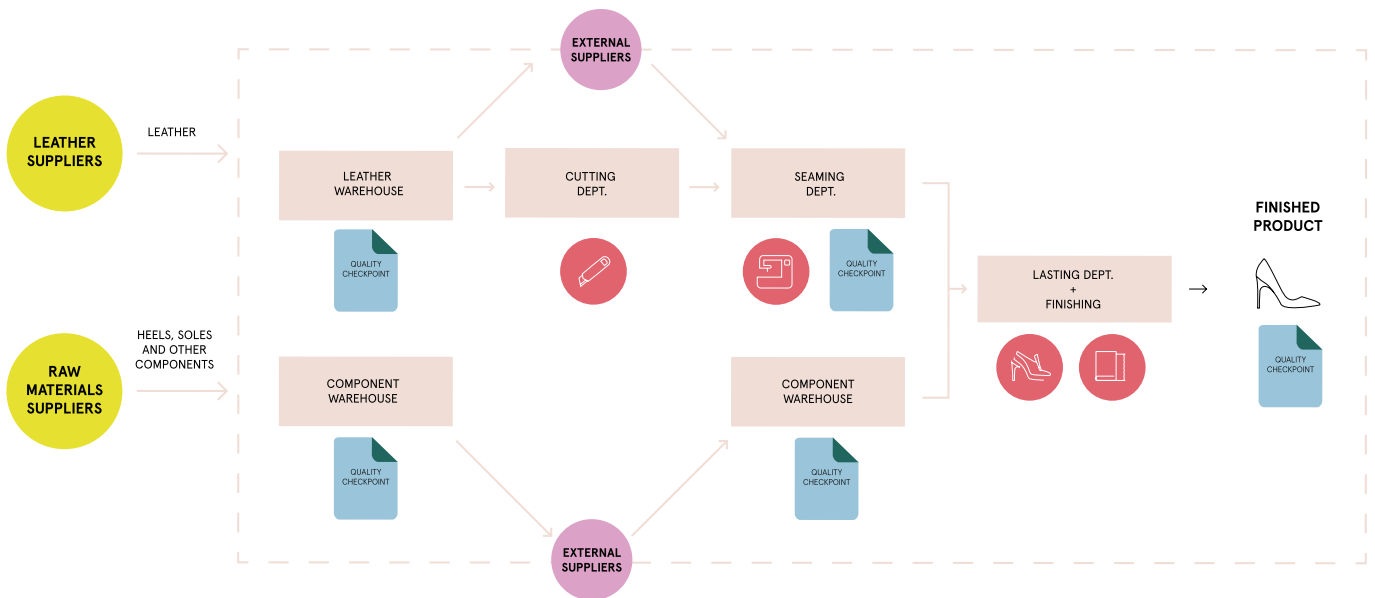


NOTE: THE DATA ARE ASSESSED IN TERMS OF ECONOMIC VALUE OF THE PURCHASED MATERIALS AND SERVICES AND COVERS THE ENTIRE PROCUREMENT BUDGET RELATED TO THE PRODUCTION PROCESS. THE "LOCAL" CATEGORY COMPRISES SUPPLIERS BASED IN THE EMILIA ROMAGNA REGION (ITALY) AND IN SAN MARINO, THEN FURTHER SUBDIVIDED INTO THE FORLÌ-CESENA PROVINCE ("VERY LOCAL"), LOCATED IN THE EMILIA ROMAGNA REGION AND CHARACTERIZED BY THE SIGNIFICANT PROXIMITY TO THE SAN MAURO FACTORY, AND THE REST OF THE REGION; THE "ITALY" CATEGORY COMPRISES THE MARCHE, VENETO, LOMBARDIA, CAMPANIA AND TOSCANA REGIONS; WHILE THE "EUROPE" CATEGORY COMPRISES ALBANIAN, SPANISH AND SERBIAN SUPPLIERS.

² Our overall procurement volumes comprise purchase of raw materials (leather, plateaus, soles, insoles and heels); other raw materials like ancillary components (glues and solvents) and packaging; finished products (related to external production of finished products); and services (like cutting and stitching activities). Concerning the computation of the spending on local suppliers, we have calculated percentages based on the value of the purchased products and services, rather than the weight.

Given our support of the Made in Italy concept and the high qualitative standards characterizing our products, in 2016 we started a Quality Project, aimed at formalizing, consolidating and redesigning the procedures and operations leading to our daily shoemaking activities. In this respect, we mapped over 120 steps needed to obtain the final product, in order to align the organizations to our quality and value targets. At the same time, we have defined in a clear way the objectives, methods and instruments needed to perform periodic controls, on the quality of the raw materials, components and semi-finished products we receive from our suppliers, as well as on our final products. This long-term oriented project has been implemented thanks to the active participation of all the people who work every day with passion and attention to processes, and who represent the crucial strength of our brand.

Total procurement volumes in 2019 equaled 342.5 tons, 18.6% more than in 2018 [301-1]. Specifically, the number of raw materials used for production purposes increased from 173 tons in 2018 to 199.3, mainly due to an increase in production. The weight of packaging procured, in line with production-related raw materials, increased by 24% compared to 2018 levels. All our packaging materials, including boxes and shopping bags, are FSC-certified (see the box below).



NOTE: REFERRING TO THE CUTTING AND SEAMING PHASE WE RELY ON OUR INTERNAL PRODUCTION CAPACITY AND ON EXTERNAL SPECIALIZED SUPPLIERS, WHICH ARE CONSTANTLY MONITORED IN TERMS OF QUALITY

RAW MATERIALS AND PACKAGING BY WEIGHT [TONS] GRI 301-1

CATEGORY	TYPE MATERIAL	2017	2018	2019
Production-related	Leather	70.8	68.2	76.1
	Fabric	-	-	3.684
	Elastic Fabric	-	-	0.2
	Plateaus	0.6	1.1	1.0
	Insoles	17.9	19.9	25.2
	Outsoles	49.3	58.4	66.6
	Heel Covers	-	-	0.5
	Top Heels	-	-	0.9
	Heels	14.2	19.9	23.9
Ancillary materials	Glues	3.0	3.2	2.8
	Solvents	2.4	2.3	1.4
	Quality Labels	0.3	0.1	0.01
	Box Labels	0.5	0.6	0.6
Packaging	Labels	0.2	0.2	0.2
	Boxes	59.8	64.0	70.8
	Shopping Bags	10.5	6.4	12.1
	Tissue Paper For Packaging	15.3	14.5	17.3
	Transport Packaging	22.6	29.9	39.5
	Dust Bags	-	-	2.6
Total		267.4	288.7	345.4

THE DATA COMPRISED WITHIN THE TABLE REFER TO THE PRODUCTION ACTIVITIES CONDUCTED IN SAN MAURO PASCOLI.

FSC Certification

The Forest Stewardship Council (FSC) is an international, independent, non-profit organization that protects forests for future generations. The FSC sets standards under which forests and companies are certified.

FSC certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. The FSC certification program is an independent third-party scheme. FSC inspections are carried out by 17 independent certification bodies across the world. These bodies are in turn accredited by ASI (Accreditation Service International).



Our efforts to guarantee customer health and safety

The health and safety of our customers is central to Sergio Rossi. Our Company has always been committed to monitoring the materials it uses in its production activities, in accordance with national and international legislation imposing the respect of eco-toxicological requirements. These requirements are intended to limit the use of prohibited chemical substances and to guarantee the maximum safety for customers and the environment, according to the REACH regulation³. Therefore, Sergio Rossi has created an internal Restricted Substances List (RSL), shared with all our raw materials suppliers as an annex to the supply agreement.

In addition, we have adopted an internal control plan aimed at implementing chemical controls upon the reception of our

raw materials. In this respect, we rely on accredited chemical laboratories, conducting tests on the raw materials we receive, to guarantee our legal compliance. Each commodity category, such as leathers and textiles, has its own dedicated quality control plan that ranges from 10 to 15 substances to be verified. In 2019, we doubled the number of chemical tests performed on materials (from 85 to 180 chemical tests). Finally, for specific cases, we also carry out mechanical tests, such as tensile and deformation tests, in order to test materials' physical properties and their conformity to international standards. [416-1]

In 2019 there was only one case of non-compliance with Chinese strict regulation solved with an administrative solution. [416-2].

