

Consolidated non- financial statement

pursuant to articles 3 and 4 of Legislative Decree
254/16

Sustainability report at 31 March 2019



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Letter from the Chairman

A year has passed since we began the journey to clarify the issues related to social responsibility which permeate our work and our daily life.

During this year, the Piquadro Group has become larger and has acquired a prestigious French brand, La Maison Lancel, founded in 1876 in Paris and which has led the Group for the first time, along with the organic growth of the Piquadro and The Bridge brands, to exceed the threshold of one hundred million euros in turnover. Today our Group has a turnover of 149 million euros and employs 1,168 people in various parts of the world.

These results make us proud of the work we have done and further emphasise the responsibility to work according to the core values of our Group such as integrity, fairness and transparency as well as the attention to passion for work, quality and production.

We have grown but we haven't changed.

Growing means placing greater and more coherent attention on the value of people, the true heritage of our group, their skills, as well as respect for the environmental values, communities and territories that surround us.

We are committed (and will continue) to work to ensure the sustainability of the way we operate by adopting behaviour patterns and procedures which respect everyone.

And also, in the external, non-organic dynamics of development, we have adopted this model by choosing Maison Lancel, which was already way ahead in the paths of sustainability and respect for values which are similar to and coherent to our own.

Sustainability in Piquadro and its diversified entities, with its extended geography, is an integral part of governance, our development model, our way of doing business which is enriched by new people, new issues and who will never take a step backwards.

This year, even more so, we can say that social responsibility is part of us and it is a fundamental element of our business to create sustainable value for our current and future stakeholders.

Marco Palmieri

Methodological note

This document is the consolidated non-financial statement (hereinafter also "NFS" or "Sustainability Report") of the Piquadro Group (hereinafter also "the Group") prepared in accordance with Legis. Decree 254/16 and relates, as applicable, to understanding the business activity, its performance, results and the impact of the product itself, regarding the issues stipulated in Art. 3 of Legis. Decree 254/16, referring to the fiscal year ended 31 March 2019 (from 1 April 2018 to 31 March 2019).

As foreseen by Art. 5 of Legis. Decree 254/16, this document constitutes a separate report and it is marked with specific terminology to identify it as the NFS required by law.

This Sustainability Report was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by the GRI (hereinafter "GRI Standards") according to the "core" option. In addition, where appropriate, the guidelines of the 2017/C215/01 EC Guidelines were also taken into account.

The definition of the relevant aspects for the Group and its stakeholders took place according to a structured process of materiality analysis, which also included a comparison of material topics with sector best practices, as described in the paragraph "Materiality analysis". As regards the information required by Art 3, paragraph 2 of Legis. Decree 254/16, it is noted that, given the type of business, the following issues are not included in the reporting scope as they were not considered relevant to ensure an understanding of the Company's activities:

- the use of water resources, as these are used exclusively for sanitary purposes;
- polluting air emissions other than greenhouse gas emissions.

The scope of the economic, social and environmental data and information reported in this document refers to companies consolidated line-by-line in the Group's Consolidated Financial Statements at 31 March 2019, listed in the "Corporate Structure" section of this document. With reference to significant changes in fiscal year ended 31 March 2019, it is noted that on 2 June 2018 Piquadro S.p.A. signed a contract of sale for the acquisition of Lancel International S.A., a Swiss company which owns the "Lancel" brand. No further significant variations are reported on changes in the Group's size, organisational structure, ownership structure and supply chain.

In order to allow the comparability of data and information over time and to assess the Group's performance, a comparison with the previous year is proposed. In this regard, it should be noted that comparability of the data is influenced by the acquisition of Lancel International S.A., whose data is related to only ten months of operation within the Group (from 1 June 2018 to 31 March 2019). The re-statement of the previously published data is clearly referred to as such. In addition, in order to give a correct representation of performance, the use of estimates has been limited as much as possible; where estimates have been used, these are based on the best methodologies available and appropriately reported.

The frequency of the reporting of non-financial information and the publication of the NFS is annual: this document was approved by the Board of Directors of Piquadro S.p.A. on 10 June 2019.

The Report is also subject to a limited assurance engagement (according to the criteria set out by the ISAE 3000 Revised principle) by Deloitte & Touche S.p.A. The verification was carried out according to the procedures outlined in the "Independent Auditor's Report", which is included in this document.

The Piquadro Group has embarked on a continuous improvement process related to sustainability aspects with a view to implementing social and environmental responsibility in the medium to long term.

This path will start from an in-depth analysis of the risks generated and incurred, including those related to the supply chain. In this regard, a summary of the objectives planned in the various areas of sustainability is reported:

Environmental issues

As explained in the Code of Ethics, the Group considers the environment as a primary asset of the community to be protected and safeguarded. To this end, company activities are planned by seeking a balance between economic initiatives and environmental needs, always in compliance with the applicable legal provisions. In addition, the Parent Company has analysed, within the framework of the Organisational and Management Model pursuant to Legislative Decree 231/01, the activities exposed to the risk of environmental crimes and adopted a special part relating to environmental crimes. These areas were also analysed in the subsidiary The Bridge S.p.A. which in June 2018 finalised the adoption of the special section on environmental offences.

In order to strengthen its commitment to responsible management of resources, reduction of energy consumption and better management of emissions into the atmosphere, the Piquadro Group confirms its commitment to adopting a Group environmental policy.

Fight against active and passive corruption

The issue is dealt with in the Group's Code of Ethics and is supervised under the Organisational and Management Model pursuant to Legislative Decree 231/01, adopted by the Parent Company and by the subsidiary The Bridge SpA, analysing the areas and company operations most closely exposed to the risk of corruption and adopting the necessary anti-corruption measures.

In order to confirm and strengthen its commitment, which is essential and shared, in the fight against active and passive corruption, the Group confirms its objective of adopting an anti-corruption policy at Group level.

Employee-related issues

In the Code of Ethics, the Group has formalised its commitment to protecting and promoting the value of human resources, increasing its skills and guaranteeing safe working conditions which respect individual dignity. At Parent Company level, two personnel management procedures have been codified, one in view of the administrative management of resources, the other drawn up within the organisation and management Model pursuant to Legislative Decree 231/01. Furthermore, the Italian companies have adopted a procedure for managing health and safety at work, including a "safety organisation chart". The Group confirms its commitment to adopting a policy of management and development of personnel and occupational health and safety, with a view to continuous improvement.

Protection of human rights

In the Code of Ethics, the Group affirms its commitment to respecting human rights by referring to the ILO (International Labour Organisation) Declaration on fundamental principles and rights at work, including the prohibition of forced labour and child labour, freedom of trade union association, the prohibition of discrimination and harassment. Moreover, through the dissemination of the Code of Ethics, the Group aims to apply these principles to all Group companies. With a view to continuous improvement, the Group confirms the objective of defining a Supplier Code of Conduct and implementing a sharing process with the main categories of business partners, as well as providing training courses for Group employees in the area of human rights.

In addition, regarding the selection process of new suppliers, the Group aims to include new parameters relating to the protection of human rights and other social and environmental criteria.

For the objectives mentioned, the Piquadro Group is committed to addressing these four areas as a priority. The aforementioned objectives will be reasonably implemented by March 2020.

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1. The Piquadro Group

The Group at a glance at 31 March 2019:



Sales revenues: €147.5 million (+ 51.1% compared to fiscal year 17/18)



Net profit: €34.48 mln

Adjusted net profit¹: €6.16 mln (+29.0% compared to that recorded as at 31 March 2018)



127 directly operated stores and 59 indirect points of sale



1,168 employees

The Piquadro Group operates in the leather goods market and designs, manufactures and markets its own brand (Piquadro, The Bridge and Lancel) which are characterised by a focus on design and technical-functional innovation, which leads to the creation of bags, suitcases and accessories.

The main characteristics for the three brands are the attention to detail and quality of the workmanship and leather: the Piquadro product stands apart thanks to its innovative design and technological content. The Bridge enhances the vintage flavour of the Tuscan workmanship and finally the Lancel collections embody the Parisian allure of a Maison founded in 1876.

At the Piquadro headquarters in the Silla area of Gaggio Montano, on the Tuscan-Emilian Apennine, administrative and management activities, design, research and planning, material choice and marketing communication strategies take place.

The production of part of the small leather goods and some Piquadro briefcases is carried out internally through the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. at the Zhongshan plant (People's Republic of China).

In addition, part of the production of the Lancel and The Bridge brands takes place at the Scandicci plant in Tuscany.

¹ The adjusted net profits are defined as the results from the Piquadro and The Bridge brands and exclude non recurring costs and profits.

1.1 The history and values of the Group



The common values which the Piquadro Group pursues and identifies include the development, promotion and support of cultural background, talent and the potential of its human resources in order to create a working environment which encourages and values the contribution of every single human resource.



The Piquadro Group aims to earn the trust, respect and loyalty of its customers on the basis of the efficiency and excellence of the work of its employees and collaborators.

✚ Founded in 1987 by Marco Palmieri, then a young engineering student, it initially operated as a small leather goods company for third parties.

✚ In 1998, after ten years of production for the most prestigious Italian luxury leather goods companies, Piquadro launched its own brand.

The name comes from the combination **P**almieri-**P**elletteria which, in homage to the fact the founder likes mathematical terms, becomes P^2 , (P squared), which in Italian is pronounced Piquadro.

Design, functionality and technology are the values on which the new leather goods brand aims to stand out in the market.



✚ The first Piquadro *boutique* opened in 2000 in Via Spiga, in the heart of Milan's fashion quarter. Two years later, the first franchise store opened in Via Frattina in Rome.

✚ In 2006, the new headquarters in Silla di Gaggio Montano was inaugurated, a futuristic building nestled in the green of the Tuscan-Emiliano Apennine, where the research, development and logistics processes are managed.



✚ In 2007, Piquadro was floated on the Italian Stock market in Milan (Expandi segment).

✚ The growth of the brand continues with the launch, in 2011, of Sartoria, a line of luxury and tailor made handmade leather goods in Italy.

✚ In the following years, there were openings in the most strategic points of branded shopping worldwide: in 2012 the new headquarters, with offices and showrooms, was opened in the Milan fashion quarter. 2014 marks the first step towards the UK market with the opening of the flagship store in the highly central Regent Street.



