MODERN SLAVERY STATEMENT
Approved by the Board of Directors of Salvatore Ferragamo S.p.A on March 10, 2020
UK MODERN SLAVERY ACT 2015 AND CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010

SALVATORE FERRAGAMO GROUP STATEMENT

This document was approved by the Board of Directors of Salvatore Ferragamo S.p.A. (hereinafter, the “Company”) on March 10, 2020 and describes the measures taken by the Salvatore Ferragamo Group (hereinafter “the Group” or “Salvatore Ferragamo”) to ensure, as required by the UK “Modern Slavery Act 2015 - Section 54” and by the California “Transparency in Supply Chains Act of 2010 - SB 657”, the absence of any form of “modern slavery, forced labor and human trafficking” within its organization and outside along its own supply chain.

The content of this statement refers to the fiscal year ended December 31, 2019.

INTRODUCTION

Artisanal creativity, innovation and excellence have always been the core values of the Company, and are applied when conceiving and producing each creation, designed to make the Ferragamo product buying experience exciting and engaging for the customer. A strong bond with the local community, Italian tradition, and the legacy left by Founder Salvatore Ferragamo are still the pillars of the business, and the Group is strongly committed to protecting the areas where it operates and the people working for it.

THE SALVATORE FERRAGAMO GROUP

Salvatore Ferragamo S.p.A. is the parent Company of the Salvatore Ferragamo Group, one of the world’s leaders in the luxury industry and whose origins date back to 1927. The Group is active in the creation, production and sale of shoes, leather goods, apparel, silk products and other accessories, along with women’s and men’s fragrances. The Group’s offer also includes eyewear and watches, manufactured by licensees in Italy and abroad, with the aim of taking advantage of local traditions and quality. The uniqueness and exclusivity of our creations, along with the perfect blend of style, creativity and innovation enriched by the quality and superior craftsmanship of the ‘Made in Italy’ tradition, have always been the hallmarks of the Group’s products.

The Salvatore Ferragamo Group includes Salvatore Ferragamo S.p.A. as the Parent company and its subsidiaries, grouped into five geographic areas: Europe, North America, Central and South America, Asia Pacific and Japan.

Considering the whole distribution structure, the Salvatore Ferragamo Group is present in about 90 countries across the world. At 31 December 2019 the Group’s distribution network, consisting of a total of 654 stores, could rely on 393 directly operated stores (DOS) and 261 single-brand stores managed by third parties (TPOS) in the Wholesale and Travel Retail channel, as well as on its presence in leading Department Stores and top-level multi-brand Specialty Stores.

As at 31 December 2019, the Group had over 4,200 employees, of which around 92% on permanent contracts. The Group does not particularly rely on seasonal workers.

The Group remains deeply connected to the local community: Italian entities account for as much as 98% of suppliers’ turnover in 2019.

As for workshops, the Salvatore Ferragamo Group works exclusively with highly specialized manufacturers that meet the most demanding quality standards. The majority of these are located in Italy. Selection and retention of external workshops is vital to the brand, as it helps maintain the world-class quality standards of its products as well as protecting Salvatore Ferragamo’s extensive know how developed over the years. The retention of external workshops has been traditionally guaranteed by ongoing partnerships, the frequent exchange of information and skills between the Group and the contract manufacturers, and the highly specialized products and production processes involved.

THE SUPPLY CHAIN

Made in Italy, style, and elegance: these are the qualities that have always characterized the Salvatore Ferragamo Group’s products. Staying true to these values, the Group has always been committed to supporting the development of local communities, promoting Italy’s world-class manufacturers and carefully purchasing products and services almost exclusively from Italian suppliers.

The philosophy of the Founder, who remained deeply connected to his roots, lives on in the strategy of the Group, which relies on a wide network of carefully selected and qualified workshops known for their outstanding craftsmanship. Many of them have been working with Salvatore Ferragamo for years now.

To deliver both a quality product and make production and distribution more efficient and flexible, the Salvatore Ferragamo Group pays special attention to the key stages of the supply chain, limiting subcontracting to just one tier, thus facilitating an improved monitoring of quality throughout the supply chain. Similarly, the Group directly manages the product development and industrialization stages, and performs quality and safety controls, both at the start and at the end of the manufacturing process, on the whole production.