³ The REACH Regulation of the European Union (EC 1907/2006) has been adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.



3.2 CULTURAL AND PHILANTHROPIC ACTIVITIES

Our Archive: a Living Heritage

Sergio Rossi has a rich heritage which we believe is the key to successfully leading the way for future generations. With this idea we started the Living Heritage project, aimed at preserving and fostering the cultural heritage of the brand and of the artisanal district in which we operate.

The Living Heritage project has been intended primarily to provide a narrative capable of enhancing the uniqueness and history of our brand, by gathering all the main elements of its distinctive DNA. The creation of our corporate archive should be considered a pivotal move in this sense, aimed at providing designers with an extremely wide range of past models and sketches to take inspiration from.

From the launch of the Heritage Project in January 2017, over 6,000 historical models from all over the world have been collected and restored, representing the history of Sergio Rossi's creative genius since the foundation of the Company in the 50's. Simultaneously, more than 11,000 documents - drawings, look books, advertising and editorial images - have been recovered and digitized.

A passionate and intensive initiative, which allowed the creation of a physical historic archive (product and iconography), a digital platform dedicated to product history and the brand's image, and an exhibition space showing for the first time the history of Sergio Rossi along a functional and emotional path within the setting of the Magic Kingdom, our factory of wonders.

Think Heritage, Play digital: Our Digital Platform

In order to further increase its accessibility and in line with our corporate strategy, the physical archive has been concurrently digitalized to better organize and promote the memory of the brand.

Today more than 15,000 records are ready to be consulted through our digital systems and the work is constantly in progress thanks to a dedicated Heritage Team fully engaged with the project.

The digital Archive does not just provide information storage and consultation advantages, but becomes a new way of telling the story of the brand. The platform allows today in-depth researches able to guide the user on new paths of reading through unexpected relationships between images, documents, photographs, places, people, of the past but also more recent and contemporary, which continue to enrich and bring to life the story of Sergio Rossi.

Hence, it will funnel the creation of applications and tools specifically conceived for a greater customer involvement in the discovery of Sergio Rossi's founding values and history.

2017

BEGINNING OF THE PROJECT

350

DAYS FOR THE LAUNCH OF THE LIVING HERITAGE PROJECT

640

SQM DEDICATED TO OUR HISTORY

11,800

DOCUMENTS AND IMAGES DIGITALIZED

1,100

HISTORICAL LASTS

308

EXPOSED LASTS

3,250

RESTORED MODELS, PHOTOGRAPHED, STORED AND CATALOGED

6,000

SHOES AND OTHER ACCESSORIES ARCHIVED IN SAN MAURO PASCOLI AS OF TODAY

200

GUESTS JOINED OUR LIVING HERITAGE ARCHIVE AND OUR MAGIC KINGDOM

≈70

YEARS OF HISTORY



Our Living Heritage

The exhibition space, created by the architect Marco Costanzi and strategically located within our Magic Kingdom in San Mauro Pascoli, is divided into three different moments, each of them characterized by a spatial and functional level. The first step that welcomes the visitor is the “Gallery of Lasts”, where the history of the brand is reinterpreted through its distinguishing element: the last. Once passed through the gallery, the visitor enjoys the heart of the Archive, the so called “Living Archive”, where part of the vintage collection is conserved, and the “Living Emotions” area, a magic path through which the different souls of the brand come back to life .

The “Living Archive” is indeed mainly conceived as an area for consultation, research and work. Over 500 pairs of selected shoes spanning almost 70 years of history, but also heels, embroideries, as well as monographs and catalogues showing multiple links with the shoe, are stored in that area.

In order to enhance the effectiveness of this working area, the space has been organized into several product categories that narrate the Italian Maestria of our eponymous founder Sergio Rossi: from his debut with colorful wedges and sandals, to mules, mocassins and pumps, first witnesses of

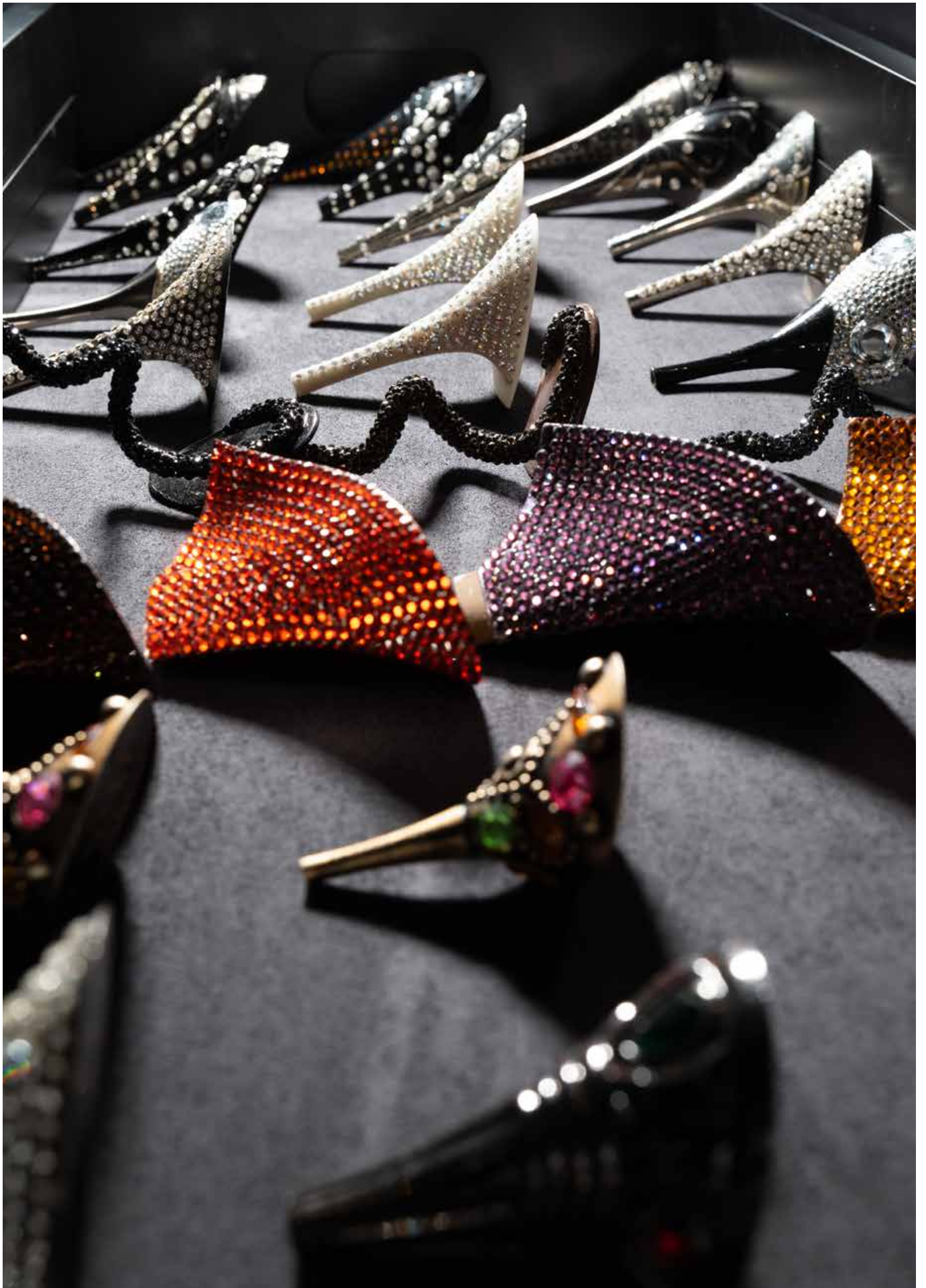
his collaborations with designers as Alaïa, Versace, Dolce & Gabbana, leading to the wall of our most iconic stretch boots, so loved by supermodels in the 90’s.

