

sergio rossi

SUSTAINABILITY REPORT 2016

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The world of art is not a world of immortality but of metamorphosis

ANDRÈ MALRAUX

A message from our CEO

Last year was an exciting one for Sergio Rossi. 2016, in fact, coincided with the beginning of our organizational relaunch, after the acquisition of the Company by Investindustrial, aimed at propelling our performance and at progressively strengthening our worldwide reputation of artisanal excellence. In 2016 we decided to come back to the origins and put women at the center of our project, with a twist: think heritage, play digital. We have rebuilt all the archives from the over forty years of the company, a fantastic heritage. This is why we have decided not to appoint a famous designer as creative director, but rather to create a new style office team, that could bring back the soul of "Sergio Rossi". We have redefined our brand identity and the features of Sergio Rossi woman – modern, independent and dynamic – that needs shoes easy-to-wear h24, but without losing style and elegance. This renewal effort has been crowned by the launch of sr1, our new iconic collection, which takes inspiration from our true DNA and outstanding history of artisanal heritage. So far, the collection has been celebrated by the press and warmly welcomed by our expanding clientele, and it represents the symbol of our willingness to reinvent ourselves while constantly improving.

This Report itself is a vivid demonstration of our corporate relaunch. Sustainability, in fact, represents one of the key elements of our vision for the future and we find it an important ingredient of our growth strategy. I firmly believe that sustainable development will progressively assume an even more central role in our industry, from decision-making to corporate reputation.

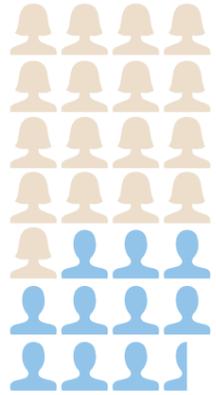
This first edition of our Sustainability Report is the starting point from which we will measure and disclose on an annual basis the results achieved through the years and the objectives planned for the medium and long term. It gave us the opportunity to ask ourselves what are the most relevant sustainability aspects for Sergio Rossi and for our stakeholders and to better understand their needs and priorities. It is on that base that we will be able to set new goals to continuously improve our performances. Coherently, we have adhered to the United Nations Global Compact, the world's largest corporate sustainability initiative, thus confirming our commitment and effort to protect the environment and to encourage the respect of human and social rights at a global scale, in line with the United Nations Sustainable Development Goals (SDGs). As the French writer André Malraux used to say: "the world of art is not a world of immortality but of metamorphosis". We profoundly embrace such philosophy, with our eyes fixed on the future, without forgetting our roots. Therefore, it is with enthusiasm that I leave you to the reading of this Report. I hope that it will provide you precious insights about our actual performance and willingness to constantly improve, as well as conveying an intimate glance of our unique soul.

RICCARDO SCIUTTO
CHIEF EXECUTIVE OFFICER



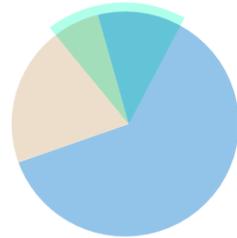
oo Sergio Rossi in 2016: the main highlights

OUR PEOPLE IN ITALY



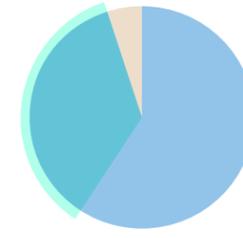
- 274 EMPLOYEES
61% WOMEN – 39% MEN
- 98% EMPLOYEES WITH
PERMANENT CONTRACT
- 1.263 HOURS
OF TRAINING

SAN MAURO PRODUCTION PLANT



- 11.700mq:
PRODUCTION PATTERN
AND PROTOTYPE DEPT.,
WAREHOUSE
- 4.270mq:
OFFICES
- 3.500mq:
PHOTOVOLTAIC
PANELS

OUR SUPPLIERS



- 95%:
ITALIAN
SUPPLIERS
- 5%:
FOREIGN
SUPPLIERS
- 35%:
LOCAL
SUPPLIERS

OUR PRODUCTION



178.1 TONS OF RAW
MATERIALS USED



1.380 TONS OF CO₂ EMISSIONS



515.336 KWH GENERATED BY OUR
PHOTOVOLTAIC SYSTEM FOR
AUTO-CONSUMPTION

01 The Group, its governance and its stakeholders

USA

5,594 k€

EMPLOYEES

7 11

STORES

2 0

EMEA

27,635 k€

EMPLOYEES

275 61

STORES

13 6

JAPAN

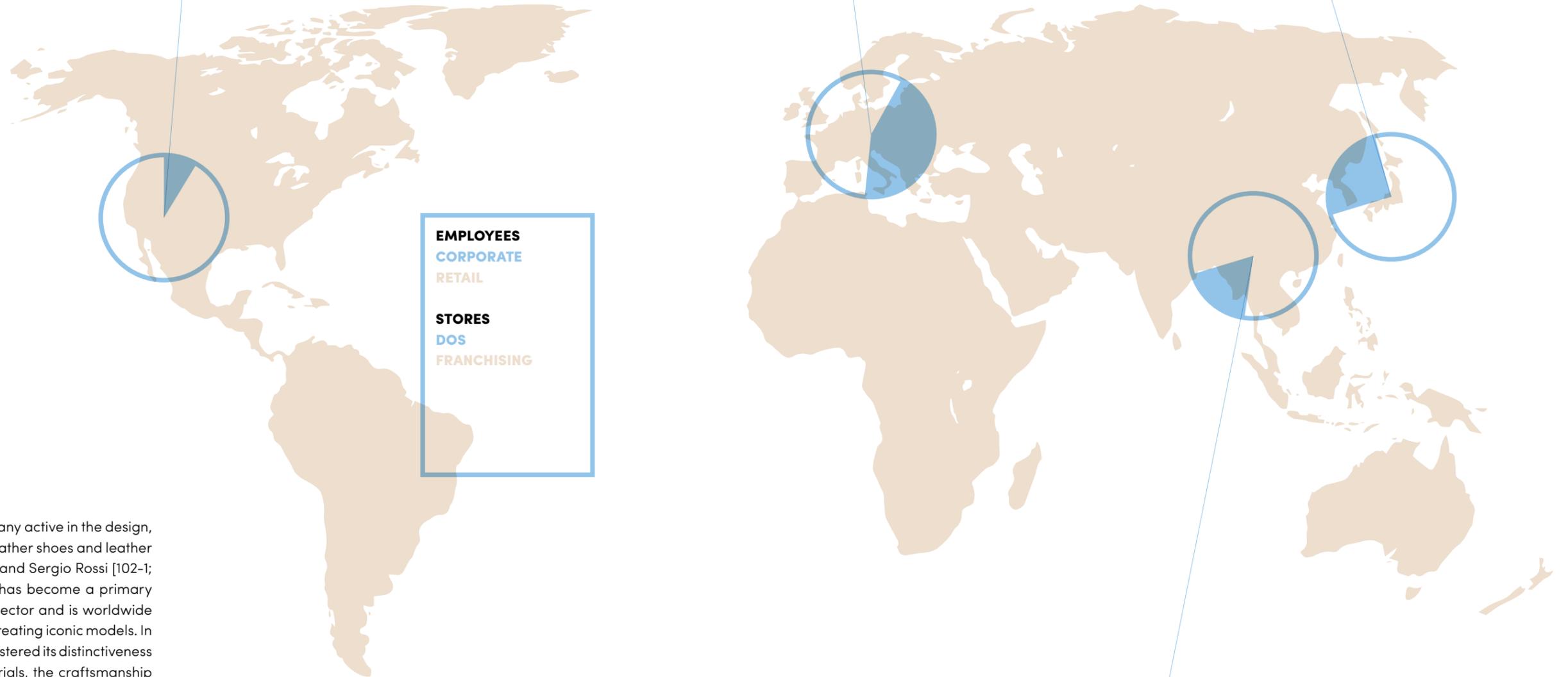
16,035 k€

EMPLOYEES

17 75

STORES

23 0



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 worldwide renowned for its artisanship and for creating iconic models. In the past 50 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 cornerstones of Sergio Rossi's unique style. In the same vein, the Sergio Rossi brand has become an epitome of timeless quality and utmost sophistication and during 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.

OTHER

2,626 k€

SERGIO ROSSI IN THE WORLD
2016 KEY FIGURES [102-7]

APAC

11,432 k€

EMPLOYEES

19 64

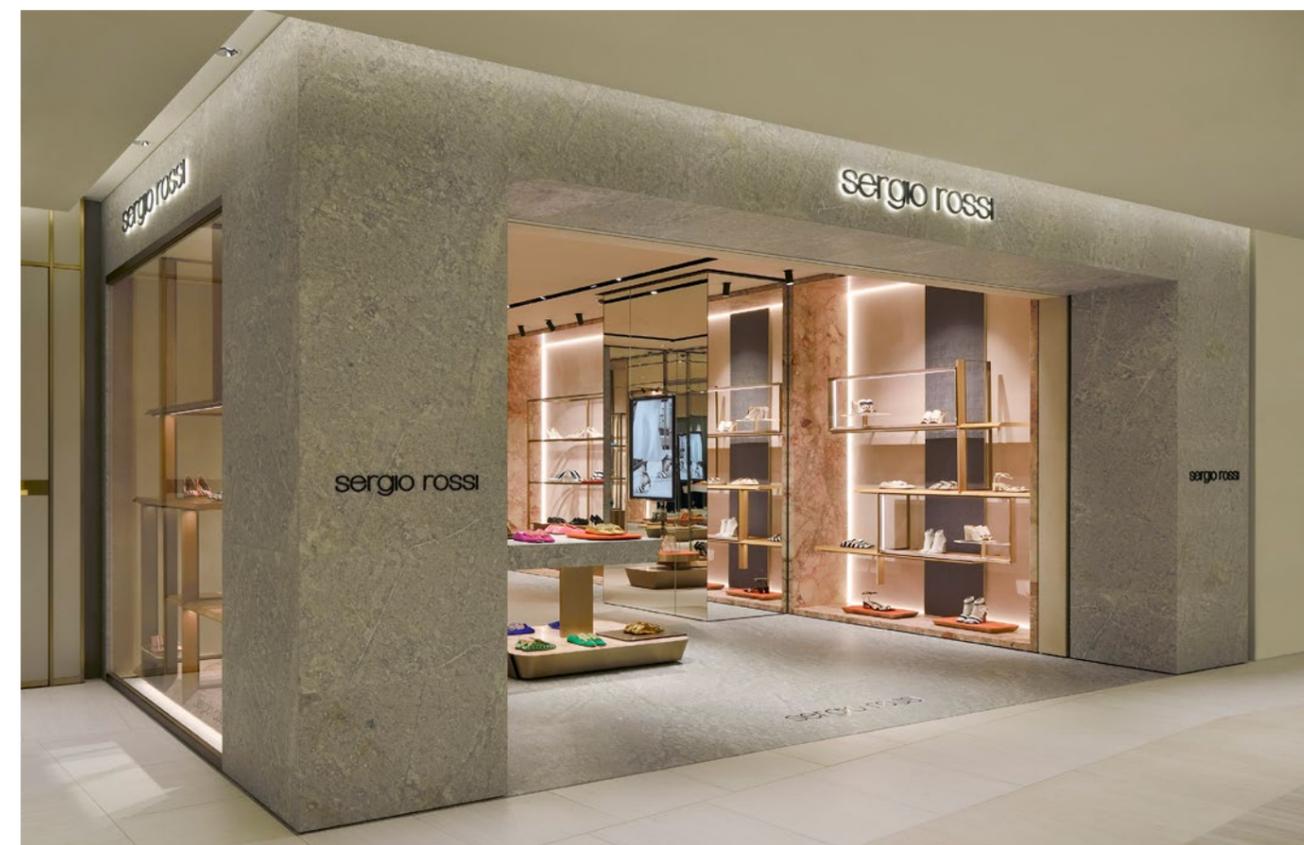
STORES

11 10

Whilst showroom and managerial offices are based in Milan [102-3], the fulcrum and the pulsing heart of our production activity is the San Mauro Pascoli factory [102-4] where over 120 skillful artisans have been hand-creating Sergio Rossi shoes for the past 50 years. 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, whose buildings were 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 and it currently employs 230 of our 274 people (the rest being located in Milan) and relies on more than 12,400 square meters for production and offices, plus circa 3,570 square meters for the logistic hub of finished products.

We distribute our products in 22 countries divided into 4 main geographical markets: Europe and the Middle East (EMEA); Asia Pacific (APAC); Japan and the United States. We own 49 retail stores scattered among these four regions, as well as 16 franchising stores in the EMEA and APAC regions. Furthermore, we sell products through our online e-commerce channel, by shipping to 82 countries worldwide [102-6].

The last few years have been a period of profound restructuring of our corporate structure and business, a factor that has directly influenced our economic performance. In fact, our direct economic value generated, a figure comprising our annual revenues calculated as net sales plus revenues from financial investments and sales of assets, minus the variation in raw material stocks, has decreased by 17.8%, from €53.90M in 2015 to €44.32M in 2016. This is mainly related to the restructuring of our wholesale and retail network and to a progressive review of our distribution channels.



SERGIO ROSSI STORE – GINZA SIX, TOKYO

OUR ECONOMIC PERFORMANCE [201-1]	M. U.	2015	2016
DIRECT ECONOMIC VALUE GENERATED: REVENUES	€	53,901,172	44,315,810
ECONOMIC VALUE DISTRIBUTED	€	57,921,040	48,667,920
OPERATING COSTS	€	47,831,171	32,738,156
EMPLOYEE WAGES AND BENEFITS	€	8,988,477	15,681,374
PAYMENTS TO PROVIDERS OF CAPITAL	€	926,218	70,587
PAYMENTS TO GOVERNMENT	€	175,174	166,803
COMMUNITY INVESTMENTS	€	0	11,000
ECONOMIC VALUE RETAINED	€	-4,019,868	-4,352,110

NOTE: 2015 DATA INCLUDE ONLY
SERGIO ROSSI S.P.A.

All the economic data are influenced by the merger between Sergio Rossi S.p.A. and Sergio Rossi Manufacturing S.r.l., implemented in 2016. Our economic value distributed has decreased by around 16% from €57.92M in 2015 to €48.67M in 2016, mainly because of a more than proportional cut in operating costs and in the payments to providers of capital. On the other hand, employee wages and benefits have increased due to our willingness to retain Sergio Rossi Manufacturing’s employees and relaunch our organization by hiring new talents. The economic value retained, calculated as the difference between the direct economic value generated and the economic value distributed, has also decreased and actually coincides with a negative €4.35M at the closure of the 2016 financial year.