✚ In December 2016, Piquadro acquired The Bridge, a historic Florentine brand working in leather manufacturing and the production of handbags and accessories.

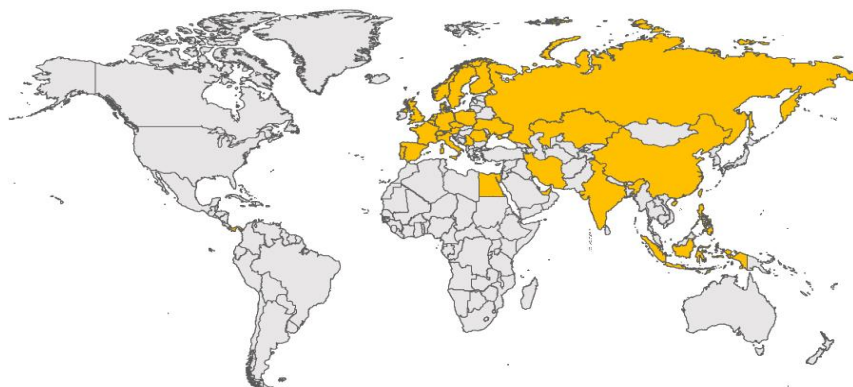
✚ In June 2018, Piquadro acquired Lancel International S.A. ("Lancel International") - a Swiss company, wholly owned by the Richemont Group, which owns the "Lancel" brand, which holds 99.9958 % of the capital of the French law firm Lancel Sogedi S.A. and the Spanish and Italian law firms which manage the Lancel boutiques present in those countries (Lancel International and the companies from this "Lancel Group"). Maison Lancel, based in Paris and founded in 1876, creates and distributes luxury leather goods and elegant accessories for men and women.



Diffusion of the brand

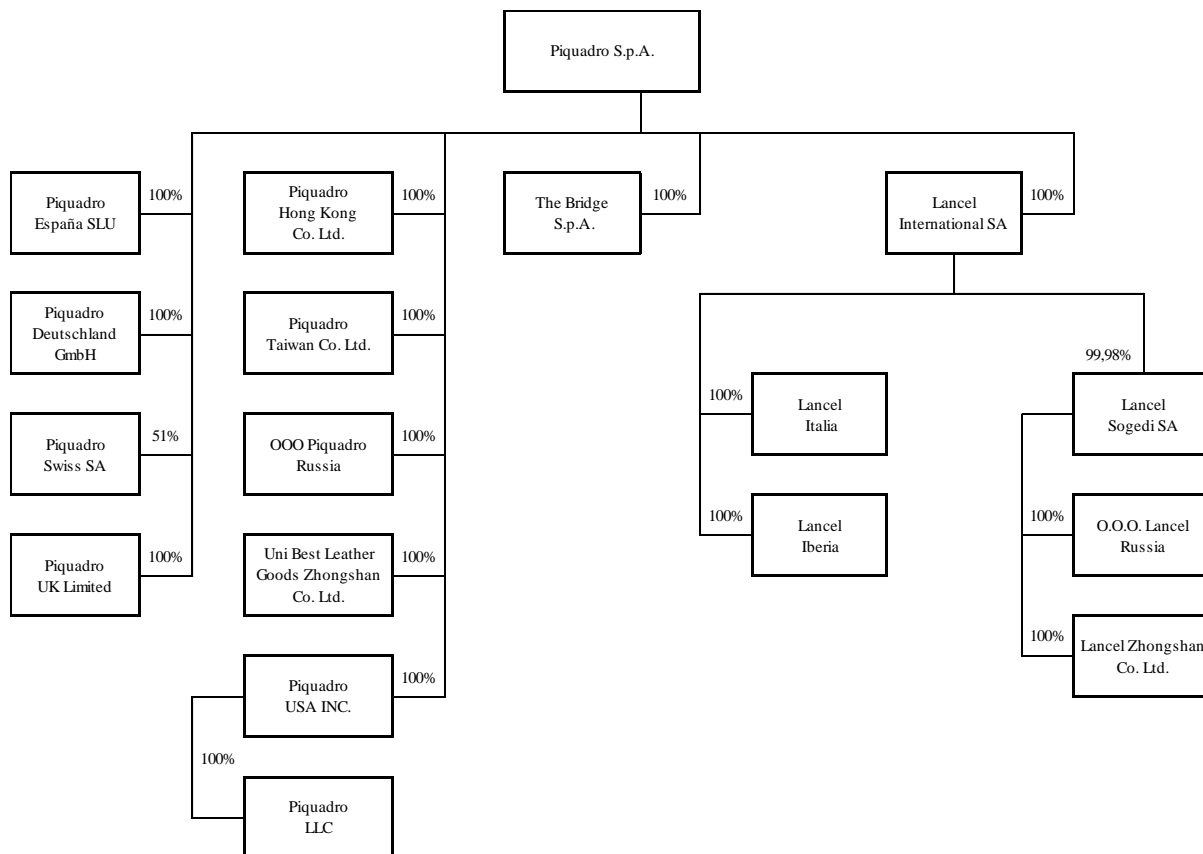
As of 31 March 2019, the brand is present in more than **50 countries with 186 sales outlets, of which 127 single-brand stores** are directly managed (55 Piquadro stores, 9 The Bridge, and 63 Lancel), **59 indirect sales outlets** represented by multi-brand stores and single-brand franchise stores (47 Piquadro stores, 4 The Bridge and 8 Lancel) and finally a network of distributors reselling the items in specialised multi-brand stores.

Stores under direct or indirect management of the Piquadro Group in 2018/2019



Corporate structure

As of 31 March 2019, the Piquadro Group is structured as follows:



In particular, we report that the acquisition of the company Lancel International S.A. was finalised on 2 June 2018.



For more information on the Group's corporate structure, please refer to the Annual Financial Report published in the Investor Relations section of the <http://www.piquadro.com> website.

Corporate Governance



Following the traditional system, the corporate governance provides for the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors has a strategic and supervisory focus, while the Board of Statutory Auditors carries out controls.

The purpose of the Group's corporate structure is to achieve the strategic objectives and, at the same time, ensure the correct and sound management of the activities and protect all stakeholders.

The Board of Directors, in office for three years and until 31 March 2019, is as follows:

Marco Palmieri	Chairman and CEO
Marcello Piccioli	Managing Director
Roberto Trotta	Managing Director
Pierpaolo Palmieri	Managing Director
Paola Bonomo	Independent non-executive director ²
Catia Cesari	Independent non-executive director
Barbara Falcomer	Independent non-executive director

Composition of the Board of Directors, by age group and gender

Age	As at 31 March 2019		
	Men	Women	%
<30	0	0	0%
30-50	1	1	29%
>50	3	2	71%
%	57%	43%	100%

The board members, with different professional backgrounds, have all the professional requirements and experience necessary to carry out their mandate.

In order to ensure transparency and guarantee that targets are reached and the effectiveness of the Group as well as the reliability of the financial information, pursuant to laws and regulations, the Board has set up two committees within it: **Audit and Risks Committee** and the **Remuneration Committee**. Both committees have an advisory and proactive role, with the aim of facilitating the Board's functionality and activities.

In addition, the '**lead independent director**' has been established: a reference point and coordination of the applications and contributions of non-executive directors and, in particular, those who are independent, guaranteeing a wider autonomy of judgment than management, this person works with the Chairman of the Board of Directors to ensure that administrators receive comprehensive and timely flows of information.

² Independent board members as described by the TUF [Consolidated Law on Finance] and Corporate Governance Code

1.2 The Ethical management of our business



The pre-arranged company values and conduct to achieve **ethical business management** have been codified in the Code of Ethics, implemented and applied by all the companies in the Group: this contains the set of rights, duties and responsibilities of all those who, in any capacity, operate in or for Piquadro. The leadership of the Parent Company is required to periodically review and update the document on the basis of the internal Supervisory Board's reports. The Piquadro Group operates, in any case, in absolute compliance with Italian and international laws and regulations, as well as, where present, internal procedures set under the organisation and management Model pursuant to Legis. Decree 231/01.

The Piquadro Group has never solely focused on results alone but also on the way in which these results are obtained.

A key component of the Piquadro Group's approach to business has always been its strong ethical culture which has led to a commitment to avoid and eliminate potentially opportunistic behaviour. Piquadro believes in the **values of integrity, fairness, transparency and innovation**, thanks to its a strong and recognised cultural identity. The Piquadro Group also aims to reconcile competitiveness on the market with compliance to competition regulations and to promote, as regards social and environmental responsibility, the correct and responsible use of resources.

In June 2008, the Parent Company adopted the **Organisational and Management Model** (hereinafter also the "Model") pursuant to Legis. Decree 231/2001 and adopted the **Group Code of Ethics**, to set up a structured and organic system of rules to enable the prevention of illegal behaviour by monitoring areas and activities at risk and guarantee the ethical management of the business.

From 2017 the subsidiary The Bridge S.p.A. also instituted the Supervisory Board and adopted the Group Code of Ethics. Following the acquisition of the Lancel Group in 2018, the Parent Company is working to also extend the Code of Ethics to the new subsidiary.

Code of Ethics

The Group, in the context of its activities and within in its business, has always considered its priority objective to **carry out the business activities in respect and protection of all partners** and individuals with whom it relates, as well as compliance with the law and regulations of the relevant subjects.

Each member of the organisation of the Piquadro Group is required to comply with all applicable laws, keeping to the highest standards of **corporate ethics**.

The Parent Company has codified these business principles in the **Code of Ethics** which it submits to the other companies of the Group so that they, after modifying and / or integrating

it in relation to specific needs, they can formally adopt these as a management tool and an effective element of its strategy and organisation.

The Code of Ethics therefore contains the set of **rights, duties and responsibilities of all those who**, for any capacity, **work at or for Piquadro**.

Moral integrity is a constant value and duty for the Piquadro Group, characterising all the organisation's behaviour and in no case does pursuing the Group's interest justify an action which is not coherent with the principles of the Code. Therefore, each individual must pay attention to circumstances which may be indicators of misconduct and act promptly to avoid misconduct.

The Piquadro Group leadership team, also referring to the indications received by the Supervisory Board set up under Legis. Decree 231/2001, is required to periodically review the Code of Ethics and to ensure constant updating.