Alongside the Living Archive is finally located the “Living Emotions” area: a part of the exhibition where the world of Sergio Rossi can be experienced through a strong visual and emotional impact by showing the most iconic models and themes that have always represented the different souls of SR women. A special section is here dedicated to the rebirth of the brand: inspirations from the past are reinterpreted with a modern twist in our contemporary collections as sr1, srMilano or SERGIO show. The DNA of the brand is indeed the inspiration point for every new collection and it shows, through a constant dialogue between past and present, how the archive is the crucial starting point for the design and development of each collection.

From the new beginning of the Company in 2016, with the 90’s model which inspired the first sr1 collection, to all the several projects inspired by our rich heritage: the srMilano, the srMaiko and the SERGIO collection, which label is a geometric re-edition of an archival logo dating back to the Seventies, and which dynamic pattern enlightened the interiors of our showroom in Milan, as well as many other stores, windows and pop-ups across the world throughout the entire 2019.



ICONIC MODELS EXHIBITION





CHIARA FERRAGNI VISITING OUR LIVING HERITAGE ARCHIVE

In 2019 we recorded an increasing request for visiting our Living Heritage Archive and our Magic Kingdom. A great variety of visitors, including stakeholders, artists, creatives, commercial partners, influencers have been thrilled to experience such Moments of Wonder.

Beside the fashion community, in 2019 we also opened the doors of our Archive to post graduate schools and universities such as Università Commerciale L.Bocconi, Università Cattolica del Sacro Cuore di Milano and Università degli Studi di Torino. One of our future objectives is, in fact, to further increase the number of visits so to unveil the plant as a center of excellence and to share with all stakeholders the passion and the magic behind both our artisanal work and our Kingdom.

Sergio Rossi's vision and passion are at the heart of the dream that still lives today within the Company, so we constantly aim to spread this powerful message, celebrating his history not only on our San Mauro Pascoli site but through many special events all around the world.

The first event where this could happen was held in Japan in May 2019, in occasion of the Press Day dedicated to the Fall-Winter collection. Alongside with the women's and men's collection, we displayed also 12 vintage items, dating from the 1985 and the early 2000. The event took place at B&B Italia's showroom in Tokyo, in partnership with Aston Martin and Flos, in a sophisticated atmosphere made of Italian design and curated craftsmanship. More than 400 guests had the chance to deeply get in touch with the true authentic DNA of the Company and got extremely engaged and excited to discover the true archive collection. The format was so successful that it is meant to be repropounded in the near future, both during press and retail events.



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Art in the factory

The corporate archive is rooted on the idea that there are multiple similarities between a Sergio Rossi product and art.

In pursuing this approach, we decided to create a museum of contemporary art in the Sergio Rossi factory in San Mauro Pascoli, where fashion and artistic production coexist. The project aims to enhance the history of the brand by researching and supporting contemporary artistic productions. The aim of the project is to start, together with the artist, an exchange of experiences by developing a work of art born and raised in the factory.

The first three works of art installed in 2018 in San Mauro Pascoli have been selected to mark the beginning of an exhibition path in the factory, thus setting up a dialogue with the history of the brand, the nature of the place and its territory.

The common thread of the three works of art is indeed the dialogue with the place, with the context and also with Romagna and the story of Sergio Rossi. That is why we chose Italian artists, which are only the first of a series, who serve to make the factory a more accessible space.



SIGNATURE

Vedovamazzei

Neon light
cm 400x49.8

The company's telephone number written by the CEO Riccardo Sciotto made from neon and called "Signature".

Made in blown glass with a traditional technique in Milan, the work has an immediate visual impact since it is 4 meters long and indicating the human personalization of the brand and it is also visible from the outside.



VELA AL TERZO (ARVĒDAS)

Ettore Favini

Fabrics, leather

Dimensions determined by space

A delicate and elegant sail of 2 meters in diameter, installed in the highest part of the entrance in the hall of Sergio Rossi, just like a sail of an ancient boat. This work was realized with leathers and model patterns coming from our past collections. Favini, in fact, spent a week together with our artisans choosing materials and patterns coming both from the archive but also from the living memories of the workers. In so doing, he created a design sewn on the surface of the sail, which is precisely hanging - with sailing ropes - as a symbol and memory of Sergio Rossi's history.



BILLDOR **Davide Allieri**

Brass
cm 370x300x250

A 3 meter high structure made of brass plates assembled on site. The choice of the position, in relation to the rigorous architecture of the factory, is a sign visible from the highway in a way that all passersby can not fail to notice the golden structure that represents an advertising bill, emptied of its media content. A tribute to the substance of a brand like Sergio Rossi, who does not need images or bright lights, but lives his story.



Supporting arts and culture

Besides the creation of a museum of contemporary art within our factory in San Mauro, we also collaborated with different local and national art exhibitions related to fashion and to Italian design, mainly by providing unique models from our historical archive.

We were delighted to support our community, lending four sandals for the exhibition “Dagli Eroi alle Dive, il Sandalo”, that had place in Villa Torlonia, San Mauro Pascoli.

It is through the sandal that San Mauro Pascoli borough, in collaboration with the Shoes Academy CERCAL, paid tribute to the history of our local artisanal small businesses since the birth in the 50's to the established luxury brands they became today. It is so displayed a vivid narration about this specific model and its values through different époques, in a constant and colorful dialogue with the present.

We also participated at the international exhibition “Animalia Fashion”, held at “Museo della Moda e del Costume di Palazzo Pitti” in Florence from January 8th to May 5th. The exhibition, showcasing items created between 2000 and 2018, explored the relationship between haute couture and an unexpected animal world. Eighteen rooms filled with this juxtaposition of contemporary fashion items sharing the spotlight with the zoological inspiration behind them. Through plenty of swans, hedgehogs, lobsters, beetles and crocodiles, the spectator come across a Sergio Rossi sandals as true protagonists of the butterflies' room, the shells room and the corals room.

Moreover, in 2019 one of our most historic shoes from the archive has been requested for the theme tune of the Italian TV drama “Made in Italy”, dedicated to the birth of prêt-à-porter in our country during the 70's. For the first time ever in Italy, a TV series uses original period clothes: beside us, some of fashion's biggest names such as Albini, Curiel, Krizia, Missoni and Valentino have opened up their archives to lend clothing and accessories to the production, contributing to build a more authentic perspective of Italian fashion.

Giving back to the community

Our commitment to carry out philanthropic activities by involving the population and local stakeholders has been carried forward with the contribution to charity and fundraising events during all 2019.

In April we hosted an in-store event at Milano Montenapoleone, to support the Charity Foundation “Children in crisis”, that we sustained with a corporate donation with the 15% of the sales raised during the day. Same 15% was also devolved during “God's love we deliver”, another event held in New York Madison store, in collaboration with the PR Agency managed by Alejandra Cicognani.