FROM THE 60s TO 2016

Immediately after the end of the Second World War, the young Sergio starts learning how to make shoes from his father, an artisan shoemaker, whom he accompanies in his daily working activities until his death, occurred when Sergio was only 14. Unabated, Sergio carries on his father's job to support his mother and his younger brother, Franco. His young age notwithstanding, Sergio already masters a wide range of artisanal skills, which he then perfects by studying fashion design in Milan. wOnce completed his studies, he then moves to Bologna and starts selling his first sandals, driven by his passion for modern shapes. The Opanca sandal is such a success that Sergio decides to open his own company: in 1966 he founds the enterprise together with his brother, who will then become the Company's Production Director and maintain this role for his entire life.

1980s

This decade corresponds to the expansion age of the Company. The first boutique bearing the Sergio Rossi name opens in Ancona, soon followed by Turin, Florence, Rome, Brussels, New York, Los Angeles, and London. It is also a period of intense collaboration with some of the most iconic fashion houses at the international level, since Sergio Rossi produces shoes for the collections of brands like Dolce & Gabbana and Azzedine Alaïa.

1970s

Sergio starts joining the Milanese fashion environment and soon becomes the favorite of the most renowned fashion stylists, such as Gianni Versace, with whom he starts a collaboration by providing his shoes for catwalk shows. Swiftly, Sergio Rossi becomes a renowned brand in Italy's fashion capital and the public recognizes the brand as a synonym of Made in Italy excellence.

1990s

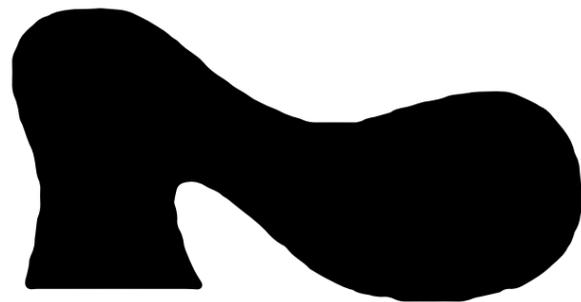
Sergio Rossi's philosophy becomes more defined: women are a symbol of femininity and forcefulness, given their progressive emancipation and change of status. The shoe, instead, represents a continuation of the woman body, a vital element of her character, and heels and shapes become an emblem of taste. In 1999, the Gucci Group acquires the Sergio Rossi brand.

2000s — 2010s

In 2005 the Company is fully acquired by the Kering Group. While the San Mauro Pascoli factory and the brand philosophy are completely refurbished, a series of well known and very talented designers join the company as its creative directors.

2015

Investindustrial indirectly acquires 100% of Sergio Rossi S.p.A.. The acquisition sets the beginning on a new relaunch phase for the brand, focusing on innovation in line with traditional codes.



SERGIO ROSSI

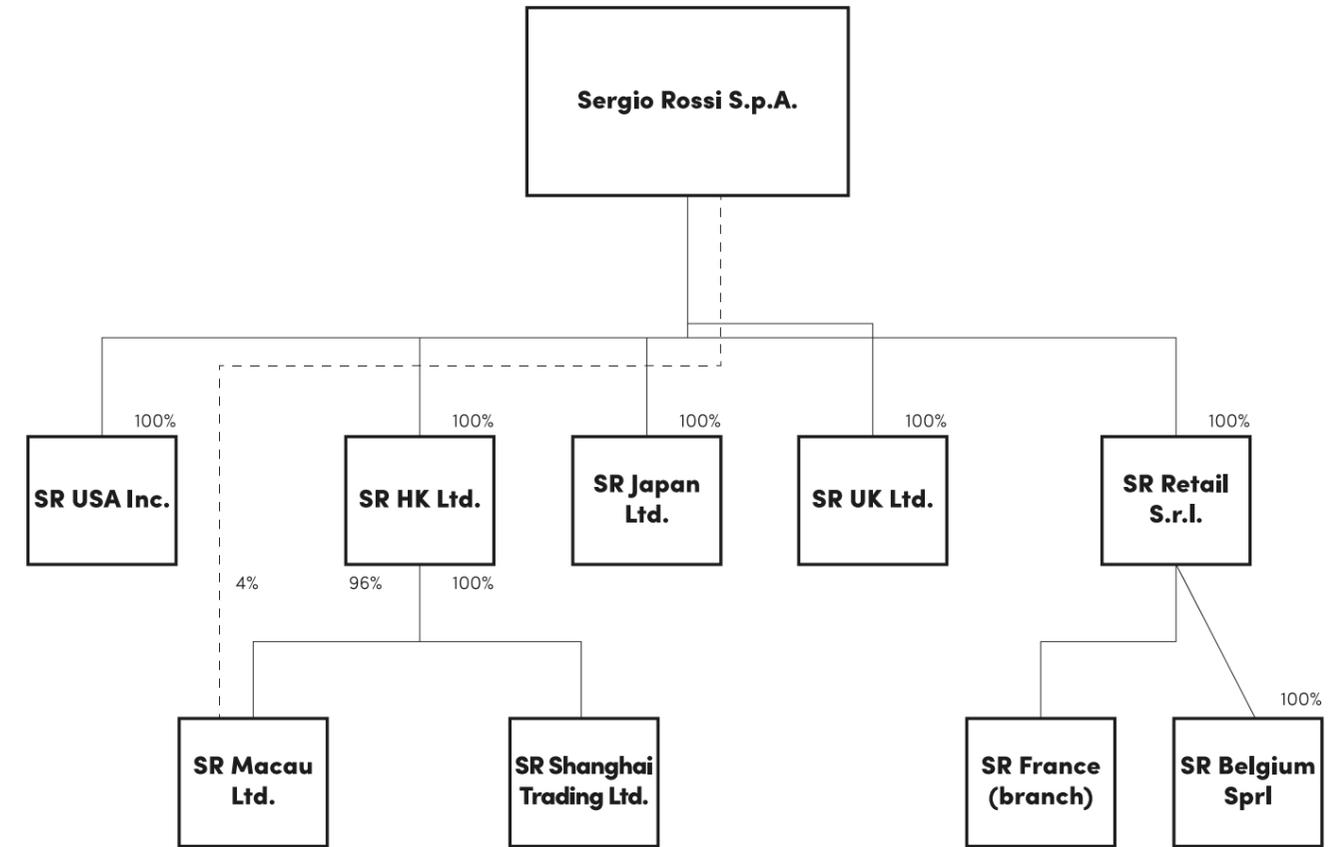
SEGGIO ROSSI FIRST LOGO



SEGGIO ROSSI FW 1992/93 ADV CAMPAIGN



VOGUE ITALY, 1989



THE FIGURE REPORTS ALL THE COMPANIES COMPRISED IN OUR CONSOLIDATED BALANCE SHEET [102-45]

1.3 CORPORATE GOVERNANCE

Since December 2015, Sergio Rossi S.p.A. is 100% controlled by Absolute Luxury Holding S.a.r.l., which is indirectly owned by a fund managed by Investindustrial. Investindustrial is a leading European group of independently managed investment, holding and advisory companies with €5.6 billion of raised capital. Previous to that, the Company was controlled by the primary international multi-brand Kering Group, which had acquired it from Mr. Sergio Rossi in 1999.

Mr. Riccardo Sciuotto, the newly-appointed CEO of Sergio Rossi, has strongly advocated since his entry into office a merger between Sergio Rossi S.p.A., the Corporate branch, and Sergio Rossi Manufacturing S.r.l., involved in all the shoe production activities. The merger, successfully completed in December 2016, has represented a substantial step forward towards the reunification and strengthening of our Company.

In addition, the newly-formed Sergio Rossi S.p.A. entirely controls a series of affiliates and commercial branches located abroad, namely in the United States, the United Kingdom, France, Belgium, Japan, Hong Kong, China and Macau [102-5][102-45].

CORPORATE STRUCTURE

Our governance structure [102-18] is based on a Board of Directors, comprising seven 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.

The composition of the Board of Directors as of 31/12/2016 is the following:

- Andrea Morante**, Chairman of the Board
- Riccardo Sciuotto**, Chief Executive Officer
- Dante Razzano**, Board member
- Salvatore Catapano**, Board member
- Gabriele Del Torchio**, Board member
- Carlo Gagliardi**, Board member
- Francesco Tronci**, Board member

The Board of Directors reflects our new ownership structure, since following the 2015 acquisition, 6 out of 7 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 a constant monitoring and a correct conduction of the corporate operations. In particular, our Chairman, Mr. Morante, is in charge of legally representing the Company before any relevant stakeholder, while our CEO, Mr. Sciotto, 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.

Moreover, the entire 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 verify on a continuous fashion the compliance of Sergio Rossi with local, national and international norms and ensures the respect of 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 sanction or fine in the past few years [307-1].

Given our commitment to fully adhere to all the legal norms relevant to our business, we are also planning to adopt an Organizational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which introduced into Italian law the administrative liability of entities, companies, associations and legal persons for certain crimes that are committed by individuals who have acted in their best interest or for their benefit.

Following the recent changes in the property, the Human Resources Department, in agreement with the CEO, is defining a set of corporate values, norms and principles of behavior, which are closer to our authentic DNA, and is in charge of ensuring their respect by the people acting in the name and on behalf of Sergio Rossi S.p.A. both within and outside the Company. Hence, the Company is currently redefining its Code of Conduct. In 2017 Sergio Rossi publishes this document [102-16]. 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.

MANAGEMENT OF SUSTAINABILITY ASPECTS

Given the importance we devote to sustainability issues, in 2016 we have reignited our relationships with our key stakeholders and revised our internal structure in order to ensure the correct management of sustainability matters. As highlighted in the following paragraph, the top management, coordinated by the CEO, have been involved in the definition of the Sustainability Report contents, starting from the identification of the most important issues related to sustainability and the analysis of the most relevant stakeholders' requests. Sergio Rossi will periodically revise the materiality map of the Company, as to redefine the corporate sustainability priorities and better conduct data gathering and monitoring activities.

Sergio Rossi's Chief Executive Officer is the person in charge of the decision-making and supervision of internal health, safety and environmental (HSE) aspects. In this respect, the CEO appoints the people responsible for the correct implementation of HSE actions and the respect of HSE national and international norms. 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, he periodically reports to the Board about the state of such activities, notifies 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 concern related to HSE aspects, they report it to the CEO. Once having carefully analyzed the matter, the CEO decides the corrective actions to be implemented and appoints the respective people in charge. Moreover, the CEO coordinates the top management in the analysis of the most relevant stakeholders' requests.

We are strongly committed to create 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 member of several trade associations, comprising Confindustria, Altagamma and Associazione Montenapoleone, and we participate to their associative meetings [102-12; 102-13].

1.4 STAKEHOLDERS AND MATERIAL ASPECTS

This document represents Sergio Rossi's first step towards sustainability reporting, with the aim of structuring a solid disclosure and accountability framework, enabling the Company to effectively communicate its performance to its most relevant stakeholders.

As the first edition of our Sustainability Report, this document provides a qualitative and quantitative overview of our performance in relation to the material topics we have identified, i.e. those that reflect our significant economic, environmental and social impacts or that substantively influence the assessments and decisions of our stakeholders. Furthermore, it provides an account of the most relevant sustainability initiatives we have implemented, which fall under the domain of such topics and describes our overall vision and approach towards sustainability.

In 2017 Sergio Rossi subscribes to the United Nation Global Compact Initiative, a call to companies to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to take actions in support of UN goals, including the Millennium Development Goals. Companies participating to the Global Compact initiative are required to communicate annually on progresses made in implementing the ten principles in order to inform company stakeholders (e.g., investors, consumers, civil society, governments, etc.). The Sustainability Report will therefore represent Sergio Rossi's Communication on Progress.

The drafting of this first edition of Sergio Rossi's Sustainability Report provided us the chance to identify who our main stakeholders are, to prioritize them and to map current engagement tools and activities. To do so, we organized a dedicated internal management meeting, which provided also the opportunity to share precious insights among our top managers and to map the main channels and tools through which we interact with our stakeholders. The main topics and concerns raised by stakeholders have been taken into account in the definition of the materiality matrix as described in the next page [102-40; 102-42; 102-43; 102-44].



WE SUPPORT

STAKEHOLDER MAPPING AND ENGAGEMENT



FRANCHISEES AND LANDLORDS

COMPETITORS

CLIENTS



SOCIAL MEDIA USERS AND INFLUENCERS

TESTIMONIALS



SHAREHOLDER AND INVESTORS

EMPLOYEES



TRADE AND PRODUCTION PARTNERS

LOCAL COMMUNITIES

SUPPLIERS

STAKEHOLDER CATEGORY

ENGAGEMENT TOOLS AND ACTIVITIES

CLIENTS	Direct dialogue through the retail force, analysis of social media, monitoring of the satisfaction on products through complaints management (see §2.2)
COMPETITORS	-
EMPLOYEES	Continuous dialogue with the HR department
FRANCHISEES AND LANDLORDS	Periodical meetings
LOCAL COMMUNITIES	Monitoring of main topics and concerns through the dialogue with other actors of San Mauro District (see §3.2), media monitoring and participation to trade associations
SHAREHOLDER AND INVESTORS	Formal and informal meetings, periodical management reports, sustainability reporting
SOCIAL MEDIA USERS AND INFLUENCERS	Analysis of social media trend topics, interaction through Sergio Rossi social media profiles
SUPPLIERS	Continuous dialogue, periodical meetings, written communication regarding our quality and chemical compliance requirements (see §3.2)
TESTIMONIALS	Continuous dialogue, periodical meetings, interaction through Sergio Rossi social media profiles
TRADE AND PRODUCTION PARTNERS	Periodical meetings