Organisational and Management Model

The **Organisational and Management Model** of the Parent Company Piquadro S.p.A. and the subsidiary The Bridge S.p.A. involves every aspect of the company business to correctly manage activities which are at risk of crime and possible conflict of interest situations. In particular, the checks involve, with different roles and at different levels, the Board of Directors, the Board of Statutory Auditors, the Internal Audit, the Supervisory Board, the Independent Auditors, the executives and all staff, representing an essential aspect of the company's business. With regard to the aspects of "control", the Model, in addition to providing for the establishment of an autonomous and independent Supervisory Board, ensures the integration and coordination of the latter's activities with the existing system of internal controls, using the experience gained. The Model, however, aims to provide greater assurance about the compliance of business practices and activities with the rules of the Code of Ethics and the company's legislation, which states the principles in the discipline of activities at risk of crime. The Model also provides a system which can provide timely reporting, depending on the case, of the occurrence or existence of abnormal situations. The Parent Company is planning to build and adopt for the company Lancel Italia S.r.l. an organisation and management model in line with Legis. Decree 231/01.

The companies aim to guarantee that the personnel is aware of the organisation and management model and the Code of Ethics when appointing a specific training course relating to the themes above.

In order to ensure the **effective dissemination of the Model, the Code of Ethics and the information** of the personnel with reference to the **contents of Legis. Decree 231/2001** and the obligations from this, **a specific area of the company's IT network** is set up for the issue (in which they are present and available, in addition to the documents which make up the set of information described above, as well as the reporting tools to the Supervisory Board and any other relevant documentation).

In addition, in order to comply with Law 179/17 (see **whistle blowing** system) and to encourage reporting behaviour that could determine or help determine the responsibility ex Legis. Decree 231/2001, the Parent Company and The Bridge S.p.A. has adopted a signalling

system to the Supervisory Board which can guarantee the confidentiality of the whistle blower's identity.



For more information about the Group's Code of Ethics and the Organisational and Management Model, please refer to the documents published in the "Investor relations" section of the <http://www.piquadro.com> website.

1.3 Compliance and risk management



For **risk assessment and management**, the Group has set up an internal control system to identify, measure, manage and monitor key risks. The risk management system aims to facilitate informed decision-making in line with company strategy and objectives.

The pre-arranged internal function for the identification and management of risks is that of an internal audit which works closely with the Audit and Risk Committee and with the administrator in charge of the internal control system. Based on its guidance, the Board of Directors annually assesses the suitability, effectiveness and effective operation of the internal control and risk management system.

The internal control and risk management system is the set of **rules, procedures and organisational structures** of the Group **to enable the identification, measurement, management and monitoring of the main risks**. This system is integrated into the more general organisational and corporate governance structures adopted by Piquadro and takes into account the reference models and best practices existing within the national and international context. The internal control and risk management system also contributes to company management which is consistent with the company objectives defined by the Board, encouraging taking informed decisions. It helps to ensure the preservation of social heritage, the efficiency and effectiveness of business processes, the reliability of financial information, compliance with laws and regulations as well as the statute and internal procedures, with attention to the effective implementation of the Model ex Legis. Decree 231/2001.

The Parent Company is planning to extend the internal control and risk management system in place to the newly acquired French company.

The Italian companies adopting the Organisational and Management Model, carried **out a careful analysis of the company processes** related to their activities, in order to **evaluate their exposure** to the **predicate offences** covered by Legis. Decree 231/2001. The mapping therefore took into account a number of areas, including participation in public tenders, the purchase of raw materials, finished products, semi-finished products and products being made, hiring and management of personnel, corruption and environmental offences.

The operational and economic-financial risk assessment is based on a model of identification of the nature and level of risk compatible with the organisation's strategic objectives, called "*Risk Factors Analysis*". This document, drawn up for the Parent Company and for the subsidiary The Bridge, analysed risks such as:

Type of risk	Method of handling
<p>Risks related to the production activity and supply of raw materials, linked to significant changes in the macroeconomic, political, fiscal or legislative framework in areas where the Group's products are manufactured, as well as the Group's inability to maintain and renew its business relationships.</p>	<p>The Group has a historical presence in the countries where it operates at the production level and employs its staff in both the production and financial administrative areas. In addition, the Group operates a constant analysis of possible local issues ensuring full updating in terms of local regulations. In addition, the scouting of possible new suppliers in different geographical areas continues.</p>
<p>Risks related to the operation on multiple international markets and the distribution network, linked to possible changes in the political and economic situation in different countries, the need to face competition from operators in different markets, difficulty in being able to satisfy the clientele tastes of different countries, the greater difficulty in protecting their products from counterfeiting activities.</p>	<p>For a long time, the Group has diversified its investments and its presence in Europe and Asia. In addition, although the indirect sales channel still accounts for a significant percentage of sales, the Group has been in a policy of retail expansion for several years, leading to the opening of direct-to-manage stores throughout the and thus to increase the sales channel managed directly by the organisation.</p>
<p>Risks related to the protection of intellectual property rights and counterfeiting related, therefore, to the protection of rights related to design, processes and production technologies, utility models as well as brands and other trademarks signs all of which are crucial for the success of the products on the market and the Group's competitive positioning.</p>	<p>The Group employs a company that specialises in protecting everything related to intellectual property (brands, trademarks, ornamental models, utility models, patents, etc.). Trademarks are registered in virtually every country in the world; even in those where the Group does not yet operate. With regard to the protection of trademarks, the Group has also been operating for many years a system of monitoring new registration requests, so that, already at the initial stage, it can counter any registration concessions of brands that have relevance to their own.</p>
<p>Risks related to the integrity of the information system identified in particular in data integrity, continuity of the I.T. system and segregation to external and internal access to information (vulnerabilities).</p>	<p>The Group implements updating procedures to ensure that it is defended against external attacks of computer viruses. On the continuity of the information system: Piquadro has a data centre with redundant virtualised servers on three equivalent nodes renewed in January 2019. The server room, armoured and fireproof, is equipped with: intrusion and smoke detectors, flood and temperature sensors all connected to the alarm control unit that can alert selected personnel in the event of problems detected. The Disaster Recovery site has been relocated to Florence in the server room of The Bridge, it is updated via VPN via a 100 MB connection with fully dedicated bandwidth at night and partially reserved during the day. Almost all servers are replicated (all critical ones) with a maximum RPO of 24 hours. During this exercise, Piquadro replaced the firewall with single sign-on integration with active directory and internet access profiling. The antivirus used on all systems connected to the corporate network is NOD 32 kept up to date with the latest version and monitored through its administration console. With regard to data integrity, this is stored on databases whose access by developers and</p>

Type of risk	Method of handling
	administrators is monitored and controlled by the appropriate software and appropriate procedures. The data flow that takes place via e-mail, e-commerce, order entry is protected through regularly updated electronic certificates. A storage upgrade is planned for the new fiscal year on both the production and the DR site that will allow a full replication of production on the DR site.
<p>Risks related to changing customer preferences and increased competition The Group attributes its success to the consumer's appreciation for the style and quality of its products, while still contemplating the hypothesis of any changes in consumer tastes which the Piquadro Group cannot anticipate and that they may be able to be satisfied by competitors.</p>	<p>The Group's management considers that the key factors in countering these risks are:</p> <ul style="list-style-type: none"> - the ability to offer products in line with the expectations of reference consumers; - the pursuit of appropriate marketing policies; - maintaining and developing its production model as well as - maintaining and strengthening its single-brand and multi-brand distribution capacity
<p>Economic and financial risks related in particular to credit risk from commercial transactions or financing activities, liquidity risk related to the availability of financial resources access to the credit market and market risk, better division into exchange rate risk components (given by operating in non-Euro currency areas) and interest rate risk for exposure to instruments interest-generating financial institutions.</p>	<p>Risk management is carried out at central level in the context of specific organisational directives governing their management and the control of all transactions that have a narrow relevance in the composition of financial and/or commercial assets and liabilities.</p> <p>For example, in relation to exchange rate risk, Management adopted a risk-containment strategy better defined as a "<i>hedge accounting policy</i>" which consists of continuous coverage of the risks of purchases on a six-month time horizon based on the amount of orders issued.</p>

In relation to the **issues of sustainability**, the following areas of risk are also highlighted:

Type of risk	Management arrangements
<p>Environmental risks linked to the lack of compliance with the environmental regulations in countries where the Group works, inefficient management of materials and energy or incorrect waste disposal.</p>	<p>In the Code of Ethics, the Group has expressed its commitment to the protection of the environment and conducting its activities seeking a balance between economic initiatives and environmental needs.</p> <p>In addition, the Parent Company has adopted a special section on environmental crimes, under the organisation and management Model under Legis. Decree 231/01 and has adopted a waste management procedure. These areas were also analysed in the subsidiary The Bridge S.p.A. that has finalised the adoption of the special section on environmental offences.</p>

Type of risk	Management arrangements
<p>Social risks related to non-compliance with the specific regulations of the relative products among other things, on the impact of the products themselves on health and safety, the failure to meet customer expectations , the inadequacy of the research and development process.</p>	<p>The products are subject to rigorous controls to ensure their quality and safety: special laboratory tests are carried out on both the finished products and materials to test for resistance, structural integrity, hydro-repellent qualities and non-toxicity. As a benchmark, the Group has the REACH European Regulation which governs the use of hazardous chemicals in production processes with compliance also from its suppliers, where applicable. In addition, the Group has adopted a specific intellectual property management procedure.</p>
<p>Risks related to personnel in the unsuitability of the attraction and recruitment process, development plans and staff motivation, as well as the inadequacy of occupational health and safety measures.</p>	<p>In the Code of Ethics, The Group has formalised its commitment to ensure the physical and moral integrity of its employees and internal collaborators, working conditions regarding individual dignity and safe and healthy work environments, in full compliance with the current legislation. The Parent Company and the Italian subsidiary The Bridge, have carried out workplace risk analysis, formalised in the RAD (Risk Assessment Document).The same was done by the French company Lancel Sogedi S.A. In order to improve staff training in this area, Piquadro is implementing new procedures related to occupational health and safety whereas The Bridge S.p.a. is currently developing the management of these risks.</p>
<p>Risks related to the fight against active and passive corruption are linked to the possibility of the Group's management and staff carrying out unethical, unauthorised, violations of rules and regulations, unlawful with particular reference to the crime of active and passive corruption.</p>	<p>The Group has formalised the values of ethics and integrity which inspire its business in the Code of Ethics: through the dissemination of this, it seeks to spread a culture of social responsibility when conducting the business. The Parent Company and The Bridge S.p.a., in addition, have adopted an Organisational and Management Model pursuant to Legis. Decree 231/01 under which areas and operations which are most at risk of crime have been identified and analysed, for example, such as requesting authorisations, grants, licences and certifications, sponsorships and donations, as well as the risks of dealing with external entities both public and private (Revenue Agency, I.N.P.S, I.N.A.I.L).The Parent Company is planning to construct and adopt for the company Lancel Italia S.r.l. an Organisational and Management Model in line with that stipulated by Legis. Decree 231/01.</p>

Type of risk	Management arrangements
Risks related to non-compliance with human rights related to the Group's operations and suppliers in countries where the legislation is less stringent than that of Italy.	In the Code of Ethics, the Group has formalised its commitment to respecting human rights by explicitly recalling the ILO Declaration on fundamental principles and rights at work, including the prohibition of forced labour and child labour, freedom to join a trade union and the prohibition of discrimination and harassment. Through the dissemination of the Code of Ethics, it aims to apply, in all Group companies, an ethical corporate culture which respects human rights.