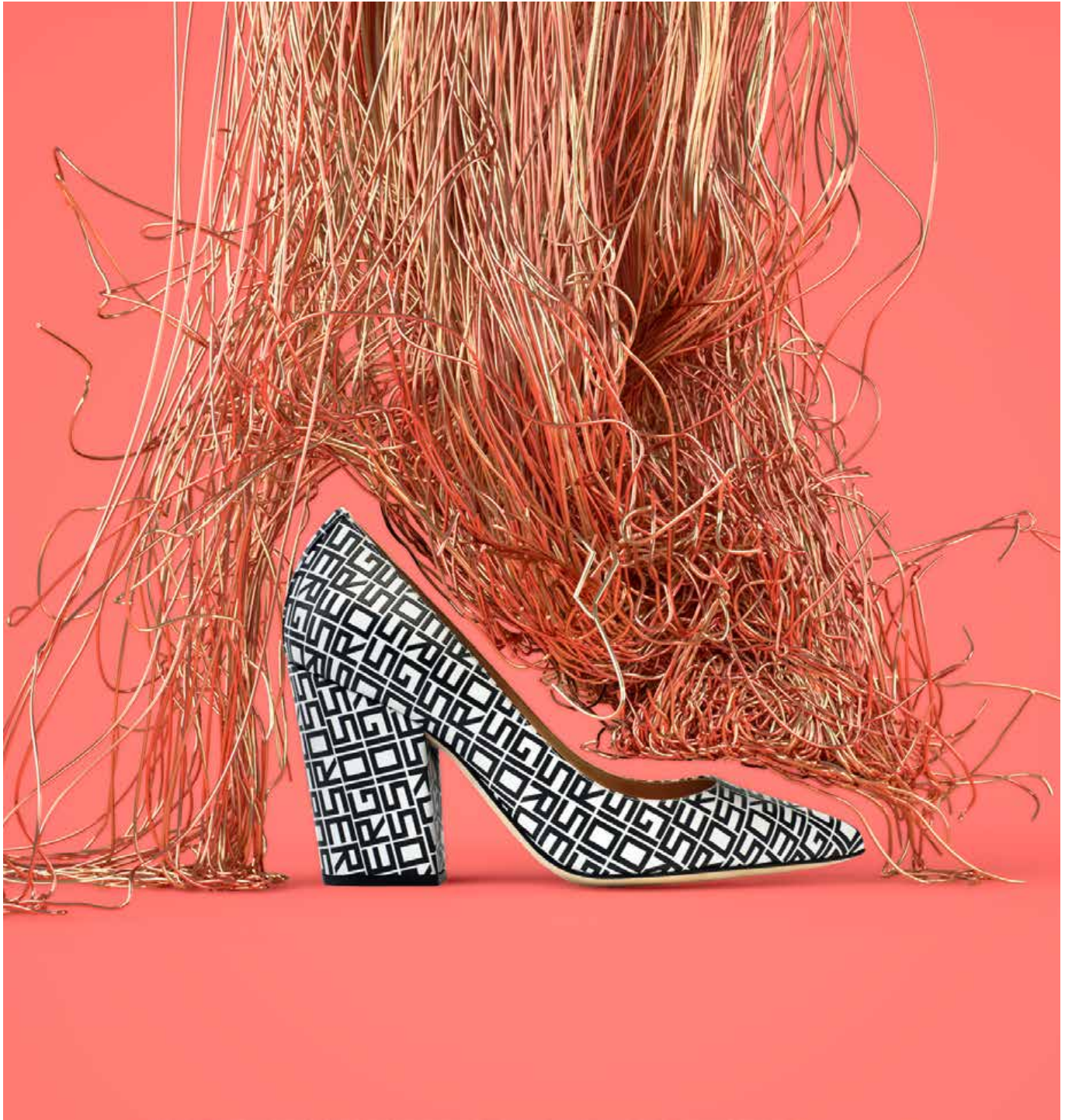
As past years, we prosecuted our regular participation to charity initiatives organized by malls and local associations, like “The Green Life” in Rinascente Milano (aimed at sensitizing about all ecological and environmental issues) or “Shopping in Rosa” event in Milan (supporting the fight against breast cancer).

In November we also sponsored a special evening talk supporting women's empowerment in Dubai, in cooperation with our local partner, hosting most influential Arabic women and entrepreneurs rising their voices and driving passion in favour of the women's emancipation and participation in every field and culture.

Trade associations

We are strongly committed to creating synergies with Italian trade associations, which support the development of the industry and publish sectorial studies that are key to our business.

As Sergio Rossi S.p.A., we are currently members of several trade associations, comprising Altagamma, The National Chamber for Italian Fashion, Montenapoleone District and Sammauroindustria, and we participate in their associative regular meetings [102-12; 102-13].



ENERGY

Reducing the footprint of our shoes

/04

SUSTAINABILITY POLICY

“Sergio Rossi is aware of the increasing challenges posed by climate change and it is committed to monitor and progressively reduce its energy consumption as well as to mitigate the GHG emissions related to its activities. In particular, the San Mauro Pascoli plant is the epicenter of Sergio Rossi’s sustainability activities as well as the fulcrum of all its production activities.”

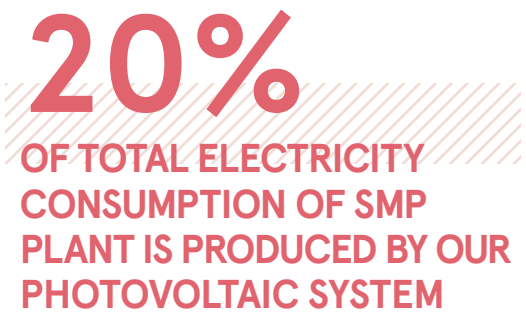
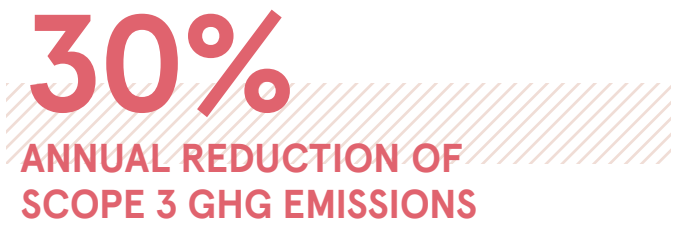
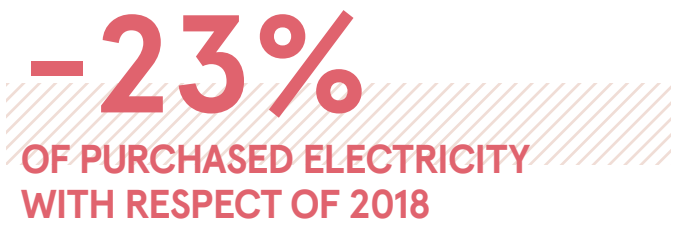
KEY COMMITMENTS OF THE POLICY

To develop strategies to promote the efficient and responsible use of energy resources such as the improvement of energy efficiency of the production plants and of the proprietary stores within the retail network. To continuously measure the corporate carbon footprint and its sources, and to identify further initiatives aimed at minimizing GHG emissions.

MAIN RESULTS

- -23% of purchased electricity in 2019 with respect to 2018 thanks to the high-efficiency heat pump and the energy metering system installed in San Mauro Pascoli
- 30% annual reduction of Scope 3 GHG emissions linked to business travel by air, train and rented cars
- 177 tonCO₂ avoided thanks to our photovoltaic system
- 20% of total electricity consumption of SMP plant is produced by our photovoltaic system. This is equal to 492,043 kWh, corresponding to 1,771 GJ

LINK WITH SDGs



4.1 THE RESPONSIBLE USE OF ENERGY RESOURCES FOR EMISSIONS REDUCTION

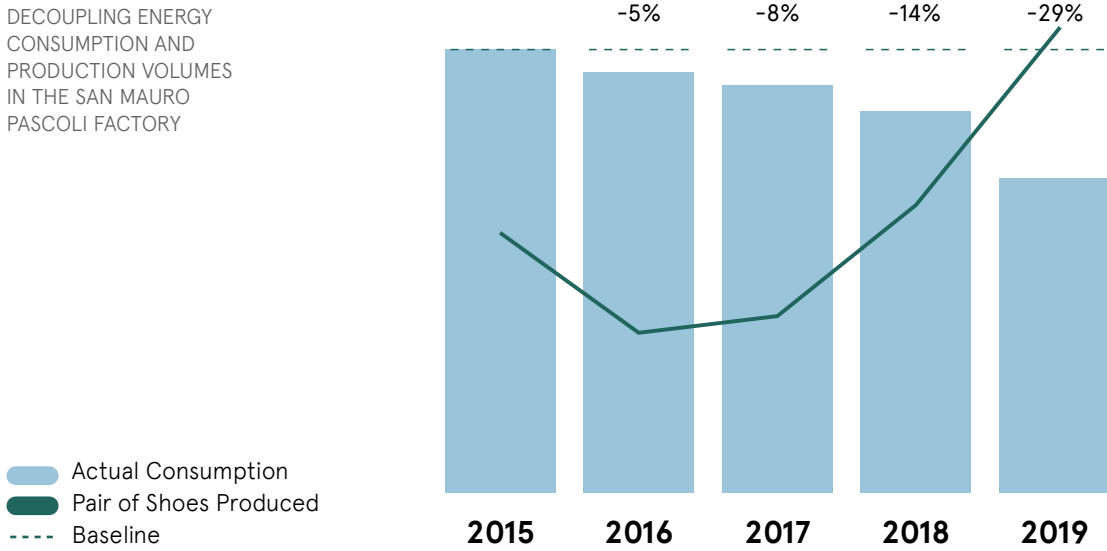
Sergio Rossi is aware of the challenges posed by climate change and believes in the essential role of business in addressing these issues; as such, we are committed to reducing the environmental footprint of our activities and, also following the signing of the UN Global Compact, Sergio Rossi has started implementing a series of interventions set out to achieve a long-term reduction of its main impacts.