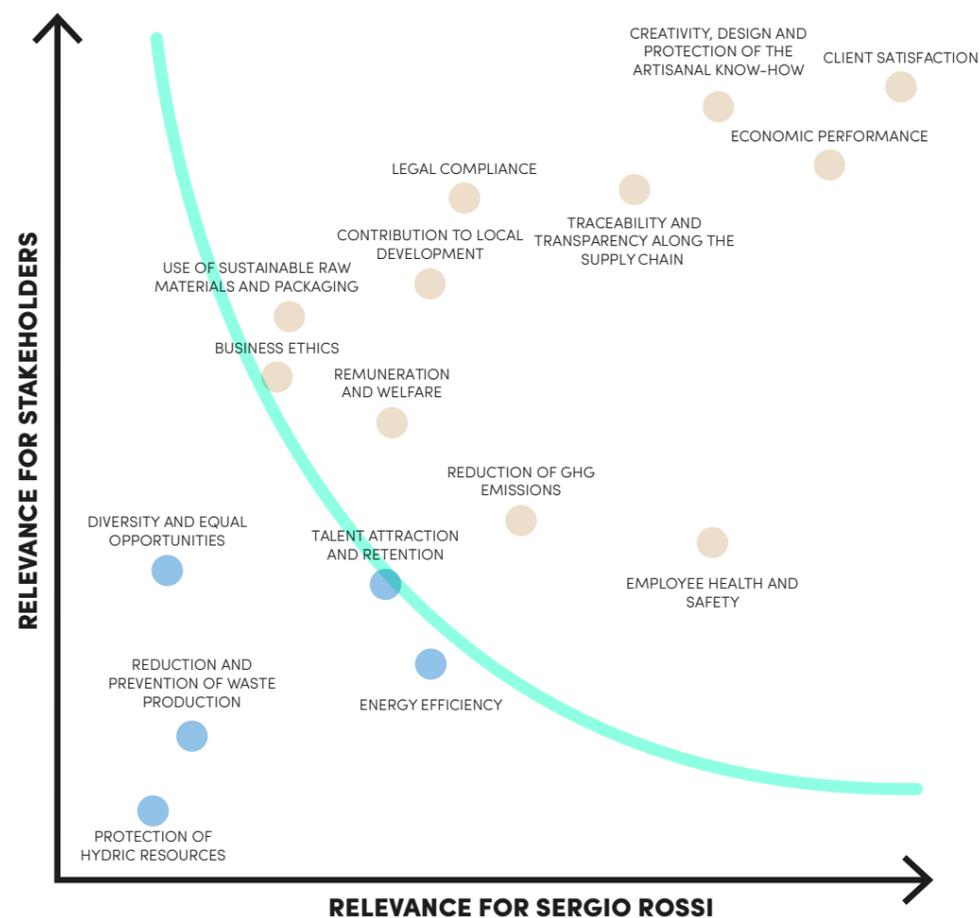
As part of the process for defining the contents of the present Report, during the management meeting we also carried out a materiality analysis, in order to map relevant topics that reflect Sergio Rossi's economic, environmental and social impacts and/or may influence the decisions of the key stakeholders identified.

We started with a preliminary context analysis aimed at providing a synthetic overview of the main sustainability issues affecting the leather goods industry. In particular, we have conducted a sector-specific media analysis and a benchmark analysis of our peers' sustainability reporting, as to identify a long list of the most relevant issues for comparable companies.

Afterwards, during the manager meeting we have prioritized the identified issues by asking each manager to provide them a score based on their perception, their 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 obtained a weighted score for each topic, which is indicated on the x-axis within the materiality map below.

By adopting the same approach, we have estimated the relevance of each topic for our stakeholders, by weighting it depending on the different priorities and concerns of each stakeholder category. Furthermore, we have taken into account our top managers' perceptions about stakeholders' priorities, the results of our media analysis and sector-specific aspects as to assign a weighted score to each topic. Such scores, representing the relevance of each topic for all our relevant stakeholders, is indicated on the y-axis within the materiality map below.

The 11 dots in the map above the red curve correspond to our material topics. In particular, the topics on the top-right correspond to the most relevant both for the Company and for our stakeholders [102-47].



MATERIAL TOPIC	WHY IS IT RELEVANT FOR US?	WHERE WE TALK ABOUT IT
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.	§2.1 – Our strategic “New Deal” §2.2 – Retail experience and client satisfaction
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 of maximizing the economic value we generate, with the aim of benefiting both our shareholders and the local community.	§1.1 – Sergio Rossi at a glance
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 as our duty both to foster and safeguard our know-how and the uniqueness of the San Mauro Pascoli district.	§3.1 – Artisanal excellence §3.2 – Our supply chain and our production process
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 Made in Italy products and 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.	§3.2 – Our supply chain and our production process
Legal compliance	We have a strong commitment in the respect of 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 last few years, we have committed no legal violations and have not received any sanction or fine, having usually exceeded mandatory norms.	§3.3 – The impacts related to our production process
Contribution to local development	The bulk of our economic activity takes place in the San Mauro district, recognized at a global level as a shoemaking luxury 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.	§3.2 – Our supply chain and our production process
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.	§3.2 – Our supply chain and our production process §3.3 – The impacts related to our production process

MATERIAL TOPIC	WHY IS IT RELEVANT FOR US?	WHERE WE TALK ABOUT IT
Business Ethics	We firmly believe that an ethical business is a successful business. This is why we have decided to redefine our internal Code of Conducts and management of corporate values (2017).	§1.3 – Corporate governance
Remuneration and welfare	The maximization of the welfare of our employees is one of our key goals. Coherently, we have structured dedicated plans, and we ensure that our facilities are constantly motivating working environments. In the same vein, we consider equal remuneration as a strategic factor that brings significant benefits, not only for our people but also for the whole company.	§4.2 – Human resources management and welfare initiatives
Reduction of GHG emissions	We are strengthening our efforts to reduce the current levels of our GHG emissions, in particular for what concerns our energy consumption. Our photovoltaic plant represents a good example of our commitment and a best in class solution in this direction.	§3.3 – The impacts related to our production process
Employee health and safety	The maximization of 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, investing in the training and equipment of our people.	§4.2 – Human resources management and welfare initiatives



02 Brand uniqueness and client satisfaction

2.1

OUR STRATEGIC NEW DEAL

The acquisition of Sergio Rossi by Investindustrial has set a new beginning for our company, which is connoted by a corporate "New Deal" characterized by strategic axes that go in the same direction and mutually reinforce each other towards the achievement of our business goals [102-10]. Among them, the following ones can be cited as connected to the long-term view of the Company's sustainability performance:

Redefinition of the corporate brand identity.

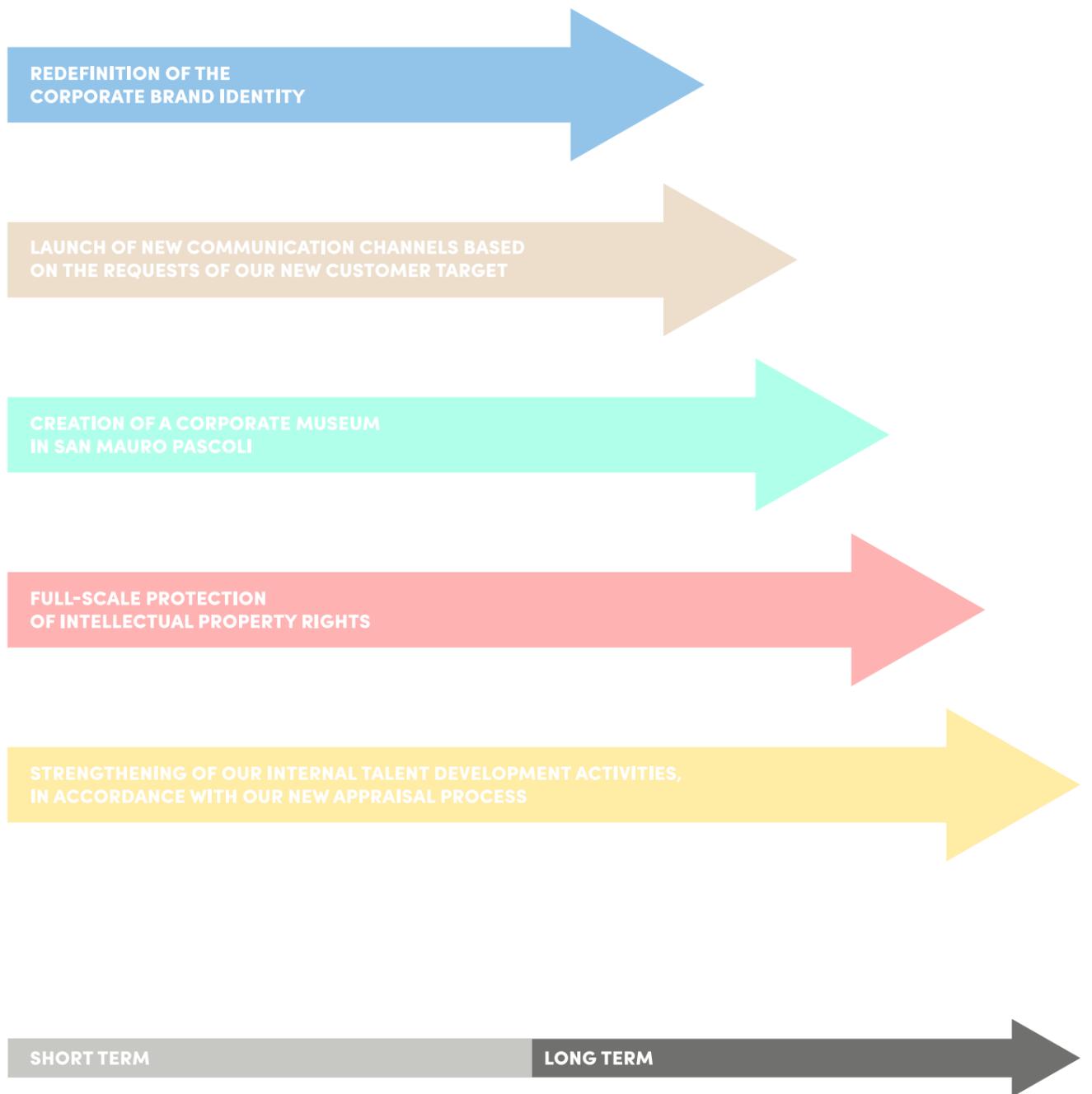
Launch of new communication channels based on the requests of our new customer target.

Creation of a corporate museum in San Mauro Pascoli.

Full-scale protection of intellectual property rights.

Strengthening of our internal talent development activities, in accordance with our new appraisal process¹.

¹ – SEE §4. HUMAN RESOURCES MANAGEMENT FOR MORE DETAILS.



sergio rossi sergio rossi

OLD LOGOTYPE AND
ITS RESTYLING

THE EVOLUTION OF SERGIO ROSSI'S BRAND

Our brand identity has been redefined throughout the decades but it has never lost its connection with the creativity and artisanal expertise of our eponymous founder, who viewed shoemaking as a continuous reflection on shape, harmony and elegance.

As part of our new corporate strategy we have started an agenda aimed at rediscovering the most intimate nature of the Sergio Rossi brand, by relaunching and magnifying its original quality, craftsmanship and authenticity components. Simultaneously, our logo has been adapted to the new brand identity, fostering its visibility and uniqueness.

The outcome of this managerial and aesthetic "New Deal" has been our new sr1 collection, which represents a new beginning for our Company and takes inspiration from our historical archive by revisiting some of our most iconic models in a more modern guise. The spring summer 2017 collection, in fact, marks the first step of a journey that will take both us and our clients to the deepest essence of Sergio Rossi's distinctive style.

sr1

sr1 LOGOTYPE



ON THE LEFT HISTORICAL
MODEL, ON THE RIGHT NEW
sr1 ICONIC STYLE

First, we have redefined the features of our ideal woman: Sergio Rossi women are dynamic, audacious and curious. They devote their eclectic intelligence to develop their own business activities and become natural style influencers in their communities. In other words, we aim at reaching women who embody and shape the most intense features of contemporaneity.

Second, we have reimagined our products, shifting from shoes intended for special occasions and evening wear, to versatile, informal daywear. The sr1 shoes are timeless, easy-to-wear and break free from outdated rules - they work from day to night and suit all places and situations. This injection of courage, boldness and light-heartedness into tradition is our way of reinterpreting our roots without compromising them. Materials and details have also changed, as to exalt the artisanal content of our products. In fact, our new shoes feature golden and silver finishing and uppers are decorated and adorned with colored glasses, mirror effects, exotic elements. Heels are lower and larger and are engraved with a minimalistic sr1 sign, which embodies their lasting splendor and their rebirth significance. As to further reinforce our renewed brand identity and our willingness to rediscover our authentic DNA, our Communication & PR team is currently developing a corporate museum and a physical archive in San Mauro Pascoli featuring all our previous collections, which will open in 2018, when Sergio Rossi will celebrate its 50th anniversary.

INTELLECTUAL PROPERTY MANAGEMENT

The relaunch of our brand has also revamped our intellectual protection activities. The sr1 collection, in fact, is the first one in the history of the brand to be fully deposited at a design level and whose prototypes have been patented. In the same vein, the Sergio Rossi and sr1 trademarks have been registered in 52 countries. Currently, our Senior Legal Counsel is assessing whether corporate brands are fully protected in the countries where the Company is active and will develop a strategic plan to maximize the worldwide intellectual property protection of our products.



STYLISH AND TALENTED
WOMEN WEARING sr1 SHOES



DETAILS



LASTS ARCHIVE



VIDEO FRAME FROM
"THE MAGIC KINGDOM"

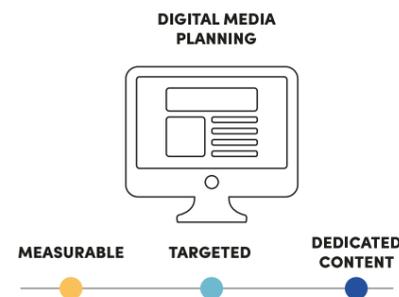
2.2
RETAIL EXPERIENCE
AND CLIENT SATISFACTION

A NEW COMMUNICATION
APPROACH

In order to communicate effectively with Sergio Rossi women, we have also restructured our communication channels and patterns. In 2016, in fact, we have decided to abandon printed press channels in favor of digital media, like our corporate website and social networks, because of the higher measurability of digital advertising performance and the possibility of developing more focused content aimed at addressing specific audience segments.

Furthermore, since September 2016 we have started revamping our social media presence on Facebook, Instagram, Twitter and YouTube. This has helped us convey the dynamism characterizing our new brand image and attracting our new target clients. As a result, we can now count on over 439.000 followers on Instagram and 18.500 on Twitter, 285.872 likes on our Facebook page and 116 subscribers to our YouTube channel.

"The Magic Kingdom" video represents a first example of this new communication style, an homage to the passionate artisans who have been creating Sergio Rossi shoes for the past 50 years.



The video shows three princesses, Alice, Bianca and Jasmine, wandering within the S. Mauro Pascoli factory, waiting for the Sergio Rossi artisans to create their pair of customized shoes, but is dedicated to "all the princesses out there". Magic Kingdom has encountered a widespread success and has been published in the home page of reference fashion websites like Vogue Italy and Vogue U.S.