The Board of Directors meeting of 10 June 2019, taking into account the information provided by the Control and Risk Committee and the Administrator in charge of the internal control and risk management system, as well as the internal audit manager, **for the fiscal year ended 31 March 2019, expressed a positive assessment of the adequacy, efficiency and effective performance of the internal control and risk management system.**



For more information on economic and financial risks and how they are controlled and managed, please refer to the documents published in the "Investor relations" section of the <http://www.piquadro.com> website.

1.4 Our stakeholders and the materiality analysis

The Piquadro Group considers it necessary to define and maintain an effective dialogue with its stakeholders, also with the aim of acquiring new stimuli in terms of innovation and product quality. The mapping of stakeholders, shown below, is the result of an analysis carried out by the Group in order to identify the main categories of interlocutors:



With a view to sharing and improving the relationship with its stakeholders, the Piquadro Group has, over the years, started several paths of communication and exchange of information with them. The following are the main reference themes and dialogue channels for each keynote:

Stakeholder	Issues	Channels of dialogue
Employees	<ul style="list-style-type: none"> Employee well-being Protection of occupational health and safety Equal opportunities Organisation and management Model and Code of Ethics 	<ul style="list-style-type: none"> Internal climate survey Communication from top management Corporate intranet Materiality assessment
Customers	<ul style="list-style-type: none"> Customer satisfaction Innovation Product quality 	<ul style="list-style-type: none"> Website Assessment of customer satisfaction Customer Service Showroom Materiality assessment
Suppliers	<ul style="list-style-type: none"> Quality of the bought-in products Continuity of supply relationships Development of partnerships 	<ul style="list-style-type: none"> Constant and direct contact Trade fairs Showrooms Materiality assessment
Institutions and regulatory bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Adherence to industry recommendations and best practice 	<ul style="list-style-type: none"> Reports and financial statements Regular Information flows Meetings Press releases
Trade Unions	<ul style="list-style-type: none"> Corporate welfare Collective bargaining agreements 	<ul style="list-style-type: none"> Meetings and direct dialogue with trade union representatives
Local communities and territory	<ul style="list-style-type: none"> Support for social initiatives Employment support 	<ul style="list-style-type: none"> Projects in the local area Website
Shareholders and investors	<ul style="list-style-type: none"> Transparency towards the market Financial solidity and sustainability Economic performance 	<ul style="list-style-type: none"> Participation at Board meetings Shareholders' meetings Reports and financial statements Investor Conference Press releases Website
Media and opinion leaders	<ul style="list-style-type: none"> Transparency Group's business strategy Product communication Group's economic results 	<ul style="list-style-type: none"> Website Marketing campaign Press releases Showroom
Trade associations	<ul style="list-style-type: none"> Representation of sector interests Training and information 	<ul style="list-style-type: none"> Institutional website Participation in work-groups, round tables and technical committees
Franchisees and distributors	<ul style="list-style-type: none"> Continuity of the relationship Partnership development 	<ul style="list-style-type: none"> Web site Direct contact Showroom

The Group has also developed a significant **network of relationships and partnerships** with trade associations:

- **Piquadro** is part of **Confindustria Emilia Area Centro** and the **Camera Nazionale della Moda Italiana**;
- **The Bridge**, on the other hand, participates in the **Confederazione nazionale dell'artigianato e della piccola e media impresa (CNA)** and the **Associazione delle Industrie dei Beni di Consumo (IBC)**;
- **Lancel** is part of the **Union Du Grand Commerce de Centre Ville (UCV)**, **Union des Fabricants (UNIFAB)** and **Aimeth** (an association with the goal of including and retaining employment for people with disabilities).

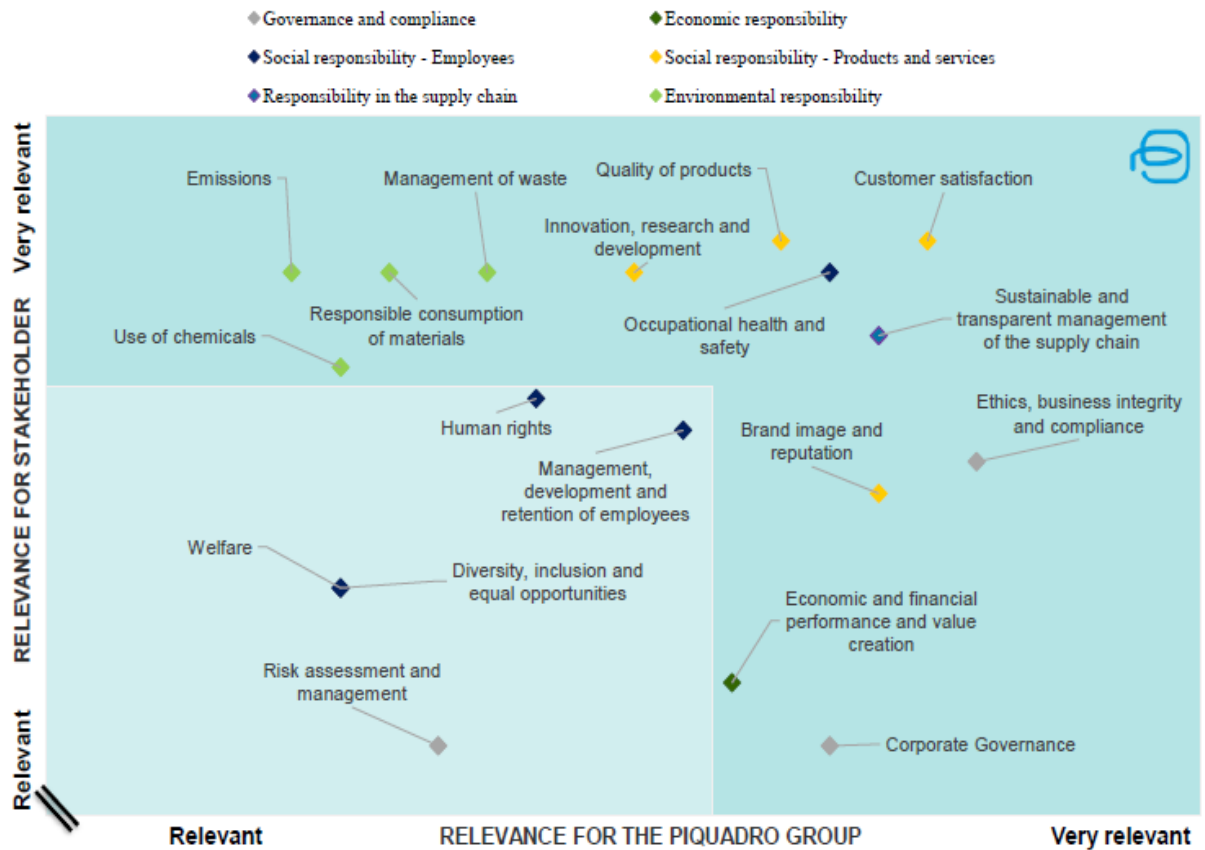
Materiality analysis

The aim of the materiality analysis is to identify significant aspects which have a significant impact on the Groups' business, from an economic, social and environmental point of view, and which could substantially influence the assessments and decisions of its stakeholders. The analysis was carried out in line with the principles defined by the GRI *Sustainability Reporting Standards* and involved the top management of the company and some members of the Board of Directors as well as some stakeholders (employees, B2B and B2C customers, suppliers and distributors) by submitting a questionnaire online.

The topics assessed were identified by benchmark analysis and taking into account the specifics of the sector and the Piquadro Group.

For the 2019/20 financial year, the Piquadro Group is committed to deepening and expanding engagement activities and the stakeholders involved.

The Piquadro Group's materiality matrix



Compared to the material topics published in the previous NFS, it was noted that the topic "welfare" was also found to be material.

For each issue identified as material, below is a brief description of the relevance that the topic has for the Group and its boundaries (where the impacts occur and organization's involvement).