The Group relies on a procurement structure with a high level of technical preparation and works with reputable and well-known companies, with which it has established an ongoing collaboration. Against this backdrop, the Group remains deeply connected to the local community: Italian entities account for as much as 98% of suppliers’ turnover in 2019.

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POLICIES

Corporate ethics are a top priority for Salvatore Ferragamo in its business dynamics and demands. They convey a message of loyalty, fairness and respect throughout the entire Group, and constitute a reference point in its business environment. The Parent Company cultivates and fosters continuous, direct line of communication with its subsidiaries, which creates a shared culture of ethical business principles on which the businesses are based upon.

In a framework which seeks to integrate social responsibility in daily business operations, the Group considers the collaboration with the supply chain as central in an effort to achieve the highest ethical and sustainable business development standards.

The Group is committed to guaranteeing human rights for all workers, both within the Group and in its supply chain, and it has implemented several policies and procedures to ensure their respect and implementation.

- The Code of Ethics sets forth the ethical principles and general guidelines that, along with legal, regulatory and contractual rules, characterize the organization and activities of Salvatore Ferragamo S.p.A and its subsidiaries. The Code of Ethics applies to the Company’s corporate boards, employees, legal representatives and independent contractors who, for any reason and regardless of the type of contractual relationship, operate in the name and on behalf of Group Companies. In the cases contemplated by its corporate policy, the Company requires compliance with the Code of Ethics by certain third parties (business partners, customers, suppliers, professional, consultants and other types of external parties) with which it enters into business dealings or transactions. Disciplinary measures, varying according to the severity and within the limits of the current regulatory framework, are applicable by the Company in the event of any breaches. In particular, failure to comply by external parties may result in the termination of the contract, engagement or general relationship in effect with the Company, as well as claims for damages if the conditions are present.
- The Full Code of Ethics is available in the Governance section of the Group’s web site.
- The Sustainability Policy, prepared in accordance with the principles and rules presented in the Group Code of Ethics and in the Framework of Sustainable Development Goals (SDGs) provided by the United Nations, establishes a framework of Guiding Principles on the social and environmental responsibility of the Salvatore Ferragamo to be adopted in its daily operations. It aims to establish an equity and professional-oriented corporate culture by promoting honesty, integrity and transparency, and by incentivizing sustainable development through starting a dialogue on corporate ethics and increasing the responsibility of our stakeholders. The Policy Recipients are the corporate boards, employees and any person operating in the name and on behalf of any company of the Salvatore Ferragamo Group. The Full Sustainability Policy is available in the Group’s CSR-site.
- Salvatore Ferragamo S.p.A. is signatory to the United Nations Global Compact, the world’s largest corporate sustainability initiative, offering a universal language for corporate responsibility and supporting organizations in making responsible strategic decisions to promote internationally-shared corporate goals. Participation in the Global Compact includes a commitment to comply with the provision of the International Labor Organization (ILO), concerning abolition of forced and child labour. Information about the participation of the Group is available in the U.N. Global Compact’s site.
- The Supplier Code of Conduct sets forth the ethical principles and rules of conduct that must characterize the commercial relations between the Group and its partners. The Code includes rules and standards of conduct concerning business ethics and integrity, labor and human rights, the respect of ecosystems, including respect of animals and environment protection, and product responsibility. Direct Suppliers of the Salvatore Ferragamo Group are required to guarantee their compliance with the Code, disseminating it and requiring its respect by their employees, suppliers, external collaborators and others belonging to the supply chain for the Group. In the event of cases of non-compliance with the Code, the recipients are required to implement the actions necessary for the adjustment of their activities and operations. The Supplier Code of Conduct is available in the Governance section of the Group’s web site.
- Salvatore Ferragamo S.p.A. has obtained the internationally recognized certification SA8000 for social accountability. SA8000 is a global standard that accounts for business ethics and responsible labour relations, with specific requirements on refusing the use if child labour and the use of forced and compulsory labor. The SA800 Policy is available in the Governance section of the Group’s web site.
- Salvatore Ferragamo has adopted an Organizational, Management and Control Model under Italian Law-Decree 231/2001 in order to prevent the corporate liability for criminal offences perpetrated by own executives, employees or representatives. Special Section of the Company’s Organizational Model requires Ferragamo managers to obtain from industrial suppliers and manufacturers certifications that they and their sub-contractors comply with national labor laws, including those laws relating to minimum age, compensation, work conditions, and collective work agreements.