Specifically, the Facility team is in charge of identifying and implementing initiatives aimed at comprehensively increasing energy efficiency thus reducing greenhouse gas (GHG) emissions. In line with last years, consumption patterns showed that the majority of our energy demand is linked to our San Mauro Pascoli factory and, in particular, it is composed by three main components: electricity, both purchased from the grid and self-generated, natural gas and the diesel consumed by corporate vehicles. Indeed, 2019 has been a pivotal year in terms of environmental performances thanks to the investments made and the great attention paid to consumption optimization. As a result, we successfully managed to gradually decouple the energy consumption of the San Mauro Pascoli plant and production volumes.

This achievement is the result of a 5-year path including investments related both to energy monitoring and machinery. The system installed in 2018 and fully operational since 2019, has been the driving force of the project since enabled us to rely on detailed daily energy consumption data. During 2019, the Facility team continuously monitored the use of heat pumps and, especially for the winter season, the thermal power station by taking into consideration the activity period of the production within the factory. As a result, we have reduced the energy demand from the national grid and we have increased our ability to assess energy trends, thus identifying potential issues that would not otherwise be detected.

The introduction of the metering system allowed us to have a more comprehensive overview of our electricity demand, partially covered by the photovoltaic system installed in our factory in San Mauro. Since the construction phase of the plant, in fact, we planned the structure of the roof in order to augment its exposure to the sun. Our forward-looking vision enabled us a few years later to install 3,500 square meters of photovoltaic panels. This photovoltaic system represents excellence in the San Mauro district, a virtuous example of sustainable architecture. Around 20% of the total electricity we consume in San Mauro plant is produced by our photovoltaic system and is directly used by the production plant, while the rest is purchased from the grid. Our renewable energy consumption, coming from our photovoltaic plant, in 2019, was equivalent to 1,771 GJ [302-1]. Moreover, in 2019 we sold around 356 GJ to the grid. Thanks to our efforts, in 2019 alone we have generated CO₂ savings of around 177 tons of CO₂, equal to the greenhouse gases emitted by about 100 passenger cars, which travel for 10,000 km each. Finally, in 2019 we continued the substitution of halogen lamps with LED models by converting the lighting system: currently, the external area and the major part of the internal one has already been replaced. We will seek to complete the substitution of the lighting system and, in the meanwhile, we will continue to search for new technologies and solutions with the purpose of boosting our effort to the efficient use of energy resources. Overall, in 2019, we recorded a total energy consumption equal to 15,239 GJ, thus achieving a significant -18% decrease with respect to 2018.

DECOUPLING ENERGY CONSUMPTION AND PRODUCTION VOLUMES IN THE SAN MAURO PASCOLI FACTORY

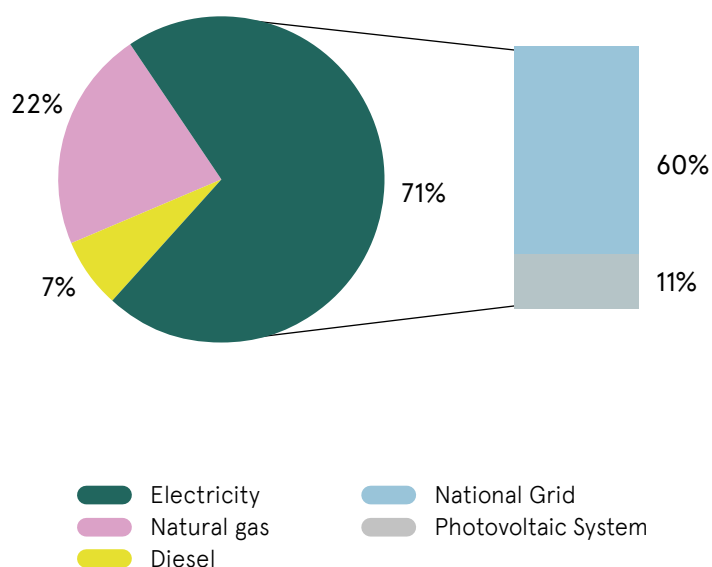


In 2019 we also kept monitoring our GHG emissions in accordance to the Greenhouse Gas Protocol by also including, since 2018, the Scope 3 emissions released by the logistics of sold products. Specifically, in the calculation are included all the products shipped on our charge from our factory in San Mauro to both our clients worldwide and to our logistic hubs in Asia and North America. The most significant contribution is related to air transport, which accounts for 96% of logistics-related carbon emissions. Deliveries in Italy and Europe were shipped by road vehicles and represent only the 4% of the overall 2019 emissions of Scope 3.

After the important reorganization of our logistics activities concluded in 2018, we managed to reduce the number of providers, improving the control of products movements and optimizing times. By using new and more spacious boxes, in 2019 we were thus able to send more pairs of shoes for each shipment respect to the previous year. This result has been achieved also by further optimizing our internal order management system so that all the pairs belonging to the same order can be packed within the same box, thus saving packaging material. In the years to come, we will continue to monitor our performances of outbound logistics, always pursuing new methods and solutions to further reduce our footprint and to support clients in all logistics-related activities.

The total amount of GHG emissions (Scope 1 + Scope 2) has been reduced from 1.461 in 2018 to 1.147 tons of CO₂eq in 2019, i.e. a 21% year-on-year reduction mainly due to a reduction in the electricity consumption and in a lower use of leased vehicles. As regarding the other indirect GHG emissions (Scope 3), the slight increase reflects the higher numbers of products shipped by the logistics department (+11%) but, at the same time, it is mitigated by a great reduction of business travel by train and rented car (-20%) compared to the 2018 data. This result is mainly related to an overall optimization of business travel and to a stabilization of our market presence. [305-1; 305-2; 305-3]

SERGIO ROSSI'S
ENERGY MIX



ENERGY CONSUMPTION [GJ] GRI 302-1

TYPE OF CONSUMPTION	ENERGY SOURCE	2017	2018	2019
Emergency generator	Diesel	4.8	3.2	3.3
Heating	Natural gas	3,248.4	3,075.2	3,313.4
Electricity	National grid	12,238.1	11,857.2	9,097.3
	Photovoltaic system	2,052.0	1,842.7	1,771.4
Owned vehicles	Diesel	27.1	39.0	42.6
Leased vehicles	Diesel	1,228.3	1,676.5	1,011.5
Total energy consumption		18,798.7	18,473.8	15,239.5

**DIRECT AND INDIRECT GHG EMISSIONS [TONS OF CO₂ EQUIVALENT]
GRI 305-1-2-3**

ACTIVITY	2017	2018	2019
SCOPE 1: DIRECT GHG EMISSIONS			
Natural gas consumption for heating purposes	181.6	172.0	185.4
Diesel consumption for emergency electricity generation	0.3	0.2	0.2
Diesel consumption for owned and leased vehicles	92.4	118.5	72.8
Refrigerant gases leakage	19.5	0	0
Total scope 1	293.8	290.8	258.4
SCOPE 2: ENERGY INDIRECT GHG EMISSIONS			
Electricity purchased from the grid (Location-based method)	1,274.8	1,170.6	889.0
Electricity purchased from the grid (Market-based method)	1,581.1	1,547.4	1,194.5
Total scope 1 and 2 (Location-based method)	1,568.6	1,461.4	1,147.4
SCOPE 3: OTHER INDIRECT GHG EMISSIONS			
Business travel by air	192.7	104.4	83.9
Business travel by train and rented cars	8.4	12.6	9.4
Logistics of sold products	-	530	587
Total scope 3	201.1	646.9	680.3
Total scope 1, 2 (location-based method) and 3	1,769.7	2,108.31	1,827.7



METHODOLOGICAL /05 NOTE

Reporting principles and criteria

The present document is the fourth consecutive Sustainability Report of Sergio Rossi and encompasses the period from 1st January to 31st December 2019 [102-50; 102-52]. The report is yearly published and has been written in accordance with the GRI Sustainability Reporting Standards: Core option, published in 2016 and updated in 2018 by the Global Reporting Initiative (GRI) [102-54].