Material topic	Relevance for the Group	Scope	
		Where the impacts occur	Involvement of the Group ³
Governance and compliance			
Ethics, business integrity and compliance	Respecting ethical principles and complying with laws and regulations in business conduct are a fundamental and essential condition for the Piquadro Group. In all relations with its counterparts, the Group is committed to pursuing conduct based on fairness, loyalty and collaboration.	Piquadro Group	Direct
Risk assessment and management	The Group pays particular attention to the assessment of the main risks that could have a negative impact on its work and threaten its solidity. In this sense, resources are used for the analysis and correct management.	Piquadro Group	Direct
Corporate Governance	The focus on Group Corporate Governance is geared towards achieving strategic objectives and at the same time ensuring the correct and sound management of business, ensuring the protection of all stakeholders.	Parent Company	Direct
Economic responsibility			
Economic and financial performance and value creation	The Group aims to generate solid and positive economic and financial performance from a medium- to long-term perspective and distribute value to its stakeholders.	Piquadro Group	Direct
Responsibility in the supply chain			
Sustainable and transparent management of the supply chain	Throughout the value chain, the Group aims to maintain relationships based on fairness with its partners. The Group recognises the value of the materials and services provided by its suppliers, which are a fundamental element for the high-quality standards of its products. In addition, the Group aims to define a Supplier Code of Conduct and insert, as part of the qualification process, parameters related to the protection of human rights and other social and environmental criteria.	Piquadro Group and Suppliers	Direct and indirect
Social responsibility – employees			
Management, development and	The Group pays particular attention to the management and development of its employees,	Piquadro Group	Direct

³ Direct Involvement of the Group: the impact is directly caused by the Group's activities;
 Indirect involvement of the Group: the impact is directly linked to the Group's activities, products and services through a business relationship (e.g. relationship between the Group and its suppliers);
 Contribution by the Group: the impact is linked to the Group's activities, products and services as they are generated by parties that the organisation interacts with.

Material topic	Relevance for the Group	Scope	
		Where the impacts occur	Involvement of the Group ³
retention of employees	aware that they are one of the necessary pillars to achieve their strategic objectives. In this sense, a number of vocational growth programmes are undertaken. The Group is constantly looking for the best talent and is committed to maintaining the best resources within it.		
Diversity, inclusion and equal opportunities	In dealing with employees, the Group maintains a strict adherence to the principles of non-discrimination and equal opportunities, as expressed in its Code of Ethics.	Piquadro Group	Direct
Occupational health and safety	Protecting its employees' health and safety is constantly a priority for the Group, which is committed to complying with all the current rules and to increasing the training of its employees in these areas.	Employees of the Piquadro Group ⁴	Direct
Human rights	In all relations, both with its employees and with suppliers, the Group maintains a conduct aimed at the protection of human rights.	Piquadro Group; Suppliers	Direct and indirect
Welfare	The Group aims to develop policies, benefits (economic and non-economic) and actions aimed at improving the well-being of employees, in order to create a comfortable working environment that will meet the workers' needs and expectations.	Piquadro Group	Direct
Social responsibility – products and services			
Brand image and reputation	The Group has the constant goal of extending its brand and at the same time protecting its reputation. The Group's image must convey the values on which its business is based.	Piquadro Group and the indirect sales channel	Direct and indirect
Quality of products	Maintaining a high standard of quality of your products is a vital condition. For this reason, each item is subjected to stringent tests and controls which aim to ensure that numerous quality parameters are passed.	Piquadro Group and Suppliers	Direct and indirect
Innovation, research and development	The Group's growth involves the ability to innovate and develop new products that can meet customers' different needs. For this reason, the Group invests extensive resources in research and development.	Piquadro Group	Direct
Customer satisfaction	The Group aims to always place innovative and high-quality products on the market to fully meet its customers' expectations. Customer satisfaction is a primary goal for the Group.	Piquadro Group and the indirect sales channel	Direct and indirect
Environmental responsibility			
Responsible consumption of materials	Environmental protection is an area that is increasing its relevance for the Group, which will evaluate the changes to reduce its impacts, in	Piquadro Group	Direct

⁴ The company will analyse the significance of other non-employee workers in order to assess the need to collect data from employers of external collaborators and suppliers operating at the Group's sites and/or under Group's control, assessing the quality and accuracy of such data over which it does not exercise direct control.

Material topic	Relevance for the Group	Scope	
		Where the impacts occur	Involvement of the Group ³
	particular with regard to the use of the resources necessary for production.		
Use of chemicals	The Group pays attention to the responsible use of chemicals by asking its suppliers to comply with REACH's requirements (where applicable).	Group production facilities and raw material product suppliers	Direct and indirect
Emissions	The Group is committed to taking action to reduce its harmful emissions into the atmosphere.	Piquadro Group and Electricity Suppliers	Direct and indirect
Management of waste	During the production phase, the Group is committed to proper waste management and the reduction of waste from production materials.	Piquadro Group	Direct

1.5 Value creation



The business model which drives the Group's **economic and financial performance** aims to **create** long-term **economic value**, a value that can be shared between all stakeholders.

The results achieved in the last financial year were positive and achieved through a high efficiency of the design, processing and distribution processes, the result of a constant and ever-increasing search for flow optimisation which affect the entire process (from product development to distribution to the end consumer) and through strengthening brand perception in the target consumer. The economic value created is distributed mainly to suppliers and employees.

In the year ended 31 March 2019, the Piquadro Group recorded returns of performance growth of 51.1% compared to the 2017/2018 financial year. The increase in revenue was driven by the introduction in the consolidation period (from the June 2018) of the Lancel Group, by the increase of 2.6% of Piquadro brand sales and the increase of 11.6% of The Bridge brand sales.

With regard to the **Piquadro** brand, revenues recorded in the year ended 31 March 2019 grew 2.6% compared to the year ended 31 March 2018; this increase was driven both by sales growth in the *DOS* channel, which was 4.3% compared to the year ended 31 March 2018 and the growth in sales in the Wholesale channel, which was approximately 1.4% and which represents 58.3% of Piquadro brand sales. With respect to **The Bridge** brand, revenues for the year ended 31 March 2019 were up 11.6% compared to the year ended 31 March 2018; this increase was driven both by the growth of 14.7% of *DOS* channel sales and the 10.3% increase in the Wholesale channel, which accounts for 68.8% of The Bridge brand sales. Revenues from sales made by the **Lancel Group** in the period June 2018 – March 2019, amounted to approximately 45.2 million euros (contribution to growth equal to about 46.3%) 82.8% of which from the *DOS* channel which also includes Lancel's e-commerce site.

In terms of profitability, the Piquadro Group recorded a negative **EBITDA** of approximately 0.8 million euros in the year ended 31 March 2019, compared to 10.78 million Euro in the year ended 31 March 2018. EBITDA includes the results achieved by the Lancel Group from June 2018 to March 2019 (10 months), negative for 11.4 million euros in addition to the acquisition charges of the Lancel Group supported by the Piquadro Group amounting to 1.42 million euros.

The adjusted **EBITDA**, defined as a sum of the results achieved by the Piquadro Group and The Bridge brands and excluding non-recurring costs and revenues, amounted to approximately 12.01 million euros and an increase of 11.4% compared to the year ended on 31 March 2018.

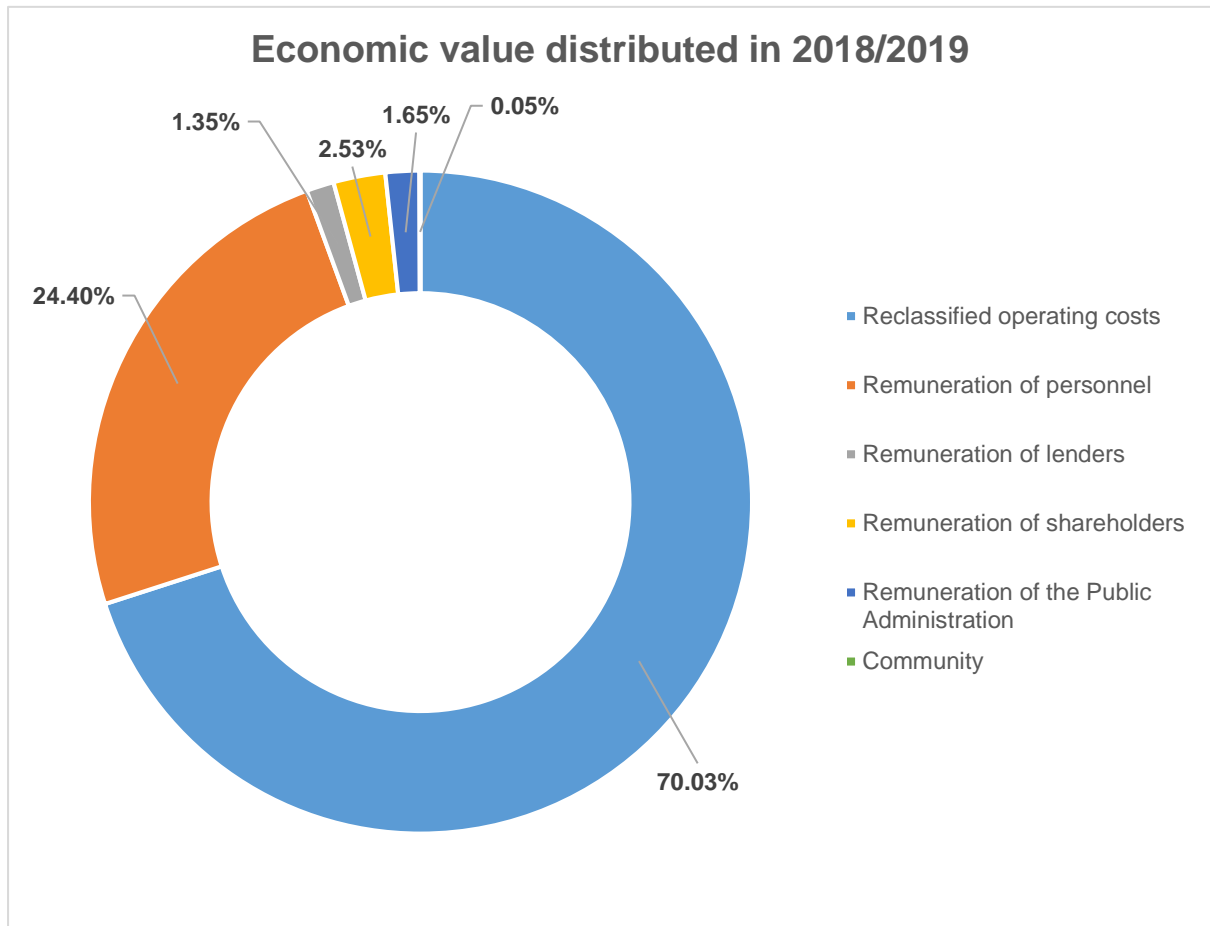
The **creation and distribution of value for its stakeholders** is a constant commitment of the Piquadro Group and is calculated by reclassifying the consolidated income statement. In the 2018/2019 fiscal year, the **economic value generated** by the Piquadro Group was **193**

million euros; this value has been redistributed to the various stakeholders of the Group: suppliers, employees, shareholders, Public Administration, communities and lenders.