Aside from digital channels, our Communication & PR Function has also worked busily to reinforce our trade and retail communication channels. The trade channel, consisting of the print of catalogues, the creation of dedicated packaging for specific corporate events and the set-up of windows and non-franchising stores, is intended to transmit to our clients our constant presence in their favorite locations. On the other hand, the retail channel aims at maximizing the distinctiveness of our retail experience, by offering clients the possibility of enjoying in-store branded items and gifts, like our tea apparel or stationery. As such, each time a client enters a Sergio Rossi store, he/she is always sure of finding a new experience.

DEVOTED TO MAXIMISE
CLIENT SATISFACTION

Given the centrality of the retail experience to our brand reputation and its ability to spread the product philosophy and corporate values, we have chosen to strengthen the Sergio Rossi stores with an enhanced retail culture. Our EMEA & Worldwide Retail Function, in fact, has been focusing on the development of Customer Relationship Management (CRM) and Clienteling activities, which should be coherent among our stores worldwide and should be immediately recognizable by our clients in a future omnichannel experience.

That is why we have decided to launch a brand-new project, "Retail Excellence", which will be developed in the upcoming months and aims at adopting a more client-centric retail approach, by delivering an outstanding client experience focused on the creation of solid and long-lasting emotional bonds with our customers. The Project has a bottom-up origin, since our Store Managers have driven this during a series of brainstorming sessions, and is based on three pillars: Store Organization, People and Client Experience.

The Store Organization pillar aims at setting a clear set of rules and procedures to be adopted in each of our retail stores and to be collected in our new "Sergio Rossi Retail Bible", a document that will be shared to all Store Managers in order to improve the coherency of our retail behavior and reduce the amount of internal communication. Moreover, the pillar focuses on ensuring the all-time availability of products in each store, by improving the functioning of our supply chain and by scheduling product deliveries based on sellouts. Finally, we aspire to improve the current repair returns and made to order (MTO) systems, which we consider an essential part of our client experience.

Given the utmost importance we attribute to training activities, which reinforce our competitive advantage and help us maintain our position in the luxury sector, the Retail and the HR functions have developed the People pillar, in order to provide the store staff with a series of competencies declined in 3 key attitudes:

Passion for clients, according to which retail staff members should always build empathetic relationships with clients, by trying to discover their personal tastes and by creating trust;

Proactivity, i.e. the willingness to adapt to different clients and situations;

Commercial mindset, consisting in the capability of taking risks and being eager at always moving forward.

Since these competencies should become widespread among our store staff, the "Retail Excellence" project will provide store managers with harmonized selection criteria and all the new hires will be asked to participate in a training period of 1 month, at the end of which they will be evaluated based on a series of standardized KPIs. Furthermore, store managers will receive new, common evaluation and rewarding schemes, so to facilitate the management of worldwide store staff.

Finally, the Client Experience pillar is intended to create and successfully implement a new store experience aimed at bringing additional desirability to our brand. To do so, the EMEA & Worldwide Retail Function will improve the store environment, by providing guidelines and ameliorating the grooming, maintenance, cleaning and sensorial experience of our stores. Secondly, it will define a new, shared selling ceremony based on clients' specific needs. Finally, it will focus on creating and maintaining strong relationships with our clients by providing stores with consistent CRM and clienteling tools.

Another area on which the EMEA & Worldwide Retail Function has been focusing in the last few months is the one dealing with customer satisfaction enhancement activities. In fact, we are planning to implement by 2018 new activities and tools focused on enhancing our awareness of customer opinion and desires, in order to be more effective in their satisfaction [102-43; 102-44].

CUSTOMER COMPLAINTS

Customer satisfaction is a relevant issue for Sergio Rossi. Client complaints are constantly monitored analyzing the cause of faultiness as our aim is to offer to our customers an excellent product and service.

In fact, for each single claim we receive, we verify the best solution either repairing the product by recalling it to the factory or replacing/reimbursing the client. We also offer the possibility to ask for single little spare parts to be sent directly to the stores.



PHASES OF THE SELLING CEREMONY



03 Supply chain, production process and related impacts



ARTISAN AT WORK
AND THE CREATION PROCESS



3.1 **ARTISANAL** **HERITAGE**

The concept of Made in Italy is usually associated to the values of quality and excellence, which are famously related to the unique Italian capability of always concretizing beauty and functionality in an innovative way. In particular, we believe that a shoe is considered as “Made in Italy” not simply because it is produced and manufactured in the country, but also because of the unmatched craftsmanship and savoir faire of Italian artisans. These skills are present in the hands and hearts of the people who manufacture our products on a daily basis, with genuine pride and passion. We strongly believe in our human capital and we have among our employees people that have been working for Sergio Rossi for the past 20 years, thus contributing to create a unique and distinctive know-how. Our shoes, in fact, represent a virtuous example of “Italian Maestria”, i.e. the artisanal prowess that makes Italian products unique and famous all around the world.

This prowess represents a strategic asset, since in the San Mauro plant the production activity starts from the design of the shoe prototype and the realization of samples. Our plant is equipped to directly realize prototypes, moving immediately from the stylist’s sketches to the realization of the first wooden model of the last – the starting point for the production of any kind of shoe – and the first components: a heel sketch immediately becomes a tangible resin sample. Our teams entrusted with the research of raw materials and product development collaborate to solve the technical and creative challenges posed by the actual realization of the model. Our archive, in fact, contains numerous examples of the fruits of this synergy. Such capability to transform creativity into real physical objects results from the skills of highly-qualified technicians and from our operational structure, which offers us machines and tools enabling us to implement technical feasibility tests directly on site.

In fact, our plant is entirely self-sufficient for what concerns the product development phase, representing the strategic starting point of every Sergio Rossi collection. The industrialization phase begins only after having presented the collection to the market and it foresees the fine tuning of all the shoe components, which will determine its real industrial replicability.

Therefore, our technical team takes care of communicating all the technical specificities of each new model, needed to ensure its industrial realization, highlighting the identified challenges and evaluating the potential corrective actions. The productive area, counting on its technical know-how, completes the industrial process respecting the deadline and specificities required by the market, by putting in place as many as 120 steps to realize a single pair of shoes. Thanks to our internal excellence and our self-sufficient factory, we have also supported important luxury brands, collaborating on the product development and production of their most innovative models.

3.2
OUR SUPPLY CHAIN AND
OUR PRODUCTION PROCESS

As highlighted above, the core of our production process takes place in the San Mauro plant, our "Magic Kingdom", where each model becomes a piece of art. The plant features a factory equipped with 2 production lines and 2 warehouses, storing bottoms, leather and accessories and a logistic hub capable of dispatching all over the world up to 5,000 pairs of shoes per day. The factory works as an efficient engine exploiting the synergies between our craftsmanship excellence and the best technology available.

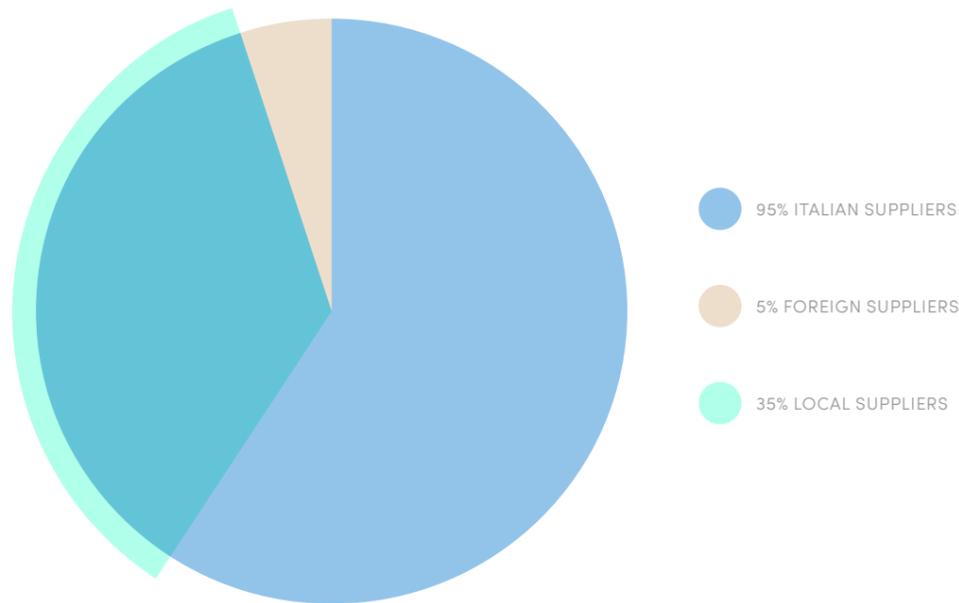
OUR SUPPLY
CHAIN

The Supply Chain function orchestrates the synergetic functioning of the entire production process, starting from the order collection to the planning of production activities and counting on the collaboration of the Buying, Planning and Logistics functions. After the realization of the first shoe sample, the Supply Chain concentrates on the verification of the specific production needs of each new collection model, in terms of raw materials and semi-finished components. A strong collaboration with the Style & Research function is then crucial in order to verify the qualitative and aesthetic standards required for the realization of the collection and it provides the basis for the work of the Buying Office.

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 and which are constantly monitored. It is also important to underline that all the leather and single components of a Sergio Rossi shoe are rigorously Made in Italy. The strong collaboration created with our external raw material and semi-finished products providers has been possible also thanks to 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 around 35% of our raw materials and external production activities and, more generally, 95% of our procurement comes from Italian players [102-9; 204-1].

ARTISANS AT WORK
FRAME FROM "THE MAGIC KINGDOM"





THE DATA ARE ASSESSED IN TERMS OF ECONOMIC VALUE OF THE PURCHASED MATERIALS AND SERVICES AND COVERS ALL THE PROCUREMENT BUDGET RELATED TO THE PRODUCTION PROCESS. THE "LOCAL SUPPLIERS" CATEGORY COMPRISES SUPPLIERS BASED IN THE EMILIA ROMAGNA REGION OF ITALY AND IN SAN MARINO; THE "ITALY" CATEGORY COMPRISES THE MARCHE, VENETO, LOMBARDIA, CAMPANIA AND TOSCANA REGIONS; WHILE THE "REST OF THE WORLD" CATEGORY COMPRISES ALBANIAN AND SERBIAN SUPPLIERS



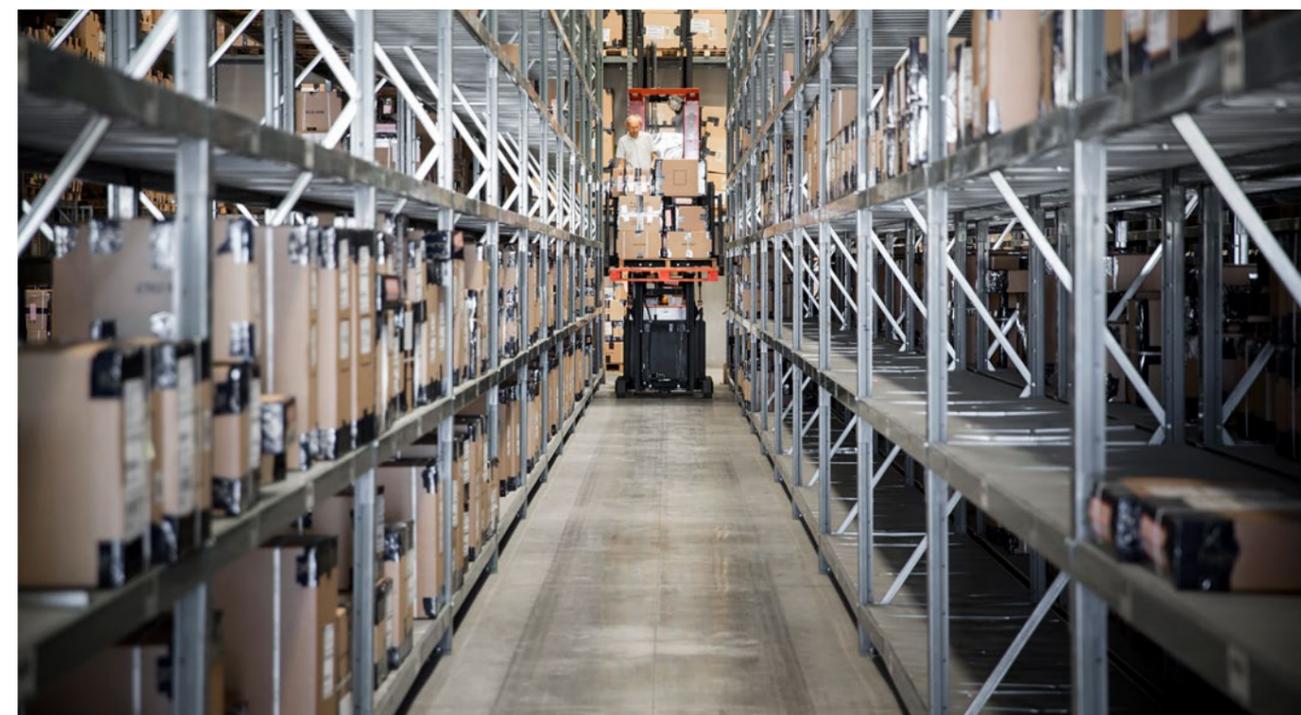
SAN MAURO PASCOLI DISTRICT

The birth of the shoemaking district dates back to the beginning of the 20th century. Coming on from the first artisans, we have assisted to the progressive development of extremely small productive entities and companies, specializing in the realization of semi-finished products and the supply of accessories. Over time these small entities have grown into big and structured companies, specialized in the production of luxury women shoes, components like heels and soles - but also bandages and twines - and in the realization of shapes. Successively, the San Mauro district has become a point of reference for Italian and international female luxury shoes brands. Moreover, the district hosts the CERCAL, one of the most renowned shoemaking schools attracting students from all over the world.

The strength of the local network does not slowdown our continuous research of reliable partners at a national level, which share our choices and values. Such a research activity is accompanied by the signing of our supply agreements, comprising a series of ethical and environmental clauses that have to be subscribed in order to enforce a commercial collaboration. Contextually, we also ask our suppliers to adhere to our Restricted Substances List (RSL), 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 Supply Chain function's work continues with the planning of all the activities implemented in our facility, producing around 85% of our products. The remaining 15%, instead, is produced by selected external Italian contractors that comply with our values and requests. The heart of the production process is therefore in San Mauro Pascoli, where the tradition of our skilled workers is blended with highly technological machinery and equipment. Each collection comprises an average of 150 models, originating 700 different typology of shoes according to the various combinations of colors and materials. After having completed the industrialization of our products, the function organizes and monitors the other production phases to be completed in San Mauro Pascoli in order to obtain the final products respecting the deadline, cost and quality features requested by the market. Finally, the Logistics function concludes the process by directly sending the finished products to the retail stores and wholesalers, thanks to our logistic hub, completely integrated with the factory and managed by our employees.