In the paragraphs “Materiality Analysis” and §1.3 “Our commitment to sustainability” is reported an in-depth description of the process applied to detect and identify the contents of the Sustainability Report. The present document also fulfills Sergio Rossi commitment to produce a Communication on Progress – a public disclosure outlining its progress in implementing the 10 principles of the UNGC – as required by the United Nations Global Compact (UNGC) Initiative, signed in 2017.

With regards to Human Rights, Sergio Rossi’s Sustainability Report does not directly address the UNGC issues and principles, since the major part of the Company’s direct activities and suppliers are located in Italy, where laws ensure the regulation of human rights. Nonetheless, Sergio Rossi includes clauses on labor conditions and on the respect of human rights in its Code of Business Conduct and the protection of workers occupational health and safety is an issue on which the Company is continuously committed to report on.

Scope of Reporting

By publishing the Sustainability Report 2019, Sergio Rossi aims to communicate to all its stakeholders, the initiatives, events and programs designed and implemented across the year. At the same time, it describes the activities carried out during the previous years that have generated results in 2019 as well as further initiatives that will be realized or completed in the following ones. With the purpose of creating an historical comparison of data, whenever it has been possible, figures concerning 2017 and 2018 have been displayed in order to guarantee performance comparability. All the information refers to Sergio Rossi S.p.A. and to a series of selected monobrand and outlet stores from the Company’s EMEA Retail Network, operating under the Sergio Rossi Retail S.r.l. and its French branch, the SR UK Ltd – all fully controlled by Sergio Rossi S.p.A; the 2019 data only, also include SR Deutschland, the newly created German branch. In particular, 2019 data include the following, the perimeter of the Sustainability Report 2019 comprehends: the Montenapoleone store in Milan, the Via dei Condotti store in Rome*, the Leccio, Noventa di Piave, Fidenza Village*, Serravalle, Castel Romano and San Mauro Pascoli outlets in Italy, the Faubourg Saint-Honoré store in Paris, the Bicester Village outlet in Bicester* and the Sergio Rossi Outlet store in Metzingen⁴. Any exception to such scope is clearly outlined within the document [102-45; 102-49]. Sergio Rossi S.p.A. has its headquarters and plant in San Mauro Pascoli, via Stradone 600/602 (Italy).

⁴ Store signaled with the “**” were not included in 2017 reporting scope.

Materiality analysis

In line with previous years, the “Sustainability Committee” was involved in the updating of the materiality analysis, in accordance with the GRI Standards. To begin with, the main topics and concerns raised by stakeholders were taken into account in the definition of the materiality matrix, as summarized below [102-40; 102-42; 102-43; 102-44].

STAKEHOLDER CATEGORY	ENGAGEMENT TOOLS AND ACTIVITIES	ENGAGEMENT FREQUENCY
Clients	Direct dialogue through the retail force, analysis of social media, monitoring of the satisfaction of products through complaints management (see §1.4)	Daily
Competitors	-	-
Employees	Continuous dialogue with the HR department	Daily
Franchisees and Landlords	Periodic meetings	Monthly/yearly
Local communities	Monitoring of main topics and concerns through the dialogue with other actors of San Mauro District, media monitoring and participation to trade associations	Quarterly/yearly
Shareholder and Investors	Formal and informal meetings, periodic management reports, sustainability reporting	Quarterly/yearly
Social Media users and influencers	Analysis of social media trend topics, interaction through Sergio Rossi social media profiles	Daily
Suppliers	Continuous dialogue, periodic meetings, written communication regarding our quality and chemical compliance requirements (see §3.1)	Daily
Testimonials	Continuous dialogue, periodic meetings, interaction through Sergio Rossi social media profiles	Daily
Trade and production partners	Periodic meetings	Yearly
Universities and other educational institutions	Joint initiatives, such as the one organized with CERCAL, and other periodic meetings	Quarterly/yearly

To identify the main sustainability issues affecting the leather goods and fashion industries, we made a preliminary context analysis. In particular, we conducted a sector-specific media analysis and a benchmark analysis of our peers' sustainability reporting, in order to identify the most relevant issues for comparable companies and the most pressing priorities for our stakeholders. The results of such analysis suggested the relevance that each topic had for our stakeholders, by weighting them depending on the different priorities and concerns of each stakeholder category. After having recognized the main sustainability topics for Sergio Rossi's stakeholders, we required our top managers to update their perceptions about stakeholders' priorities by giving a weighted score to each topic. Such scores, representing the relevance of each topic for all our relevant stakeholders, are indicated on the y-axis within the materiality map presented in §1.3 "Our commitment to sustainability". Finally, we asked each manager to evaluate the relevance of each material topic for Sergio Rossi based on their

perception, impressions and knowledge of the sector and its recent developments, the commitment of Sergio Rossi on those topics and their actual and potential impact for the Company and its entire value chain. By doing so, we have updated the relative position of each topic on the x-axis of the materiality matrix.

Material aspects (whose identification is described in detail in Chapter 1) are reported in the following table, linked to the corresponding GRI Standards. The table also outlines the so-called reporting "boundaries", i.e. whether each material topic generates impacts within and/or outside the organization. The table also reports any potential reporting limitation due to the current unavailability of data and information pertaining to an external perimeter [102-46]. In the coming years, Sergio Rossi is committed to identifying and implementing specific actions aimed at gradually extending the scope of data collection and reporting for each material topic.

MATERIAL TOPIC	GRI MATERIAL ASPECT	ASPECT BOUNDARY		REPORTING LIMITATIONS	
		WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION	WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION
Economic performance	Economic performance	Sergio Rossi S.p.A.			
Contribution to local development	Procurement practices	Sergio Rossi S.p.A.			
Use of sustainable raw materials and packaging	Materials	Sergio Rossi S.p.A.	Suppliers	Reporting scope not extended to suppliers	
Energy efficiency	Energy	Sergio Rossi S.p.A.	Suppliers	Reporting scope not extended to suppliers	
Reduction of GHG emissions	Emissions	Sergio Rossi S.p.A.	Suppliers	Reporting scope extended just to some suppliers	
Legal compliance	Environmental compliance	Sergio Rossi S.p.A.			
Business Ethics					
Traceability and transparency along the supply chain	Supplier environmental assessment	Sergio Rossi S.p.A.			
	Supplier social assessment	Sergio Rossi S.p.A.			
Talent attraction and retention	Employment	Sergio Rossi S.p.A.			
	Training and education	Sergio Rossi S.p.A.			
Employee health and safety	Occupational health and safety	Sergio Rossi S.p.A.	External workers	Reporting scope not extended to suppliers	
Remuneration and welfare	Employment	Sergio Rossi S.p.A.			
Client satisfaction	Customer health and safety	Sergio Rossi S.p.A.	Clients		
Creativity, design and protection of the artisanal know-how	Training and education	Sergio Rossi S.p.A.			

QUALITY REPORTING PRINCIPLES

Our Sustainability Report is drafted in accordance with the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards. The document highlights both strengths and weaknesses, as well as potential areas of improvements for the Group. The data collection and reporting processes are structured in order to ensure the comparability over the years and to guarantee an accurate interpretation of information by the key stakeholders interested in our performance evolution. We have been supported by the Italian EY Climate Change and Sustainability Services team in the drafting of this 2019 Sustainability Report. The current Sustainability Report is not subject to external assurance [102-56].

Reporting principles and criteria

The calculation methodologies described below outline how energy and environmental figures have been computed for 2017, 2018 and 2019.