Statement of the economic value generated and distributed by the Piquadro Group		
<i>(in thousands of Euro)</i>	31 March 2019	31 March 2018
Direct economic value generated	€193,095	€102,946
Revenues from sales	€147,472	€97,627
Other income	€1,734	€1,259
Change in inventories	€328	€3,248
Financial income	€43,561	€812
Distributed economic value	€158,157	€97,419
Reclassified operating costs	€110,752	€69,884
Costs for purchases	€40,107	€26,981
Reclassified costs for services, leases and rentals	€70,379	€42,394
Other reclassified operating costs	€266	€509
Remuneration of personnel	€38,590	€20,592
Personnel costs	€38,590	€20,592
Remuneration of lenders	€2,129	€1,678
Financial charges	€2,129	€1,678
Remuneration of shareholders	€4,000	€3,000
Distribution of profit for the year ⁵	€4,000	€3,000
Remuneration of Public Administration	€2,605	€2,233
Income tax expenses	€2,605	€2,233
Community	€82	€33
Donations and sponsorship	€82	€33
Economic value retained	€34,937	€5,527
Parent Company's reserve profits	€30,535	€1,840
Profit (Loss) attributable to minority interests	€(59)	€(67)
Depreciation and amortisation and write-downs	€4,462	€3,754

Most of the distributed value, amounting to about **70% of the total** (as compared to 71.74% of the year ended 31 March 2018), falls into the category of **reclassified operating costs** which includes the Group's suppliers. **Employees** make up the second significant item in the distribution of value, obtaining **24.40%** of the total value (compared to 21.14% of the year closing on 31 March 2018). The remainder is divided between **Public Administration (1.65%)**, **shareholders (2.53%)**, **lenders (1.35%)** and the **community (0.05%)**.

⁵ The "distribution of profit for the year" for the 2018/2019 financial year corresponds to the destination of Piquadro S.p.A.'s operating profit by dividend which the Board of Directors will propose at the Shareholders' Meeting. Note that the information for the 2017/2018 financial year has been restated to use the same criterion. For the previously published 2017/2018 fiscal value scheme, in which the "Distribution of Profit for the Year" represented the value paid in the fiscal year, please refer to the NFS as of 31 March 2018, available on the www.piquadro.it website in the Investor Relations/Sustainability Report section.



2. Our products



The Piquadro Group is strongly committed to improving the awareness and perception of **its brands' image and reputation**. There is meticulous detail in the image of all the Group's brands.

Piquadro wants to combine the tradition of Italian leather goods with the originality of design and innovation. Elegance and attention to detail are enhanced in The Bridge products. The Lancel collections embody the Parisian allure of a fashion house founded in 1876.

The Piquadro Group operates in the leather goods market and is active in the design, development, manufacture and distribution of items such as briefcases, women's bags, suitcases and accessories. In addition to the Piquadro brand, the Group also manages the Bridge and Lancel.

2.1 Piquadro

Piquadro specialises in **innovative business bags and accessories**, which stand out for their great **functionality of use** and express, in the high-performance and recognisable design, **all the originality and elegance of Italian style**.

The spirit of Piquadro's products lies entirely in the concept which inspires the design of each of them: "**tech-inside**". But functionality for Piquadro affects all aspects of the product: new materials, new tests to verify their reliability, new internal organisation solutions to make their items increasingly comfortable and useful on a day-to-day basis. The materials, manufacturing and functionality are such that Piquadro products are of high professional quality and reliability.

Piquadro announced its entry into the world of football by signing an agreement to officially cooperate with club A.C.Milan, becoming their Official Tech Travel Partner during the 2018/2019 football season.

To accompany the team during the championship, very innovative and reliable backpacks and trolleys were selected for a truly comfortable and safe travel experience.



Piquadro also announced the renewal of its agreement with Fisi, *Federazione Italiana Sport Invernali*, the Italian Winter Sports Federation, to support, as official supplier, the men's and



women's national team of the Alpine Ski World Cup. The new travel set that will accompany the team for the 2018/2019 racing season consists of a backpack and a rigid, polycarbonate cabin trolley. The backpack is the *Brief* model, 100% leather, equipped with Bagmotic technology that allows interaction via mobile phone. Thanks to Piquadro's *Connequ* app, the backpack is connected via Bluetooth to the smartphone and acts as an alarm in the event of theft or loss. The trolley, on the other hand, is from the *Seeker* line, in resistant and light polycarbonate.

In addition, this year, Piquadro has returned to the motor world, choosing, as its Brand Ambassador, Andrea Iannone, MotoGP rider currently in full force in the Suzuki Ecstar Team and, from next year, Aprilia's top athlete. Andrea Iannone perfectly embodies Piquadro's glam sport style due to his sporty look even outside the *paddock* and thanks to the choice of high-tech performance products. Piquadro's fundamental concepts - technology and design - go perfectly with the world of engines and motors and its values of challenge and constant research for the highest quality standards through new technologies.

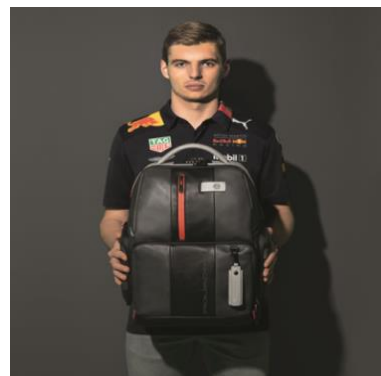


The *Brief* backpack carried by Andrea Iannone is particularly innovative, dedicated to those who travel for work and have two very precise needs: performance and style.

As Brand Ambassador, the "*pilota*" will also have the Piquadro logo on his helmet and will be involved in digital activities on his social media pages.

Piquadro has also announced its entry into Formula 1 by signing an agreement which will make it the Official Supplier of Aston Martin Red Bull Racing Team for the 2019 World Championship.

Piquadro will provide a very innovative backpack and trolley to the team for all the trips of the racing season on 15-17 March with the Australian Grand Prix and will have two exceptional faces for the spring summer 2019 advertising campaign: Max Verstappen and his new teammate Pierre Gasly.



The 100% leather *Urban* backpack is equipped with Bagmotic technology which thanks to the Connequ app allows interaction via mobile phone, is equipped with a combination lock, an anti-theft cable and a special pocket for your wallet with RFID protection. The PiQ3 cabin trolley is the new latest generation travel line, entirely made of virgin polycarbonate which makes it highly durable and light.

Finally, we remind you of the collaboration between **Piquadro** and Lamborghini: the limited-edition backpack was sold online in just 2 hours, 46 minutes and 18 seconds during the flash sale that began at midday on 18 March 2019. Piquadro and the luxury super sports company Lamborghini presented the Bagmotic Special Edition Lamborghini backpack at the Geneva International Motor Show, the exclusive capsule composed of 63 pieces with all the values which unite the two Italian experts of Made in Italy: the focus on design, the high-tech content and the attention to detail.



What makes the exclusive Piquadro-Lamborghini backpack unique is the internal numbering on the small carbon skin plate, which only 63 lucky participants managed to get by registering for sale online on www.piquadro.com. Bookings, from all over Italy and the rest of Europe, did not wait and the limited edition, cult object (which will not go unnoticed)

was immediately sold out.

Design and innovation

All **Piquadro products are the result of careful design**. There are several patents filed by the Company, in recognition of the numerous technical and functional innovations implemented. Even the smallest detail is studied and designed by a whole team of designers who know and interpret the brand's values.

The development of constantly new solutions and the search for what is new in design and technology is the result of constant research on materials and trends, often in collaboration with the most important design schools in Italy and abroad.

Youngsters' creativity is an important source of inspiration for Piquadro. **Attention towards new talent** is seen by promoting competitions which give young designers an opportunity to work on concrete cases by demonstrating their potential.

Patents

Piquadro's focus on planning every single detail and on the products' maximum functionality translates into a constant research activity and the development of *ad hoc* solutions which are often innovative and subject to registration. As of 31 March 2019, **the company has 22 active patents and 2 filed patents**, related to both products and to components and accessories.

Internet of Things

The **Piquadro** world is designed and conceived as constantly conducting research to create products which unite aesthetics and performance. From this research comes **URBAN**, the **new line of backpacks, bags and trolleys** which perfectly combines design and features and presented to *Pitti Immagine Uomo* in January 2019.

Made of fine leather (which has been treated, making it both soft to the touch and very durable), the line contains two flagship products: the backpack and trolley equipped with BAGMOTIC technology, the **automation bag**, for which Piquadro was the pioneer by progressively exploring the modern philosophy **of the IoT**, the Internet of Things, and developing applications which allow you to make "**smart**" **bags and suitcases**.

The **backpacks** and **trolleys** have a decidedly sporty line and colour scheme and are equipped with several features, some simpler and others very technological. Both have a pocket which has been specifically designed to hold a **power bank** that not only allows you to charge your smartphone multiple times by induction, but is also connected via Bluetooth to your smartphone and/or smartwatch thanks to an app available on the App Store and Play Store and, through this, it can perform a number of other functions. First of all, there is a **GPS tracker** which acts as an alarm and which allows the mobile phone to ring when the connection fails because the backpack is far away from its owner.

The **Connequ app** can also manage the rucksack and URBAN trolley's **inventory system** function. It is a convenient system which allows you to quickly check the contents of the bag or trolley without the possibility of error. A device, also



connected via Bluetooth to the smartphone, detects the presence of objects on which a special tag has been applied. By attaching a small sticker to your devices, you have the option to make an inventory of such equipment at any time with the help of your mobile phone.

The Connequ app, in combination with the **air pollution detector**, which is located inside the backpack, allows you to detect the values of the main indicators of the air quality and therefore the particulates (PM2.5 and PM10), CO2 equivalent and volatile organic compounds (VOCs) as well as some environmental parameters such as the temperature, humidity and atmospheric pressure. The device, connected via Bluetooth to the mobile phone, sends information on the air quality with a notification in the event of a major change in one of the quality indicators.

The **SOS button**, also included in the URBAN backpack, is a device that allows you to send a text message with the location to a predefined number. Its position on the shoulder of the BAGMOTIC backpack has been devised specifically for those who ride scooters or bicycles in city traffic. Its first release has a button that, if pressed, lets you send the SMS with the location.