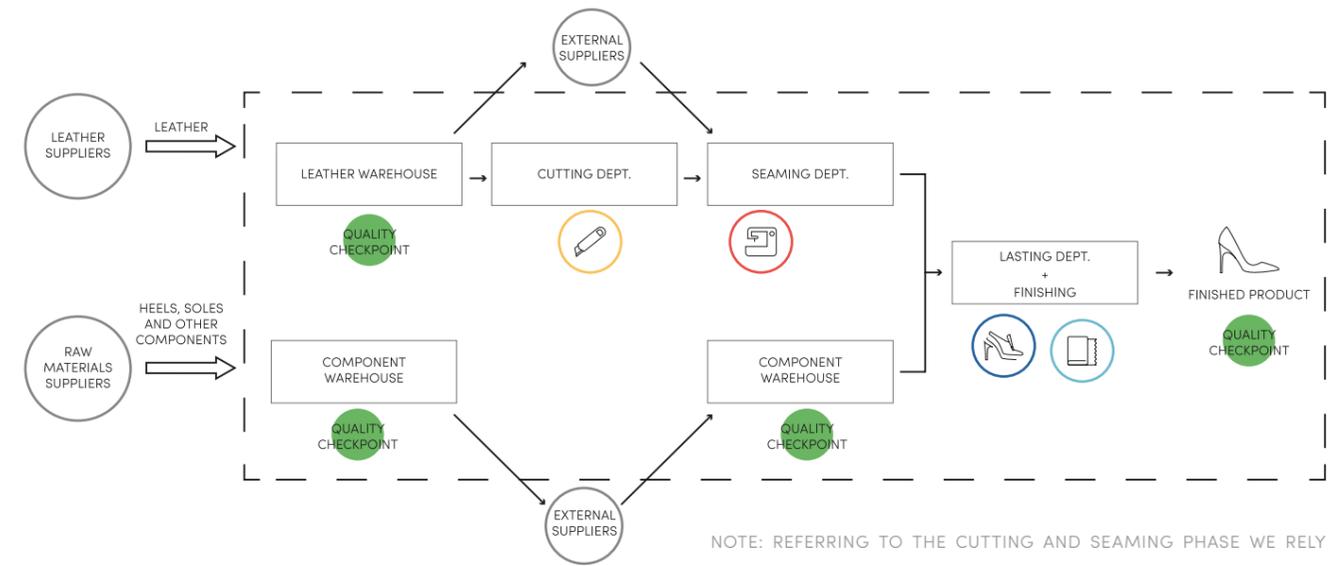
SERGIO ROSSI WAREHOUSE



OUR PRODUCTION PROCESS

The production process is split into 4 main phases: cutting, seaming, lasting and finishing. The Production Function is the one entrusted with the overall management of the production process, and we rely on 4 managers who are in charge of coordinating and supervising the single activities implemented by the workers active within the plant. Given the respect we devote to the concept of Made in Italy and the high qualitative standards characterizing our products, we have recently started a Quality Project, implemented in San Mauro Pascoli and aimed at formalizing, consolidating and redesigning the procedures and operations leading to our daily shoemaking activity.

In this respect, we have mapped over 120 steps needed to obtain the final product, in order to aligning 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. The Project, which is long-term oriented, has been implemented only 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 point of our brand.



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

PRODUCTION PHASE

DESCRIPTION

CUTTING



After having passed our first quality controls upon reception, the received leathers are cut by using the models authorized by the technical area. We rely on automated cutting machines, hollow cutters and highly-skilled cutters, able to perform this operation manually, as their high level experience enables them to extract the best from a leather piece. Therefore all prototypes samples and special pairs are always cut manually.

SEAMING



This stage is a key point in the shoemaking process: all the upper parts coming from the previous cutting phase are sewn together thanks to the prowess of expert hand-sewing operators. Often, at this point also 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 box.



3.3

THE IMPACTS RELATED TO OUR PRODUCTION PROCESS

RESPONSIBLE SOURCING

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 suppliers for the 100% of the leather procured. The overall amount of raw materials used for production purposes has slightly augmented from 168.6 tons in 2015 to 178.1 tons in 2016. This is a normal fluctuation, as the raw materials used change on the basis of the specificity of the models [301-1]. The total amount of packaging procured in 2016 has been equal to 105.2 tons, 8% more than in 2015 as all the packaging has been changed for the new sr1 collection [301-1]. However, we wish to point out that all our boxes and shoppers are FSC-certified (see the box below).

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.

As a result, in 2016 we have not received any relevant sanction related to the chemicals quantities contained in our final products, there has not been any incident of non-compliance with regulations or voluntary codes concerning health and safety impacts nor have we been found guilty of legal infringements [416-2].

FSC CERTIFICATION

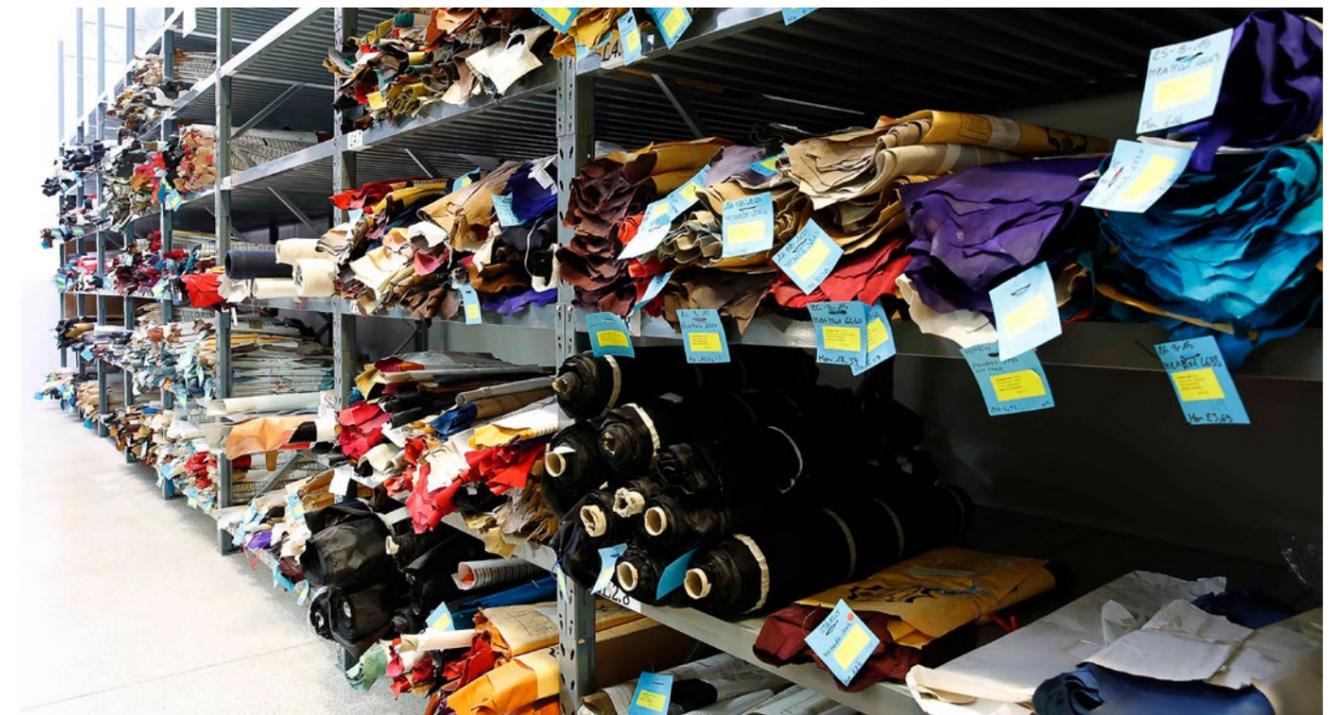
The Forest Stewardship Council (FSC) is an international not for profit NGO. The FSC is a forest certification system recognized at international level. The certification aims to ensure a correct forest management and the traceability of related products. The FSC certification guarantees that the product was made using raw materials from wood correctly managed according to the principles of the two main standards: forest management and chain of custody. The FSC certification programme 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). One of the main activities of the FSC is the drafting of standards, which are adapted at local level from national initiatives.

The health and safety of our customers are central to Sergio Rossi. Our Company, indeed, has always been committed to monitor the normative adequacy of the materials it uses in its production activities, in accordance with the national and international legal dispositions imposing the respect of ecotoxicological requirements, intended to limit the adoption of prohibited chemical substances and to guarantee the maximum safety for customers and the environment (the so-called REACH regulation, see the box below). Therefore, Sergio Rossi has realized 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, as to guarantee our legal compliance [416-1].

TYPE OF RAW MATERIAL	TYPE OF RAW MATERIAL (DETAIL)	QUANTITY 2015 (TON)	QUANTITY 2016 (TON)
PRODUCTION-RELATED	LEATHER	70.8	69.8
	PLATEAUS	2.3	1.7
	INSOLES	19.2	21.6
	SOLES	52.4	59.4
	HEELS	19.0	20
ANCILLARY MATERIALS	GLUES	2.2	2.8
	SOLVENTS	2.7	2.9
PACKAGING	QUALITY LABELS	0.2	0.2
	BOX LABELS	0.5	0.5
	LABELS	0.2	0.2
	BOXES	49.7	62.7
	SHOPPERS	10.4	3.7
	TISSUE PAPER	14.4	16.2
	TRANSPORT PACKAGING	21.7	21.7
TOTAL		265.6	283.3

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

SERGIO ROSSI
LEATHER WAREHOUSE



**SUSTAINABLE
PASSION**

Being aware of the increasing challenges represented by climate change and global warming, we are committed to keep improving our sustainability performance related to energy consumption and GHG emissions and we believe that it is necessary to take care of the impacts related to our production process, with the aim of progressively reducing them in the upcoming years. Therefore, our Facility team has been implementing a series of initiatives intended to monitor and progressively reduce our energy consumption and the amount of GHG emissions connected to our activities.

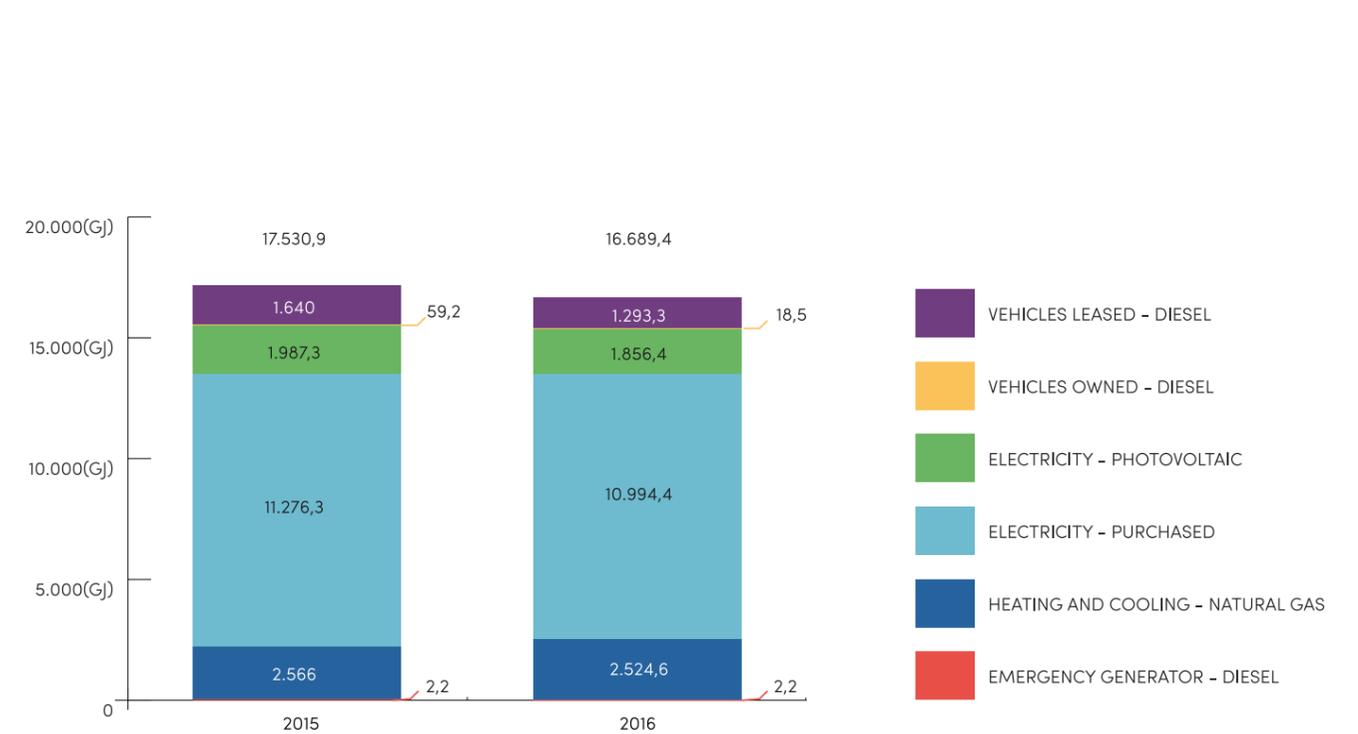
In particular, our total energy consumption is constantly monitored and directly attributable to three main vectors: electricity consumption; natural gas purchased from the grid and the diesel consumed by our corporate vehicles.

Since the design phase of our plant, we have devoted the utmost attention to maximize its performance. In particular, given that the energy consumption has been considered as a key factor, during the construction phase we planned the structure of the roof in order to augment its exposure to the sun. Our forward-looking vision allowed us a few years later to install 3,500 square meters of photovoltaic panels. This photovoltaic system represents an excellence in the San Mauro district, a virtuous example of sustainable architecture and production facility given that not so many companies, as of today, are able to produce and sell their own renewable energy. Around 15% of the electricity we consume is produced by our photovoltaic system, while the rest is purchased from the grid. Thanks to it, in 2016 alone we have generated CO2 savings equal to the CO2 emitted by around 100 passenger cars, which travel for 10,000 km in one year.