Energy consumption

To compute the energy consumption regarding owned and leased vehicles, we based our calculation on the available data of fuel consumption. The following table shows the conversion factors that have been used:

FUEL DENSITY	LCV (LOWER CALORIFIC VALUE)
DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2017, 2018 and 2019.	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali 2017, 2018 and 2019.

GHG emissions

Concerning environmental data, when actual data were not available, conservative estimations have been used. Greenhouse gases emissions calculations have been carried out based on the principles included in the GHG Protocol Corporate Accounting and Reporting Standard.

Indirect (Scope 2) GHG emissions related to electric energy consumption have been calculated with both the location-based and the market-based method. The first one reflects the average emissions intensity of grids on which energy consumption occurs while the second reflects emissions from electricity that the Company has chosen on purpose.

For what concerns the amount of GHG emissions related to transportation activities (Scope 3), indirect emissions resulting from outbound logistics have also been taken into account by considering all shipments from our factory in San Mauro Pascoli to our store network and logistic hub worldwide. Emissions related to business travels by train, plane and rental car have also been included in the Scope 3 emissions calculation.

Finally, in order to calculate the amount of CO₂ saved thanks to the energy generated by our photovoltaic system, we have first converted the kWh consumption of electricity coming from the photovoltaic system into avoided CO₂ emissions by using the Terna emission factor (i.e. the same used for electricity purchased from the grid). Afterwards, such saving has been compared to the amount of CO₂ emissions generated by an average passenger vehicle (as defined by the UK DEFRA conversion tables) traveling for 10.000 kilometers, as to obtain the corresponding equivalence.

Air emissions

To calculate the amount of air emissions, all pollutants relating to industrial processes have been considered; to obtain the quantity, the pollutants concentrations is multiplied by estimated annual flows.

Contacts

For further information about this Sustainability Report, please contact [102-53]:

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GHG EMISSIONS SCOPE 1

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Emergency generator/ Heating and Cooling	Fuel consumption (Diesel and natural gas)	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali 2017, 2018 and 2019	Only CO ₂ emissions were considered
Owned and leased cars	Fuel consumption (diesel)	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali 2017, 2018 and 2019	Only CO ₂ emissions were considered
Leakages from air-conditioning systems of refrigerant gases	Leakages (kg)		IPCC, 2013 - Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the IPCC. Cambridge University Press, p. 732

GHG EMISSIONS SCOPE 2

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Electricity purchased from the national grid (Location-based method)	Electricity consumption (kWh)	Terna, international comparisons on Enerdata figures - 2016 and 2017 data	Only CO ₂ emissions were considered
Electricity purchased from the national grid (Market-based method)	Electricity consumption (kWh)	AIB, European Residual Mixes 2017 and 2018	

GHG EMISSIONS SCOPE 3

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Business travel by air	Distance covered (km)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2017, 2018 and 2019.	CO ₂ equivalent, considering the following gases: CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4).
Business travel by train	Distance covered (km)	Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità", 2016, 2017 and 2018.	Only CO ₂ emissions were considered
Outbound logistics	Products shipped (km*kg)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2017, 2018 and 2019.	CO ₂ equivalent, considering the following gases: CO ₂ (GWP = 1), CH ₄ (GWP = 25) and N ₂ O (GWP = 298). Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR4).

APPENDIX

In addition to the topics highlighted as material through our materiality analysis, we closely monitor other environmental aspects connected to our processes, especially from the perspective of regulatory compliance.

Water

Considering water consumption, which is entirely supplied by municipal sources, we record a reduction of 12% respect to 2017, shifting from 12.874 to 11.300 cubic meters [303-1]. The decrease is due to the implementation of optimization activities carried out in our factory in San Mauro Pascoli, among which a drip irrigation system able to save water by placing it directly onto the soil at low rates to minimize evaporation.

WATER CONSUMPTION SOURCE	DATA (M ³)		
	2017	2018	2019
Municipal supply	13,833	12,874	11,300

*The data refer only to the San Mauro Pascoli production site and the Pontaccio office, since water consumption at the store level is not directly managed by Sergio Rossi. Nonetheless, stores' contribution can be considered negligible.

Air emissions

As required by the environmental authorities in accordance with Italian Legislative Decree n. 152/06, we conduct a yearly analysis on our air emissions. Details are provided in the table below.

AIR EMISSIONS	UNIT	2017	2018	2019
Volatile Organic Compounds (VOC)	T	0.66	2.2	0.86

The year-on-year fluctuation in air emission levels are not directly related to the number of functioning hours of our machines, but to the fact that their measurement is based on timely annual estimates, which are subject to the volatility of particle concentrations related to machine utilization.

Moreover, also in 2019, we respected all the limits required by law. The legal limits are related to the purchase of products releasing VOCs during their use; such limits for Sergio Rossi are equal to 9.500 kg of glues and solvents that are mainly used for production and cleaning.

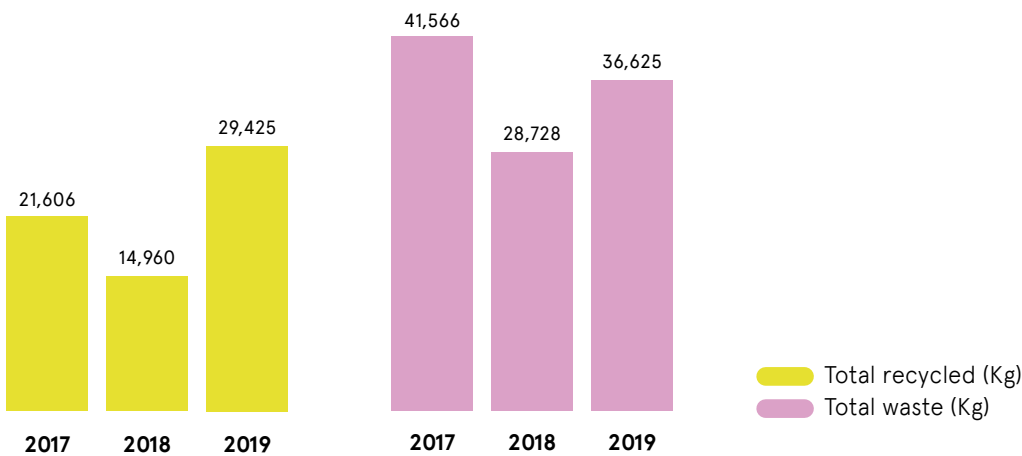
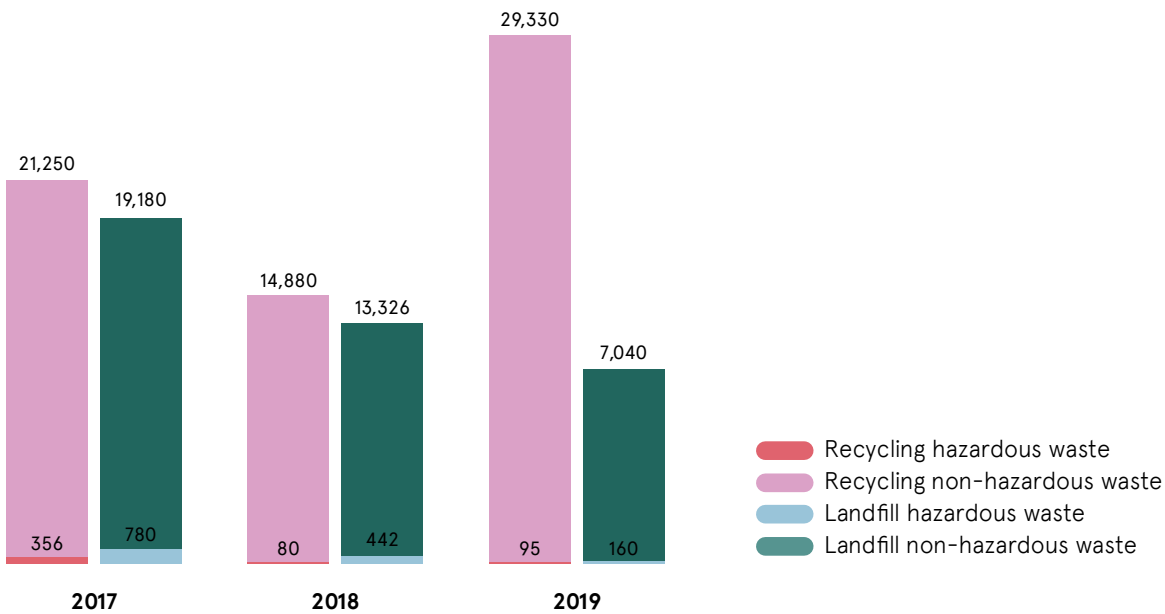
Waste

Waste volumes produced can be split into two different categories: hazardous and non-hazardous waste.