Piquadro provides an area in the **Cloud** for all BAGMOTIC users that will allow them to historicise, anonymise and aggregate relevant data, with the information they need, such as the pollution values on a given route or the list of items that are most often forgotten. It's also possible to save, in this Cloud area, e-tickets of transport companies and automatically receive the weight and size limits of permitted luggage.



The backpack is also equipped with a **combination lock** for the safety of its contents as well as a special wallet pocket with screened **RFID protection** to avoid cloning credit cards. In addition, there is an **anti-theft cable** that allows the backpack to be secured to your seat by fixing itself through a combination.

It should be noted that Piquadro does not process any kind of data relating to the services provided for localisation, which, therefore, are only stored locally in the customer's smartphone or smartwatch.

2.2 The Bridge

Ponte Pelletteria S.p.A. was founded in 1969 on the outskirts of Florence thanks to the idea of five craftsmen.

In 1975, the brand The Bridge was born, which translates the Italian word "*ponte*" referring to the "*Ponte a Greve*" [Bridge to Greve"] when used to connect the village of Scandicci to nearby Florence.

From the 1980s, a selection of women's handbags was added to men's briefcases. In the following decade, the brand's most iconic models such as the *portagiornali* (magazine rack) and *postina* (messenger bag) were made. In 2008, they opened the first flagship label in Turin and in 2017 the brand was acquired by Piquadro and changed its company name to The Bridge S.p.A.

There are three **values** in The Bridge's Brand Identity: **style, transversality and long life.**

The combination of a recognisable style (which is always up to date with the times), the transversality of use, (which makes the product adaptable to all occasions) and the quality associated with long-lasting products have all contributed to the craftsmanship of the product, guaranteed by the workmanship of master craftsmen, to the uniqueness of a brand with a British flavour.

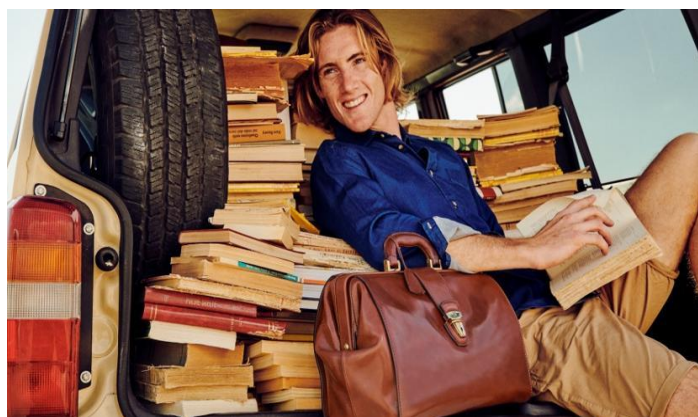
The Bridge recounts the "**Tuscany way of life**", with its **casual and sophisticated look**, a state of being, a sober, composed yet well-maintained lifestyle which blends in beautifully, for a *savoir vivre* and comfortable safety.

The care and detail with which the skilled craftsmen create these products makes them unique and extraordinary. Usage over time increases their value.

The Bridge products are all created with the same care and love for simple things, well-made and lasting over time.

The Bridge produces a wide range of products ranging from trunks to keyrings, from travel bags, suitcases, work bags, satchels, bandoliers, messenger bags, women's handbags, belts, wallets, diaries, iPad holders, computer cases and a long list of household and leisure products.

In 2019, The Bridge S.p.a., through the Parent Company Piquadro S.p.a., makes its first foray into the world of the circular economy and does this by investing in the Bolognese start-up Vintag, launched in May 2017, which through its app, offers a buying platform dedicated



exclusively to vintage. Less than two years after its launch, Vintag, which is not simply a second-hand marketplace but actually the meeting point of those who want to exchange stylish objects from the past, has about 19,000 active users and 70,000 items for sale, from clothing and accessories to design, modern art and collectibles.

2.3 Lancel Group

Lancel is a French leather goods company founded in Paris in 1876 by Angèle and Alphonse Lancel and developed by their son Albert. The company was owned by the founding family until 1997, when it was purchased by the Richemont Group.

In its early days, Lancel made accessories for smokers; later the brand diversified and offered decorative items and accessories, such as watches, silverware, glasses, barometers, scissors, lamps, table accessories and products made in their workshops by the craftsmen.

At the beginning of the 20th century, Angèle and Alphonse created the first leather goods offering a diverse range of products, such as clutch bags and the first handbags equipped with a cigarette holder: Lancel, therefore, began to represent the Parisian lifestyle by creating, until the 1920s, precious leather bags (lizard, satin, soft calf skin) with clasps for jewellery or small mirrors, or with a makeup kit and a secret compartment containing a small umbrella. Albert Lancel turns handbags into a fashion accessories.



One of the most iconic historical and iconic articles of the maison is called Daligramme and is a tribute to Salvador Dali: in the seventies, the surrealist painter gave Gala Eluard, his wife and muse, a **Lancel** bag which had a silk-screen "daligramme", a secret love alphabet with which the artist communicated with his beloved. That special model was reinterpreted in the 2000s and became the *it-piece* of the collection, thus representing a new symbol which goes beyond the classic monogram: the *daligramme* became an emblem of great love, hidden behind fascinating symbolism.

Lancel is regularly in contact with artists to participate in the creative process of its leather goods lines, such as Isabelle Adjani or Brigitte Bardot who actively participated in designing



and creating the relative bags. In 2010, Brigitte Bardot designed and created with Lancel "the Bardot bag," which respects nature and animals, not using leather and without any chemical processes, thus creating an accessory which has become a cult.

In 2016, Maison Lancel celebrated 140 years of creation, boldness and French elegance where the keys to success are based, from the outset, on the ingenuity of design, on the authenticity of luxury, thus creating a dialogue between beauty and functionality, style and innovation.

2.4 Research and development



Innovation, research and development of new products represent a constant challenge for the Piquadro Group, to which specific resources are dedicated, to provide customers with increasingly innovative and high-quality products. The innovation affects both product design and digital add-ons to increase functionality.

The Group's R&D activity for the Piquadro brand is carried out internally through a dedicated team that, in recent years, has been particularly focused on *BAGMOTIC*, which integrates technology into briefcases, backpacks, trolleys and luggage. During the year ended 31 March 2019, it focused, in particular, on the development of travel-related products. In fact, Piquadro focused on several lines where, inspired by the technology of car cruise control, the “*cockpit*” was created: a sort of control panel integrated into the suitcase. On this flap, applied outside the cabin luggage, you can charge electronic devices without having to open your suitcase. On the same flap, you will find the *Connequ* application, the device for tracking luggage. The *CONNEQU App*, which is at the heart of the *BAGMOTIC* project and allows new possibilities for interaction with suitcases and bags, was updated during the course of last year with new features. The new products are equipped with i) a built-in battery which charges your smartphone and tablet for simple contact, ii) a warning device in the event of theft or loss, iii) a device which shows the level of the power bank battery, iv) a handle which weighs the trolley and informs you which airlines accept it as cabin luggage v) a Bluetooth lock and vi) a device which allows worldwide traceability. Wanting to stand out in the field of luggage, an aluminium travel collection has been created: a unique collection, thanks to the elegant and stylistically sophisticated details.

The Bridge's Research and Development is carried out in the subsidiary The Bridge S.p.A. by a dedicated team. The Bridge's products originate from a combination of craftsmanship and the continuous study of design and increasingly new features. In the company there has always been a real artisan workshop from which prototypes are born. A team of designers is responsible for building new collections for each season, interpreting the needs of the market and the company's DNA.

The collections are the result of research from analysing trends. This begins long before the actual creation of the products, with the trends influencing the materials and colours chosen for the season. The proposals are assessed with the sales force to respond to the standards of functionality and modernity which make the products attractive to an attentive and demanding public.

As of 31 March 2019, **the company has 143 trademarks and patents filed** for both products and utility/design models.

Lancel's research and development is carried out by a dedicated team of specialists at the headquarters of the Parisian company.

Maison Lancel is known for innovation and creativity: the team develops all the components and finished products alongside the design team.

All the metal pieces are created and developed by the team starting from 3D design, 3D printing for style until quality control and "master" control.

All the leather is carefully selected by the Design department and with the help of a leather goods specialist. Each skin colour is defined by the Design department and developed uniquely for Lancel.



The team of specialists dedicated to product R&D, diligently studies and proposes new materials such as iconic fabrics, pineapple fibres, fishing line fabrics, and plastic injected with a glitter effect or marble.

Lancel's products come from the combination of their archives, the continuous study of design and the expertise of leather goods with the help of the Atelier, located at the Lancel headquarters, made up of "*compagnon du devoir*" craftsmen who make the prototypes of the new models.

In size and wealth, Maison Lancel's archives include approximately 3,500 items of leather goods, small leather goods, luggage, 1,200 pieces of art, 300 sketches and paper models and they contribute to the brand's image and influence, embodying, in the "Parisian elegance", the four universes: women, men, travel, the art of gifting.

Lancel, usually closed to the public, was proud to unveil, for the first time, the wealth of its heritage during the "*Journées du Patrimoine*" on 15 and 16 September 2018, revealing the diversity of the skills and talents of its building at Rue d'Ampère, 17, Paris.

The day included a visit to the premises with the presentation of the articles present in the historical archives from 1876 to the present day; Together with this, design courses and lessons were held by artisans specialised in the manufacture of Lancel-branded handbags.

The Atelier also produces specially ordered items or bespoke designs to meet the expectations of Lancel's sophisticated clientele.

The R&D department is involved in an ever-expanding range of products which satisfies market demand: leather goods, small leather



goods (with charging wallets), travel or gifts (silk scarves and pocket handkerchiefs, keyrings, high-end jewellery products and office products).

As of 31 March 2019, the company has **224 trademarks and patents filed** for both products and utility/design models.

2.5 Quality of our products



The Piquadro Group invests many of its resources in trying to elevate the **quality of its products**. The tradition of leather processing is combined with innovation to offer the customer unique and distinctive products. Top-quality materials are used to produce the products and each product undergoes a series of tests to verify that it respects the company's high-quality standards.