RISK ASSESSMENT & DUE DILIGENCE

The Salvatore Ferragamo Group is committed to identifying the main business risks and implementing adequate instruments to manage them, through a model consistent with the recognized standards of Enterprise Risk Management (ERM). As regards social aspects and respect of human rights, the Group monitors risks connected to the violation of labour laws, as well as inadequate procurement and supply chain model.

The Group believes that the risk of modern slavery within its organization is almost non-existent and that it is generally low in its production supply chain. The geographical location and the nature of the carefully selected and qualified suppliers, often dedicated and continuous collaborators of the Group for many years, reduces the risks of forced labor and trafficking in human beings.
In order to ensure the essential quality of the brand’s products and the achievement of ethical and sustainable standards along its supply chain, the Salvatore Ferragamo Group uses a selection process for suppliers and workshops, aimed at assessing whether the potential new partners have the technical, qualitative and financial prerequisites and the ethical certification required to start collaborating, including the acceptance of the Supplier Code of Conduct.

To uphold corporate social responsibility within the supply chain the Salvatore Ferragamo Group conducts ethical and social audits on direct suppliers of raw materials, manufacturing services and finished products and subcontractors belonging to the supply chain of the Group. These audits, based on a multi-year plan and handled by independent specialists, are intended to ensure compliance with the provisions set out in the Supplier Code of Ethics, including the respect for human and workers’ rights. On the basis of the risk assessment, the audits are carried out in an announced or un-announced way, although the former are prevalent, considering that a collaborative attitude towards the partners facilitates the progressive achievement of the highest ethical standards.

Since 2014, the Group has conducted over 300 audits and about 120 follow-ups.

Disciplinary measures, varying according to the severity and within the limits of the current regulatory framework, are applicable in the event of any compliance breaches. In particular, failure to comply by external parties may result in the termination of the contract, engagement or general relationship in effect with the Group, as well as claims for damages if the conditions are present.

Finally, the Group relies on a whistleblowing system to correctly manage reports of violations of laws, including human rights, and the values and principles of the Code of Ethics, as well as any other internal policies or procedures.

PERFORMANCE INDICATORS (KPI)

The Salvatore Ferragamo Group constantly monitors the effectiveness of actions and measures in place for an ethical and responsible business conduct, including measures taken to mitigate modern slavery risks. In particular, the Group has defined internal KPIs to monitor how the business is exposed to the risk of modern slavery (whistleblowing reports) and to measure the performance of anti-slavery actions undertaken (results of audits conducted on suppliers and number of training activity performed).

TRAINING

The Salvatore Ferragamo Group is committed to both raising awareness and maintaining open and clear communication and training within the organization, with respect to ethical principles and policies for the respect of Human Rights and Labour Standards and the prevention of modern slavery.

In 2019, an e-learning program on the Group’s Whistleblowing System and the Code of Ethics was launched. It is available, in nine languages, to all employees through a dedicated intranet platform and offered to all new employees, as part of their onboarding training.

Specific trainings on human rights and social responsibility have been developed in the SA8000 context, involving senior management and employees, also engaging personnel with direct responsibility for supply chain management.

Furthermore, initiatives have been taken for the Supplier Code of Conduct’s implementation, providing information and training to recipients, as well as support to achieve full compliance with the principles and provisions contained therein, including prevention of modern slavery along the entire supply chain. In particular, training workshops were held for the main suppliers of finished products and third-party workers (who together cover more than 70% of Ferragamo products). Finally, a questionnaire was provided to key suppliers of raw materials, manufacturing services and finished products of the Group, in order to obtain a self-assessment and to identify any areas of non-compliance, which require the implementation of the suggestions included and any other activity deemed as appropriate, so as to facilitate the gradual alignment of their activities and operations with the principles and rules of conduct defined within the Code.

LOOKING AHEAD

For the Salvatore Ferragamo Group, ethics are not only central to the setting of the Company’s goals, but they also a critical tool for planning the Group’s future activities, in our commitment to pursue value creation for the years to come and for the new generations.

It is for us essential that the integrity of the business and the respect of human rights remain priorities in the definition of objectives along the entire supply chain and that the Group remain committed to working proactively to encourage the fight against modern slavery by reviewing its activities, operations and procurement procedures.