The first category comprises some of the glues we use in our production process, neon and some container categories, while the second includes both raw material and packaging waste and can be compared to municipal waste. In 2019, our total waste volumes recorded a +27% increase with respect to 2018, mainly due to the disposal of some specific waste categories [306-2].

Numbers concerning waste are indeed fluctuating mainly depending on the disposal of old stocks and it is not directly linked to the regular production process. Specifically, in 2019, we carried out some extra-ordinary disposal initiatives in our warehouses, which contributed to the increase of the total waste figures.

* The data refer only to the San Mauro Pascoli production site, given that both the Pontaccio office and the EMEA Retail Network fall within the local municipal waste collections, thus not requiring quantity monitoring.



GRI Content Index

The following table indicates the correspondence between the information required by the GRI Standards with respect to each indicator linked to our material topics and the contents of this document.











In particular, when some information is missing because of the actual impossibility of measuring the related KPIs, we have inserted a detailed reference under the “Omissions” column below [102-55].




GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
GRI 101: FOUNDATION 2016			
ORGANIZATIONAL PROFILE			
General Disclosures	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	10	
	102-3 Location of headquarters	10	
	102-4 Location of operations	10	
	102-5 Ownership and legal form	16	
	102-6 Markets served	10	
	102-7 Scale of the organization	10, 44, 60	
	102-8 Information on employees and other workers	UNGC 6	45-90
			
	102-9 Supply chain	64-66	
	102-10 Significant changes to the organization and its supply chain	16	
	102-11 Precautionary Principle or approach		Sergio Rossi does not formally adhere or adapt its decision-making approach in accordance to the precautionary approach.
	102-12 External initiatives	79	
	102-13 Membership of associations	38, 79	








GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
STRATEGY			
	102-14 Statement from senior decision-maker	 UNGC 8, 9	5
ETHICS AND INTEGRITY			
	102-16 Values, principles, standards, and norms of behavior	 UNGC 1, 2	16, 17
GOVERNANCE			
	102-18 Governance structure		16
STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups		89
	102-41 Collective bargaining agreements	 UNGC 1, 2 3, 4, 5	45
	102-42 Identifying and selecting stakeholders		89
	102-43 Approach to stakeholder engagement		89
	102-44 Key topics and concerns raised		89
REPORTING PRACTICE			
	102-45 Entities included in the consolidated financial statements		16, 88

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
	102-46 Defining report content and topic Boundaries	38-41, 89-91	
	102-47 List of material topics	39, 90	
	102-48 Restatements of information	10, 84-85 [In this Report we have restated the 2018 diesel consumption data (GRI 302-1 and GRI 305-1).]	
	102-49 Changes in reporting	88	
	102-50 Reporting period	88	
	102-51 Date of most recent report	September 2019	
	102-52 Reporting cycle	88	
	102-53 Contact point for questions regarding the report	92	
	102-54 Claims of reporting in accordance with the GRI Standards	88	
	102-55 GRI content index	96-105	
	102-56 External assurance	91	





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GRI 200 ECONOMIC STANDARD SERIES			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 90	
	103-2 The management approach and its components	10, 41	
	103-3 Evaluation of the management approach	10	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10	
PROCUREMENT PRACTICES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40,90	
	103-2 The management approach and its components	40, 44, 64	
	103-3 Evaluation of the management approach	64	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	64	
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 90	
	103-2 The management approach and its components	16-17, 41	
	103-3 Evaluation of the management approach	16-17	

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	No incidents of corruption were recorded in the reporting period	
GRI 300 ENVIRONMENTAL STANDARDS SERIES			
MATERIALS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	 UNGC 7, 8 40, 90	
	103-2 The management approach and its components	 UNGC 7, 8 40, 64-65	
	103-3 Evaluation of the management approach	 UNGC 7, 8 64-65	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	 UNGC 7, 8 65	
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	 UNGC 7, 8 40,90	
	103-2 The management approach and its components	 UNGC 7, 8 40, 82-84	
	103-3 Evaluation of the management approach	 UNGC 7, 8 40, 82-84	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	 UNGC 7, 8 84	
WATER			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	 UNGC 7, 8 94	
	103-2 The management approach and its components	 UNGC 7, 8 94	

GRI STANDARD	DISCLOSURE		PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
	103-3 Evaluation of the management approach		UNGC 7, 8	94
GRI 303: Water 2016	303-1 Water withdrawal by source		UNGC 7, 8	94
EMISSIONS				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 7, 8	40, 90
	103-2 The management approach and its components		UNGC 7, 8	40, 82-85
	103-3 Evaluation of the management approach		UNGC 7, 8	40, 82-85
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		UNGC 7, 8	85
	305-2 Energy indirect (Scope 2) GHG emissions		UNGC 7, 8	85
	305-3 Other indirect (Scope 3) GHG emissions		UNGC 7, 8	85
EFFLUENTS AND WASTE				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 7, 8	95
	103-2 The management approach and its components		UNGC 7, 8	95
	103-3 Evaluation of the management approach		UNGC 7, 8	95
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method		UNGC 7, 8	95

GRI STANDARD	DISCLOSURE		PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
ENVIRONMENTAL COMPLIANCE				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 7	40,90
	103-2 The management approach and its components		UNGC 7	40,90
	103-3 Evaluation of the management approach		UNGC 7	16, 40
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations		UNGC 7	16
GRI 400 SOCIAL STANDARDS SERIES				
EMPLOYMENT				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 6	40,90
	103-2 The management approach and its components		UNGC 6	40, 44-45
	103-3 Evaluation of the management approach		UNGC 6	44-45
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		UNGC 6	45, 48-49
	401-3 Parental leave		UNGC 6	56
OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 6	40,90

GRI STANDARD	DISCLOSURE		PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
	103-2 The management approach and its components		UNGC 6 40, 44, 55	
	103-3 Evaluation of the management approach		UNGC 6 44, 55	
GRI 403: Management approach disclosure 2018	403-1 Occupational health and safety management system	 UNGC 6	Occupational health and safety management for Italian companies is based on the Italian legislation which defines periodic activities that have to be carried out in order to ensure workers' safety.	
	403-2 Hazard identification, risk assessment, and incident investigation	 UNGC 6	Integral part of such activities is the identification of work related hazards and risk assessments from which no significant risks have emerged.	
	403-3 Occupational health services		UNGC 6 55	
	403-4 Worker participation, consultation, and communication on occupational health and safety	 UNGC 6	These aspects are managed in compliance with the provisions of the Italian legislative framework which requires the presence of at least one "Employee Representative" as a mandatory role within the Occupational health and safety management system.	
	403-5 Worker training on occupational health and safety		Pg. 55; based on the Italian Legislation, training on health and safety is mandatory for all employees; length and type of training is based on worker's role and level of risk.	
	403-6 Promotion of worker health		The Group did not provide any additional non-occupational medical and healthcare services.	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Sergio Rossi does not have in place a process to analyze potentially significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships.	

GRI STANDARD	DISCLOSURE		PAGE NUMBER/URL	OMISSION PART OMITTED, REASON AND EXPLANATION
GRI 403: Occupational health and safety 2018	403-9 Work-related injuries		UNGC 6	55
TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		UNGC 6	40, 90
	103-2 The management approach and its components		UNGC 6	40, 52
	103-3 Evaluation of the management approach		UNGC 6	52
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		UNGC 6	52-53
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary			41, 90
	103-2 The management approach and its components			41, 67
	103-3 Evaluation of the management approach			67
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			67
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			67