PHOTOVOLTAIC
PANELS



**OUR TOTAL ENERGY CONSUMPTION IN THE 2015-2016
BIENNIUM HAS BEEN THE FOLLOWING:**



In 2016, our total energy consumption has been equal to 16,689.4 GJ, a 4.8% reduction compared to 2015. In particular, our renewable energy consumption, coming from our photovoltaic plant, is equal to 1,856.4 GJ [302-1]. Furthermore, in 2015 and 2016 we have sold part of our photovoltaic energy production to the grid (127.4 and 135 GJ, respectively²). Approximately 60% of our electricity cool natural gas consumption is aimed at maintaining the best environmental conditions inside the plant for our workers, by warming or cooling the spaces.

In the past few years, our Facility team has put in place a number of initiatives aimed at better assessing our energy consumption. In 2015, in particular, we have conducted an energy audit with an independent consultant, which has led to the identification of several improvement areas. Subsequently, we created an intervention plan comprising a series of activities aimed at effectively tackling those areas. First of all, we have extended the substitution of the halogen lamps we use in our facilities with LED model, started in 2014. In 2016 alone, we switched 60 neon lamps with 30W LED lamps and 10 lamps adopted in the production chain with 48W LED lamps.

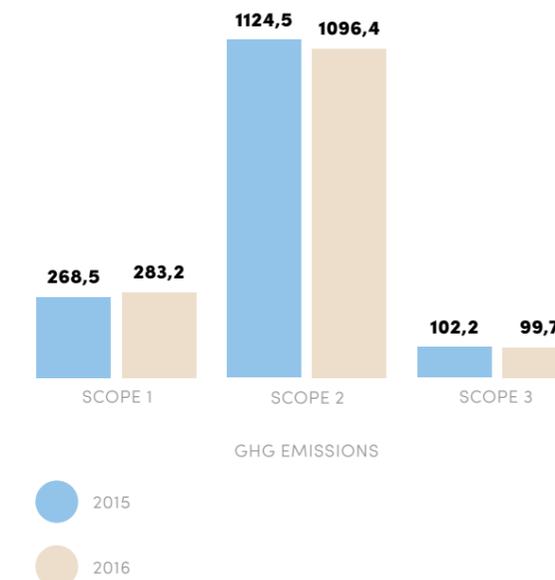
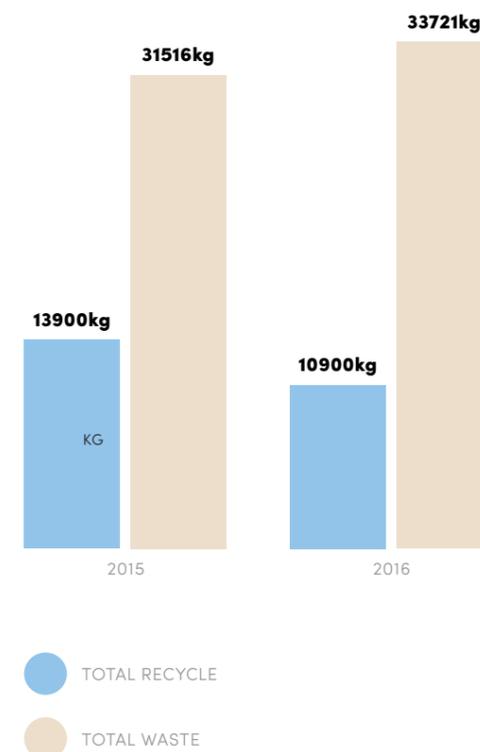
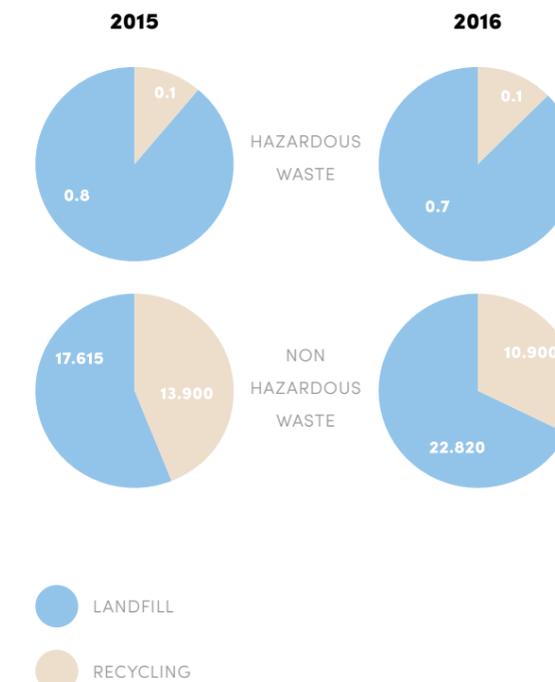
Furthermore, we have conducted a series of interventions on our compressed air system, which is used for a wide range of purposes within our factory, from cooling to energy storage, in order to reduce annual energy losses. Albeit being already an efficient system we have carried out additional maintenance activities intended to fix the existing holes. This has enabled us to reduce our total losses, which in 2016 were equal to 113,040 m3 of compressed air.

The total amount of GHG emission (Scope 1 + Scope 2 emissions) has decreased from 1,393 ton CO2 in 2015 to 1,380 ton CO2 in 2016, that could be both due to the seasonal pattern and to the interventions we have implemented to reduce our overall energy consumption. Further investigation about these figures will be carried out during the next years, thus improving our knowledge of the Company's GHG emissions and potential reductions [305-1; 305-2; 305-3].

²THOSE VALUES ARE
ADDITIONAL TO THE ONES IN
THE DIAGRAM.

	2015 (TON CO ₂)	2016(TON CO ₂)
NON-RENEWABLE FUEL CONSUMPTION FOR HEATING AND COOLING PURPOSES	143.3	140.9
NATURAL GAS	143.3	140.9
LPG	0.0	0.0
FUEL CONSUMPTION FOR EMERGENCY ELECTRICITY GENERATION	0.2	0.2
DIESEL	0.2	0.2
FUEL CONSUMPTION FOR OWNED VEHICLES	4.4	1.4
DIESEL	4.4	1.4
FUEL CONSUMPTION FOR LEASED VEHICLES (E.G. RENT VEHICLES)	120.7	95.2
DIESEL	120.7	95.2
REFRIGERANT GASES	0.0	45.5
TOTAL SCOPE 1 (DIRECT EMISSIONS)	268.5	283.1
ELECTRICITY PURCHASED FROM THE GRID	1,124.5	1,096.4
TOTAL SCOPE 2 (ENERGY INDIRECT EMISSIONS)	1,124.5	1,096.4
TOTAL SCOPE 1 AND 2	1,393.0	1,379.6
BUSINESS TRAVEL (BY AIR)	93.1	93.2
OF WHICH INTERCONTINENTAL	56.69	72.81
OF WHICH CONTINENTAL	35.46	19.46
OF WHICH DOMESTIC	0.96	0.92
BUSINESS TRAVEL (BY TRAIN)	9.1	6.6
TOTAL SCOPE 3 (OTHER INDIRECT EMISSIONS)	102.2	99.7
TOTAL SCOPE 1, 2 AND 3	1,495.3	1,479.3

We are firmly committed to correctly manage and track the waste generated by our operations, often in partnership with local entities and companies. Our total waste volumes can be split in two different categories: hazardous and non-hazardous waste. The former category comprises some of the glues we use in our production process, neon and some container categories, while the latter comprises raw material and packaging waste and can be compared to municipal waste. Our total waste volumes have increased (+ 7%), from 31,515.9 kg in 2015 – of which 44.1% recycled – to 33,720.8 kg in 2016 – of which 32% recycled [306-2]. Those numbers are affected by a variable pattern from year to year as a part of our waste production is not directly linked to the regular production process, but to the disposal of old stocks.



TOTAL WASTE VOLUMES DO NOT ACCOUNT FOR URBAN ASSIMILATED WASTE, LIKE ORGANIC WASTE, WHICH ARE PERIODICALLY COLLECTED BY A LOCAL UTILITY.

SCOPE 1 EMISSIONS COMPRISE DIRECT EMISSIONS COMING FROM SOURCES OWNED OR CONTROLLED BY THE ORGANIZATION, SUCH AS THE INTERNAL GENERATION OF ELECTRICITY, COOLING OR HEATING AND PHYSICAL PROCESSING. SCOPE 2 EMISSIONS, INSTEAD, COMPRISE THE EMISSIONS FROM THE GENERATION OF PURCHASED OR ACQUIRED ELECTRICITY, HEATING, COOLING, AND STEAM CONSUMED BY THE ORGANIZATION. FINALLY, SCOPE 3 EMISSIONS COMPRISE OTHER INDIRECT EMISSIONS RELATED TO RAIL AND AIR TRAVEL TRANSPORTATION ACTIVITIES.

04 Human resources management

4.1

THE ORGANIZATIONAL RELAUNCH

The Human Resources & Facility Function, which is entrusted with the management of human resources and organizational aspects both at an Italian and at a global level, has started an organizational relaunch, adhering to the guiding spirit of our corporate "New Deal". Such a reorganization is intended to improve the internal functioning of our Company, as well as to make our employees increasingly satisfied and motivated, with the aim of increasing the overall attractiveness of Sergio Rossi S.p.A.

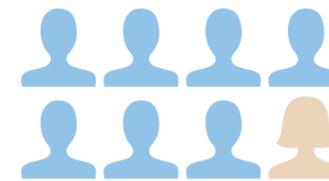
The Human Resources & Facility Function relies on an internal team covering crosscutting activities between the different geographic regions, such as internal communication, talent development and HR controlling. Moreover, the Human Resources Function counts on specialists taking care of administrative activities also in connection with the external payroll as well as HR Managers leading the Italian Factory as well as the regional teams in Europe, APAC and Japan. The HR activities for the USA Region are directly supported by Milan HQ.

As of 31/12/2016, our Company employed 282 people in Italy, considering the corporate channel, a slight decrease compared to 2015 [102-7; 102-8]. The main part of our employees are on permanent contracts: we had only 3 temporary contracts in 2015 and 5 in 2016. Both for 2015 and 2016 the part-time contracts were 31. All our employees are covered by collective bargaining agreements, as required by national laws [102-41]. A comprehensive breakdown of our employees in terms of age and gender is provided below.

2015
OTHER COLLABORATORS: 3



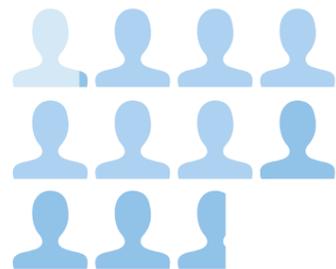
2016
OTHER COLLABORATORS: 8



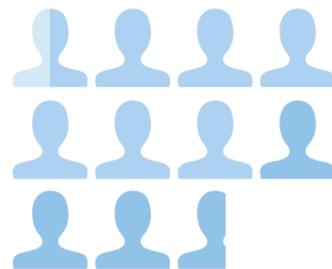
= 1 MALE COLLABORATOR
 = 1 FEMALE COLLABORATOR

	2015	2016
INTERNS	0	0
OTHER CONTRACTS	2	7
INTERNS	1	1
OTHER CONTRACTS	0	0

2015
TOTAL EMPLOYEES: 285



2016
TOTAL EMPLOYEES: 274



= 10 MALE EMPLOYEES
 = 10 FEMALE EMPLOYEES

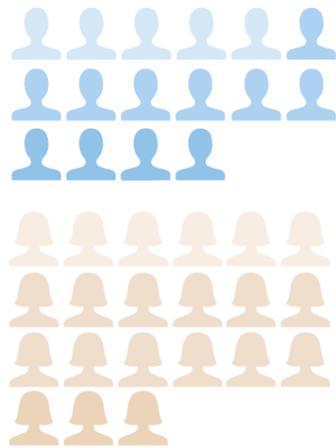
	2015	2016
< 30 YEARS	9	5
30 < X < 50	63	68
> 50 YEARS	35	33
< 30 YEARS	12	10
30 < X < 50	119	110
> 50 YEARS	47	48

At the same time, we have been focusing more and more on increasing our retention rate. Providing a stimulating environment, enabling us to attract and keep the most highly skilled people available, is a crucial component of our business activity. In order to provide new opportunities to our employees during the implementation of our internal reorganization, during 2016 the Function has been involved in the restructuring of the workforce composition, aimed at creating new functions and filling the existing vacancies by considering the potential needs of the post-merger situation. In particular, in order to optimize the corporate structure and accommodate the requests of our employees, the Human Resources & Facility Function has redesigned the responsibilities and roles assigned to each professional figure and several employees have been assigned to different teams compared to the past.

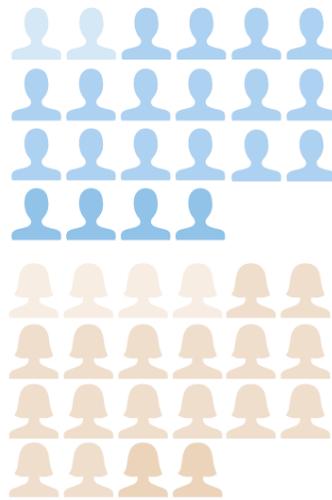
There has also been a reorganization of regional relationship activities and the Human Resources Function has introduced new communication tools and hired new executives based in the US and APAC regions, as to facilitate the management of these regions.

[401-1] THE TURNOVER RATE IS CALCULATED AS: NUMBER OF TERMINATIONS / TOTAL NUMBER OF EMPLOYEES AT 31ST DECEMBER OF THE PREVIOUS YEAR. THE RATE DOESN'T TAKE INTO ACCOUNT THE EFFECT OF THE MERGE BETWEEN SERGIO ROSSI S.P.A. AND SERGIO ROSSI MANUFACTURING (I.E. A "FALSE" TURNOVER)

2015
TOTAL NEW HIRES: 37
NEW HIRES RATE: 13%



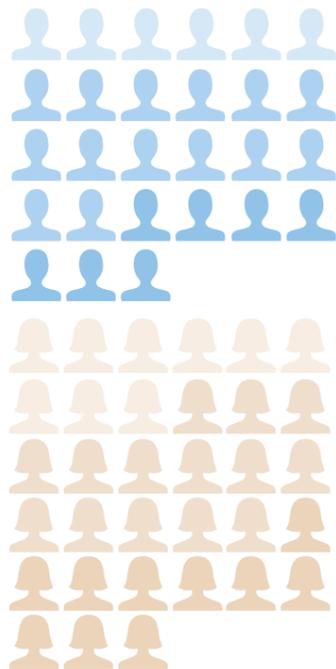
2016
TOTAL NEW HIRES: 44
NEW HIRES RATE: 16%



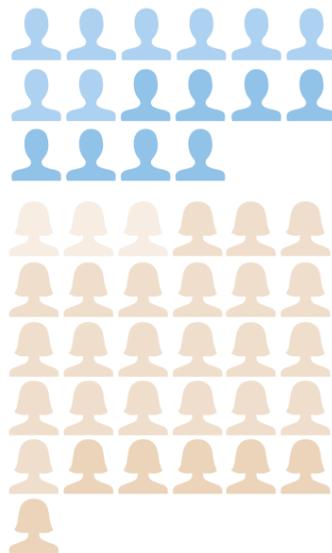
= 1 MALE EMPLOYEES
 = 1 FEMALE EMPLOYEES

	2015	2016
< 30 YEARS	5	2
30 < X < 50	7	16
> 50 YEARS	4	4
< 30 YEARS	6	4
30 < X < 50	12	16
> 50 YEARS	3	2

2015
TOTAL TERMINATIONS: 60
TURNOVER RATE: 21%



2016
TOTAL TERMINATIONS: 47
TURNOVER RATE: 17%



= 1 MALE EMPLOYEES
 = 1 FEMALE EMPLOYEES

	2015	2016
< 30 YEARS	6	0
30 < X < 50	14	8
> 50 YEARS	7	8
< 30 YEARS	9	3
30 < X < 50	14	22
> 50 YEARS	10	6

4.2 **HUMAN RESOURCES MANAGEMENT AND WELFARE INITIATIVES**

HEALTH AND SAFETY OF EMPLOYEES

Devoting a high degree of attention to health and safety aspects, we have implemented a comprehensive set of activities aimed at maximizing the protection we guarantee to our employees. Indeed, we currently exceed the requirements set by international norms through our voluntary interventions.

For what concerns risk assessment activities, the Human Resources & Facility function has developed a dedicated safety plan for each potential risk category or emergency – the two most likely being fire and repetitive movements – comprising a list of people in charge of specific tasks in case of danger. Furthermore, we have bought new safety equipment, such as defibrillators in San Mauro Pascoli and Milan, and trained people on their correct utilization: in the case of defibrillators, we have coached 20 people who will also be subject to retraining in the upcoming years. In addition, we frequently hold specialized training sessions on safety aspects, to which we have devoted 396 hours in 2015 and 407 hours in 2016. Such activities will continue also in 2017, with a specific focus on the correct use of chemical substances.

In 2016 we registered 6 injuries and 5 in 2015, of which only 5 (2016) and 2 (2015) are directly related to the production activity in the plant, as sprain or crush injuries. The total data, in fact, take into account also commuting accidents [403-2]. Occupational diseases are mainly related to repetitive movements and to a specific type of re-pressing machine. Therefore, since 2014 we have introduced two 8-minute pauses during the day for workers at risk of repetitive movements and in 2016 we have substituted the re-pressing machine with an automatic model, thus decreasing by 50% the amount of time spent at performing the re-pressing activity.



	MEN (2015)	WOMEN (2015)	MEN (2016)	WOMEN (2016)
TOTAL NUMBER OF INJURIES	3	2	4	2
INJURY RATE	16.7%	7.6%	24.0%	7.8%
OCCUPATIONAL DISEASE RATE	0.2%	0.2%	0.2%	0.2%
LOST DAY RATE*	0.3%	0.9%	0,4%	0.1%
ABSENTEE RATE	23.6%	26.9%	22.6%	23.8%

In addition, injuries and occupational diseases are continuously monitored and the Function conducts thorough recordkeeping activities, enabling us to gain a comprehensive understanding of the causes and consequences of each accident. For instance, we have conducted a series of work-related stress tests for each working area and location, comprising dozens of indicators, which have led to the identification of specific amelioration actions, whose progress will be carefully monitored in the upcoming months. The Facility Function, in fact, will be entrusted to issue a dedicated report on a monthly basis and to transmit it to an evaluation team, comprising the CEO, the Chief Operating Officer and the Production Director.

The Human Resources & Facility function works also to improve the quality of the working environment of the San Mauro Pascoli factory. In fact, in the past years, we have implemented a series of interventions to reduce our factory noise levels, such as the purchase of the aforementioned re-battening machine and the installation of insulating cabins and dedicated panels.

On the same vein, we have conducted a chemical risk assessment to verify the potential presence of formaldehyde in our warehouse, demonstrating that the exposition risk is abundantly lower than the minimum legal threshold. Finally, we have also improved the cooling and powder absorbing systems, thus further enhancing the quality of the workspace.

ALL DATA REPORTED IN THE TABLE ARE REFERRED TO SERGIO ROSSI'S EMPLOYEES (EXCLUDING CONTRACTORS, FOR WHICH NO INJURIES HAVE BEEN REGISTERED). FIRST-AIDS ARE NOT INCLUDED. *LOST DAYS AND ABSENTEE DAYS ARE CALCULATED AS WORKING DAYS. FOR INJURIES, LOST DAYS ARE CALCULATED STARTING FROM THE DAY OF THE INJURY.

TALENT ATTRACTION AND TRAINING

We are deeply convinced that Sergio Rossi people represent an invaluable resource for the company and, as an organization, we have the mission of empowering their potential by providing them an adequate number of growth and training opportunities at every level of the organization. In particular, in the past few years we have developed a series of formation activities covering every employee category and intended to provide our people with a set of advanced technical and managerial skills, in accordance with our strategy and corporate values, namely:

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

LOYALTY: to support the Company's needs and to be committed to serve the Company's interests first.

In particular, operative staff is subject to "training on the job", dedicated to the use of specific machinery and equipment. The same training is provided to people that change tasks, for professional reasons or in order to ameliorate the physical or personal working condition.

For new managers, instead, an induction program has been put in place, in order to provide them with a complete set of information and tools they need to know and understand to perform well in their role.

Moreover, in the last 2 years we have conducted a wide range of training activities for all our employees: in 2015 the total amount of training hours was equal to 1,891, while in 2016 the figure amounted to 1,263. In particular, in 2015 we drafted an employee development plan with our partner Fondimpresa to develop the language skills of the former Sergio Rossi Manufacturing employees, as well as to consolidate their technical expertise through the introduction of a continuous learning on the job process in certain production areas. The plan also involved specific activities for seasonal employees, as to make them more efficient and prepared at performing non-habitual skills.

TRAINING TYPE	2015 HOURS / EMPLOYEE	2016 HOURS / EMPLOYEE
AVERAGE HOURS OF TRAINING PROVIDED TO FEMALE EMPLOYEES	6.5	4.5
AVERAGE HOURS OF TRAINING PROVIDED TO MALE EMPLOYEES	6.9	4.9
TOTAL TRAINING HOURS [404-1]	1,891	1,263

The reduction of the total amount of training hours in 2016 is linked to the numerous changes occurred in the year, due to the organizational relaunch that required an important amount of energy and time. Due to the importance that training has to Sergio Rossi, the Human Resources & Facility function has planned a new training program for 2017 and 2018, in order to enhance the knowledge provided to all the employees. This program foresees also the implementation of the first training activities dedicated solely to our top managers, with the goal of presenting to our newly-hired managers their colleagues and all the production phases necessary to produce two pairs of our shoes starting from the assembling phase.

We have also recently started a collaboration with CERCAL, one of the most renowned shoe professional training schools within the San Mauro district. In particular, in 2017 CERCAL will host a series of training activities involving 14 young students, 8 of which will join Sergio Rossi as interns starting from fall 2017. The course will focus on the acquisition of craftsmanship skills and will feature both theoretical and practical sessions, such as the in-factory shadowing of experienced employees. Such a project will help us to find new talents and providing them with the skills required to perform our shoemaking activities. Moreover, it is also an innovative way to preserve and transfer traditional artisanal skills, given that older employees are directly involved in teaching activities, while introducing new technologies, like 3D modeling and CAD systems. Finally, the collaboration should ideally represent a successful, replicable way of introducing young students to their first employment.

Since 1984, the Research Center and International Shoemaking School (CERCAL) of San Mauro Pascoli has been active in offering specialized training courses for professionals employed in the shoemaking sector, in collaboration with over 50 local companies and artisans. Benefiting from its geographic location and its continuous interaction with shoemaking leaders of the district, the Center has become globally renowned for its initiatives dedicated to modelers, stylists and specialized technicians and most of the people it prepares end up working for local companies. The Center has also been chaired twice by Mr. Sergio Rossi, in the 1985-1990 and 2007-2013 periods.

In order to facilitate the attraction of the best talent available, we have also published a global referral program, enabling employees to signal to the recruiting team potential candidates for current and future job researches. 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.

WELFARE, REMUNERATION AND BENEFITS

Moved by the willingness of further extending our transparency levels, the Human Resources & Facility Function has recently been working on a new set of internal policies, which will be progressively published in the upcoming years and will discipline corporate welfare.

A first example is our new Benefit Policy, which is directly interrelated with the new Second-level Agreement concluded with our employees and trade union representatives in 2016. The main driver behind the draft of such a Policy has been that of further enhancing our positive liaison with the local territory. In fact all our San Mauro production workers during the month of July have been entitled to 2-hour lunch breaks, and the opportunity to earn free Friday afternoons by working 30 minutes longer during the other weekdays. By doing so, employees had the ability to spend more time with their families, having lunch together and spending more time with their children.

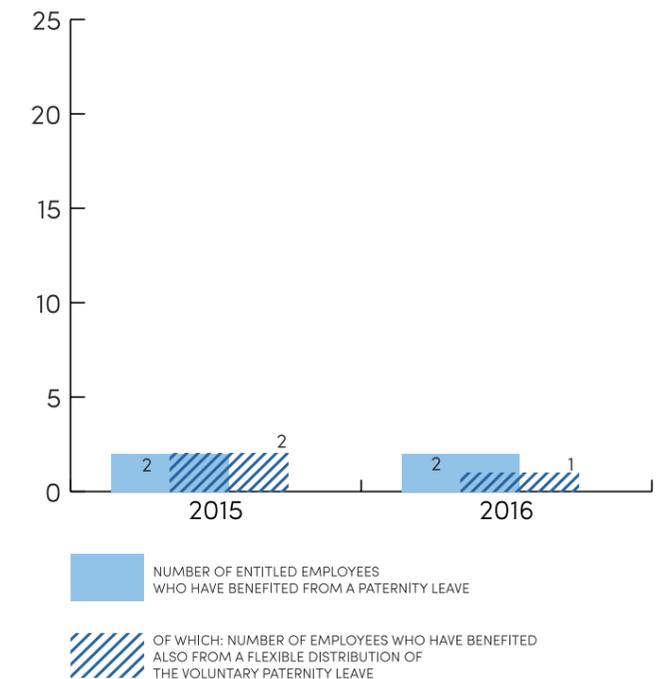
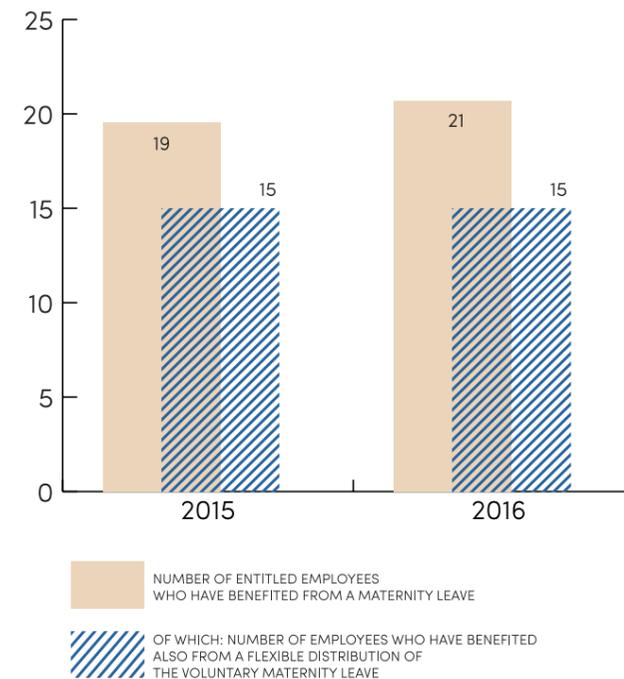
For what concerns our stores and outlets, our retail personnel can benefit from free uniforms and apparel.

Furthermore, in September 2016 the Function has published the new Group Employees Discount Policy with the purpose of facilitating the purchasing of our Company products to all group employees, by offering them a 30% discount on our branded articles. The Policy is valid for all employees with a permanent contract who have successfully passed their probation period, and these latter are allowed to buy products also for their close family members.

Similarly, a new Global Business Travel Policy has been set up, as to provide employees with an internal common framework highlighting the main business trip procedures they should follow, as well as detailing the promotional and entertainment expenses which may be reimbursed. The Policy also contains information on insurance coverage and the procedures to be followed in case of crisis or emergency. Regarding parental leave, in the past two years we have granted 21 (2015) and 23 (2016) parental leaves to our employees blessed with the birth of a child. Among them 17 and 16 people have decided to take the opportunity to have a flexible management of the voluntary parental leave, that allow them to distribute the total amount of hours connected to the leave over a prolonged period. All of the people that have concluded their parental leave came back to the Company, and all of them are still working for us 12 months after their return to the Company (100% return to work and retention rate) [401-3].



FREE UNIFORM:
TOUGH CHOICE



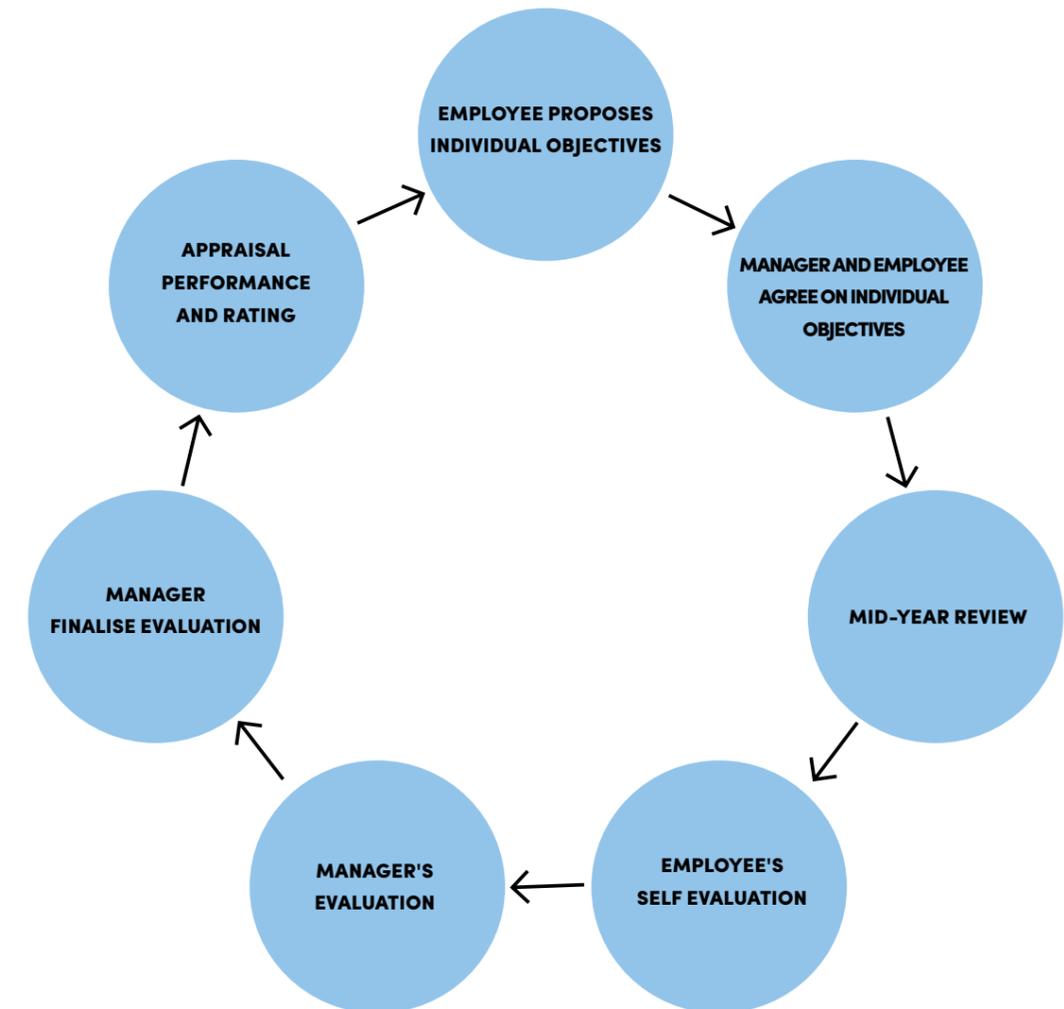
Our aim of ensuring a comprehensive empowerment of our talents is also demonstrated by our evaluation initiatives, which complement the benefits and training opportunities we provide to our employees. In particular, the Function is setting up a new performance appraisal system, clearly summarized by our Management by Objectives (MBO) Policy, which is expected to be published in 2017. Such document establishes a shared process of individual target definition, performance appraisal and bonus distribution, with the aim of making employee behaviors converge towards corporate objectives. In particular, the allocation of bonuses is based on both the overall corporate financial performance and the employee's individual performance. The individual performance, instead, is evaluated based on the degree of achievement of each employee's pre-determined individual targets, both on a quantitative and qualitative basis.

These targets are set and updated annually, starting from a list of key competencies defined by the MBO Policy and depending on the employee's rank and seniority. In the remainder of the year, the appraisal process is articulated in a series of milestones, aimed at promoting continuous coaching, in which each employee shares information with its manager, with the ultimate scope to align its daily performance to corporate priorities. In addition, employees willing to grow can proactively inform the Company and discuss with their manager about possible areas of interest, development, mobility across functions and/or in other geographies and any other relevant information and set up a dedicated development plan based on its personal needs and taken into account by the Human Resources when deciding promotions. Performance appraisal is therefore particularly important since it contributes to the definition of employees' overall remuneration.

OUR PERFORMANCE APPRAISAL SYSTEM

STEP 1
NEW YEAR OBJECTIVES
SETTING BY FEBRUARY

STEP 2
MID YEAR REVIEW
BY JULY



05 Methodological note

5.1 REPORTING PRINCIPLES AND CRITERIA

This is the first Sergio Rossi Sustainability Report that encompasses the period from 1 January to 31 December 2016 calendar year [102-51; 102-52]. This document is an annual publication and has been prepared in accordance with the GRI Sustainability Reporting Standards: Core option, published in 2016 by the Global Reporting Initiative (GRI) [102-54].

The contents of this report reflect the materiality analysis carried out according to the approach described in the paragraph §1.4 “Stakeholders and material aspects”, in accordance with the GRI Standards. As a signatory to the United Nations Global Compact (UNGC) Initiative from 2017, through the sustainability report Sergio Rossi will also fulfilling its commitment to producing a Communication on Progress – a public disclosure outlining its progress in implementing the 10 principles of the UNGC. In this sense, the UNGC principles are clearly mapped versus the GRI indicators in the GRI Content Index.

5.3 MATERIAL ISSUES

The table on the next page highlights the linkages between Sergio Rossi’s material issues (whose identification is described in detail in Chapter 1 above) and the corresponding GRI guidelines aspects. Moreover, the table shows the so-called reporting “boundaries”, i.e. whether each material topic generates impacts both within and 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 identify and implement specific actions aimed at gradually extending the scope of data collection and reporting for material aspects.

5.2 SCOPE OF REPORTING

This document includes a description of initiatives, events and programs happened or implemented in 2016, as well as a series of previous events with repercussions on the 2016 calendar year. Moreover, the Report introduces additional initiatives that will be carried out in 2017 [102-50]. When available and applicable, the quantitative information provided refer also to 2015, as to highlight current performance trends and evolutions.

For 2015 data, all the information refer to Sergio Rossi S.p.A. and Sergio Rossi Manufacturing, while 2016 data refer just to Sergio Rossi S.p.A., given that it completed the merger with Sergio Rossi Manufacturing S.p.A. in 2016, as described in paragraph §1.3 Corporate governance. All commercial branches and all their subsidiaries, as of December the 31st 2016, are not included. Any exception to such scope is clearly outlined within the text [102-45].

Sergio Rossi S.p.A. has its headquarters and plant in San Mauro Pascoli, via Stradone 600/602.

5.4 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 2016 Sustainability Report. The current Sustainability Report is not subject to external assurance [102-56].

GRI MATERIAL ASPECT	ASPECT BOUNDARY		REPORTING LIMITATION	
	WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION	WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION
Economic performance	Sergio Rossi S.p.A.			
Procurement practices	Sergio Rossi S.p.A.			
Materials	Sergio Rossi S.p.A.	Suppliers		Not extended to suppliers
Energy	Sergio Rossi S.p.A.	Suppliers		Not extended to suppliers
Emissions	Sergio Rossi S.p.A.	Suppliers		Not extended to suppliers
Effluents and waste	Sergio Rossi S.p.A.	Suppliers		Not extended to suppliers
Environmental compliance	Sergio Rossi S.p.A.			Not extended to suppliers
Supplier environmental assessment	Sergio Rossi S.p.A.			Not extended to suppliers
Employment	Sergio Rossi S.p.A.			
Occupational health and safety	Sergio Rossi S.p.A.			
Training and education	Sergio Rossi S.p.A.			
Diversity and equal opportunity	Sergio Rossi S.p.A.			
Supplier social assessment	Sergio Rossi S.p.A.			Not extended to suppliers
Customer health and safety	Sergio Rossi S.p.A.	Clients		

5.5

REPORTING PRINCIPLES AND CRITERIA

The calculation methodologies described below outline how energy and environmental figures have been computed both for 2015 and 2016.

ENERGY CONSUMPTION

The energy consumption related to the Company's owned and leased vehicles have been calculated starting from available fuel consumption data. The following table shows the conversion factors that have been used:

Fuel density	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors 2016 - Full set, 2016
LCV (Lower Calorific Value)	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali, 2016

AIR EMISSIONS

Air emissions are calculated taking into account all pollutants relating to industrial processes; the calculation is based on detection of pollutants concentrations, multiplied by estimated annual flows.

GHC EMISSIONS

Concerning environmental data, when these are not available conservative estimations have been used, resulting in the underestimation of the Group's environmental performance. Greenhouse gases emissions calculations have been carried out based on the principles included in the GHG Protocol Corporate Accounting and Reporting Standard. For what concerns the amounts of GHG emissions related to transportation activities, we have taken into account only outbound logistics activities, given the actual impossibility of estimating the emissions related to inbound logistics. Finally, in order to calculate the amount of ton 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 equated to the amount of CO2 emissions generated by a "Supermini" passenger vehicle (as defined by the UK DEFRA conversion tables) traveling for 10,000 kilometers a year, as to obtain the corresponding equivalence.

	SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
GHC EMISSIONS SCOPE 1	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, 2016	Fuel consumption (Diesel and natural gas)
	Owned and leased cars	Fuel consumption (diesel)	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali, 2016	Fuel consumption (diesel)
	Leakages from air-conditioning systems of refrigerant gases	Leakages (kg)		Leakages (kg)
GHC EMISSIONS SCOPE 2	Electricity purchased from the national grid	Electricity consumption (kWh)	Terna, Confronti Internazionali, 2015	Only CO2 emissions were considered
GHC EMISSIONS SCOPE 2	Business travel by air	Distance covered (km)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors 2016- Full set, 2016, 2015, 2014	CO2 equivalent, considering the following gases: CO2 (GWP = 1), CH4 (GWP = 25) and N2O (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 2015", 2015.	Only CO2 emissions were considered

5.6 CONTACTS

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

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EMAIL: INFO@SERGIOROSS.COM

06 Appendix

In addition to the information required by the GRI Standard respect to each indicator linked to our material topics, we closely monitor other environmental aspects connected to our processes, in a perspective of regulation compliance.

6.1 WATER

Our water consumption, which is entirely supplied by municipal sources, has recently increased from 3,260 to 10,076 cubic meters. Increase in consumptions are due to unspecified reasons; further analyses will be carried out during the next years in order to investigate these trends [303-1].

WATER CONSUMPTION SOURCE

	2015 (m ³)	2016 (m ³)
MUNICIPAL SUPPLY	3,260	10,076

6.2 AIR EMISSIONS

Every year we carry out an analysis on our air emissions, as requested by environmental authorizations in accordance with Legislative Decree n. 152/06. In 2016, the values recorded in all the emissions examined and in all the sampling performed were lower than the limits. Details are provided in the table below.

AIR EMISSIONS

UNIT	2016
t	0.12

6.3 GRI CONTENT INDEX

The following table (next page) 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 are 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			
GRI 102: GENERAL DISCLOSURES 2016	102-1 NAME OF THE ORGANIZATION	10	
	102-2 ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES	10	
	102-3 LOCATION OF HEADQUARTERS	12	
	102-4 LOCATION OF OPERATIONS	12	
	102-5 OWNERSHIP AND LEGAL FORM	16	
	102-6 MARKETS SERVED	12	
	102-7 SCALE OF THE ORGANIZATION	50	NET SALES ARE NOT CLEARLY REPORTED, AS WELL AS THE TOTAL CAPITALIZATION BROKEN DOWN WITH A DEBT/EQUITY SPLIT. WE DO NOT REPORT THE TOTAL NUMBER OF SHOES PRODUCED EVERY YEAR.
	102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS	50	
	102-9 SUPPLY CHAIN	38	
	102-10 SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN	26	
	102-11 PRECAUTIONARY PRINCIPLE OR APPROACH		AS OF TODAY, SERGIO ROSSI DOES NOT FORMALLY ADHERE OR ADAPT ITS DECISION-MAKING APPROACH IN ACCORDANCE TO THE PRECAUTIONARY APPROACH.

GRI STANDARD	DISCLOSURE	PAGE NUMBER / URL	OMISSION PART OMITTED, REASON AND EXPLANATION
GRI 102: GENERAL DISCLOSURES 2016	102-12 EXTERNAL INITIATIVES	18	
	102-13 MEMBERSHIP OF ASSOCIATIONS	18	
	STRATEGY		
	102-14 STATEMENT FROM SENIOR DECISION-MAKER	7	
	ETHICS AND INTEGRITY		
	102-16 VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR	18	
	GOVERNANCE		
	102-18 GOVERNANCE STRUCTURE	16	
	STAKEHOLDER ENGAGEMENT		
	102-40 LIST OF STAKEHOLDER GROUPS	19	
	102-41 COLLECTIVE BARGAINING AGREEMENTS	50	
	102-42 IDENTIFYING AND SELECTING STAKEHOLDERS	19	
	102-43 APPROACH TO STAKEHOLDER ENGAGEMENT	19/34	
	102-44 KEY TOPICS AND CONCERNS RAISED	19/34	

GRI STANDARD	DISCLOSURE	PAGE NUMBER / URL	OMISSION PART OMITTED, REASON AND EXPLANATION
	REPORTING PRACTICE		
GRI 102: GENERAL DISCLOSURES 2016	102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	16/60	
	102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES	60	
	102-47 LIST OF MATERIAL TOPICS	21	
	102-48 RESTATEMENTS OF INFORMATION	NA	
	102-49 CHANGES IN REPORTING	NA	
	102-50 REPORTING PERIOD	60	
	102-51 DATE OF MOST RECENT REPORT	60	
	102-52 REPORTING CYCLE	60	
	102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT	63	
	102-54 CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS	60	
	102-55 GRI CONTENT INDEX	64	
	102-56 EXTERNAL ASSURANCE	60	

GRI STANDARD	DISCLOSURE	PAGE NUMBER / URL	OMISSION PART OMITTED, REASON AND EXPLANATION
MATERIAL TOPICS			
GRI 200 ECONOMIC STANDARD SERIES			
	ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY	12/13	
	103-2 THE MANAGEMENT APPROACH AND ITS COMPONENTS	12/13	
	103-3 EVALUATION OF THE MANAGEMENT APPROACH	12/13	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	12	
	PROCUREMENT PRACTICES		
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY	38	
	103-2 THE MANAGEMENT APPROACH AND ITS COMPONENTS	38	
	103-3 EVALUATION OF THE MANAGEMENT APPROACH	38	
GRI 204: PROCUREMENT PRACTICES 2016	204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS	38	

GRI STANDARD	DISCLOSURE	PAGE NUMBER / URL	OMISSION PART OMITTED, REASON AND EXPLANATION
GRI 300 ENVIRONMENTAL STANDARDS SERIES			
	MATERIALS		
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY 	44/45/46	
	103-2 THE MANAGEMENT APPROACH AND ITS COMPONENTS 	44/45/46	
	103-3 EVALUATION OF THE MANAGEMENT APPROACH 	44/45/46	
GRI 301: MATERIALS 2016	301-1 MATERIALS USED BY WEIGHT OR VOLUME 	44	
	ENERGY		
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