The Piquadro Group continues the century-old Italian tradition of leather processing, interpreting it in a modern and original way.

In Piquadro's products, the brand's identifying values, design, comfort and technology blend with the taste of **craftsmanship, the quality of precious leathers** and the **attention to detail**. The leather, carefully treated to enhance the texture and prevent wear and tear, is combined with technologically state-of-the-art fabrics to produce recognisably aesthetic and essential items.

The **leather** used by **The Bridge** is also carefully selected and the leather work is mainly done by Italian tanneries, following the most rigorous workmanship techniques, from the tanning phase to dyeing and finishing. **Vegetable tanning**, which involves the use of only natural tannins, is one of the **features of the collection's classic products**. The attention to the materials used and the leather and to the accessories with their classic golden colour means that every single product of The Bridge is unique.

The quality of the materials used, alongside the extreme attention paid during the different stages of production, as well as the final checks and finish of the products, ensures and guarantees excellent quality.

All companies in the Group subject their products to **rigorous controls** in order to ensure excellent quality and avoid health risks due to the use of improper materials. In an advanced test lab with specialised machinery, both products and raw materials are tested to check their resistance, structural integrity, hydro repellence and non-toxicity.

In order to ensure compliance with the high-quality standards, the **Group uses the European Regulation, REACH** as a benchmark, for registration, evaluation, authorisation and **restriction of hazardous chemicals** during production processes. In particular, the chapters on acquisition stipulate, where applicable, the need to respect expected fulfilments. In addition, the Group relies on the support of an external laboratory to carry out sample chemical tests on raw materials in order to check the compliance with the parameters defined by the aforementioned regulation for dangerous substances.

During the course of 2018/2019, no cases of non-compliance with regulations and/or voluntary codes relating to the health and safety impacts of products were recorded.

2.6 Customer experience



Customer satisfaction is an extremely important objective for the Piquadro Group. All products are designed and created to best meet the customers' needs.

The communication policy is aimed at spreading and consolidating the image of the **Piquadro, The Bridge and Lancel** brands.

The Piquadro Group aims to earn the trust, respect and loyalty of its customers based on the excellence of the work of its employees and collaborators.

The activity of all workers is based on the criterion of quality, essentially understood as achieving the customer's total satisfaction.

The Lancel Group, recently acquired by the Piquadro Group, has also always striven to satisfy all the customer's needs, from the initial product design to the moment the customer actually holds it in his or her hands. This involves following and anticipating their desires and ensuring a satisfying and rewarding experience.

To ensure a high-quality experience for customers, there are also many benefits for customers registered in **PiquadroClub**, including (depending on the value of the product purchased):

- A warranty without a receipt;
- extension of the warranty from 24 to 36 months;
- welcome gifts and birthday presents (15% discount, seven days before and after your birthday);
- invitation to pre-sales, special initiatives and promotions developed during the year;
- invitation to preview the new collections in store or online or on press-days;
- home delivery of items purchased at airports;
- at the request of the retail function, exclusive promotions in *boutiques* communicated only by e-mail, only for subscribers;
- free personalisation before Christmas (or other occasions, such as Valentine's Day), through a newsletter with products which the client can customise in-store or, depending on the "history" and the customer's purchase behaviour, there may be **free personalisation** (after the first purchase) and access to limited edition products.

In addition, the customer experience of Piquadro, The Bridge and Lancel customers is also strengthened through the new communication channels and social media.

In fact, the Group considers that in addition to the perennial attention to the needs of customers, marketing and communication strategies also play a very important role in consolidating the image of the Group's brands.

The Piquadro brand website, which over the years has been constantly updated, guarantees an innovative user experience through simple and intuitive navigation and allows you to appreciate the quality of Piquadro products. Further innovations on digital platforms are also planned for next year for the Group's other brands.

The use of social media allows further customer engagement and guarantees a complete experience of the brands, thanks to the creation of *ad hoc* digital content.

In addition to traditional communication channels, the Piquadro Group is expanding its digital communication strategy, with the aim of broadening the scope of people reached.

Digital strategies include:

- branding campaigns on the websites of the main Italian and foreign online newspapers; related to **new collections** or new products;
- campaigns to increase site visitors with **sales or discounts**;
- **location-based campaigns** by mailing in support of **new openings**.

Finally, to ensure high-quality service at all stages of the product shopping experience, the Group pays **strong attention to after-sales services** through dedicated offices that provide a response service to requests and/or any possible customer complaints.

2.7 Sustainable and transparent management of the supply chain



The choice of suppliers is made, among other criteria, to maintain the high quality of the products.

The Group is committed to carrying out **sustainable and transparent management of the supply chain** and, to this end, **this includes the adoption of a Supplier Code of Conduct** and the implementation of a sharing process with the main business partner categories.

The combination of **traditional Italian leather working, quality, design and innovation has always characterised the Piquadro company.**

The Group is constantly searching for services and products distributed by Italian suppliers and beyond, which will allow them to maintain high standards of excellence of the final products.

The selection of suppliers and the determination of purchasing conditions are based on objective parameters such as, for example, quality and efficiency.

Following the acquisition of Lancel, the Parent Company is finalising the existing supply contracts in order to select the best suppliers of the Piquadro Group and Lancel, creating Group synergies.

The Group's product value chain is divided into the typical segments of:



Product research and development



Purchase of raw materials, semi-finished products, finished products and services



Production



Distribution



Sales to the end customer

The Group's main types of suppliers

The flexibility of the business model adopted by the Group means it can maintain the supervision of all critical phases of the production and distribution chain. The Group, in fact, internally carries out the entire phases of design, planning, production, purchasing, quality, marketing, communication and distribution and uses outsourcing only for part of the production activities, while also maintaining control, in terms of quality and efficiency of the outsourced phases.

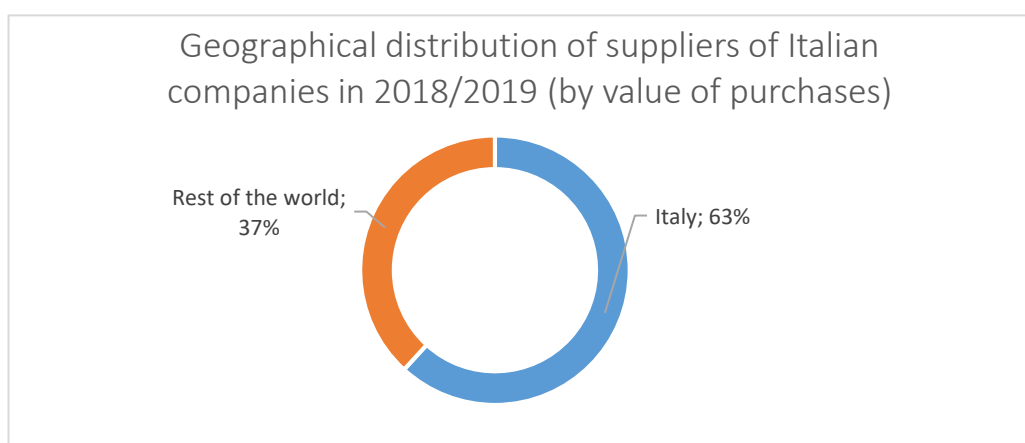
The production activity, which is partially carried out by external operations, is entrusted to external suppliers of proven competence and quality, located mainly in Hong Kong, Italy, China, Czech Republic and Bulgaria. This activity is carried out on the basis of prototypes, engineered and provided by the Group, which then directly conducts a quality control activity of the products produced.

The Group's main purchasing types are represented by the categories "**raw materials and finished products**" and "**external production**" which, together, **account for almost 51% of annual expenditure**.

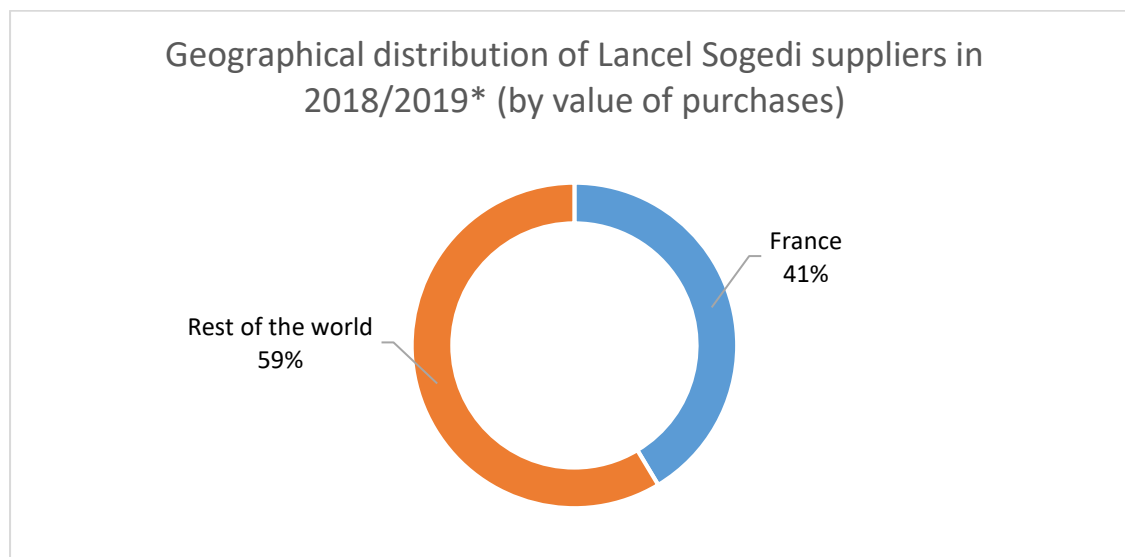
The following is the Group's total expenditure by purchase category in the 2018/2019 FY.

2018/2019		
Category	Total annual expenditure by type [€]	% of total annual expenditure by type
Raw materials and finished products	40,107	36%
External production	15,909	14%
Publicity and marketing	12,274	11%
Transport services	6,143	6%
Commercial services	5,316	5%
Administrative services	4,815	4%
General services	3,425	3%
Services for production	3,543	3%
Costs for use of third-party goods	18,965	17%
Total	110,497	100%

Local suppliers for Italian companies are dominant in terms of business volume and account for **63% of the total value of purchases** made in 2018 /2019 (in line with the 2017/2018 figure of 62%)

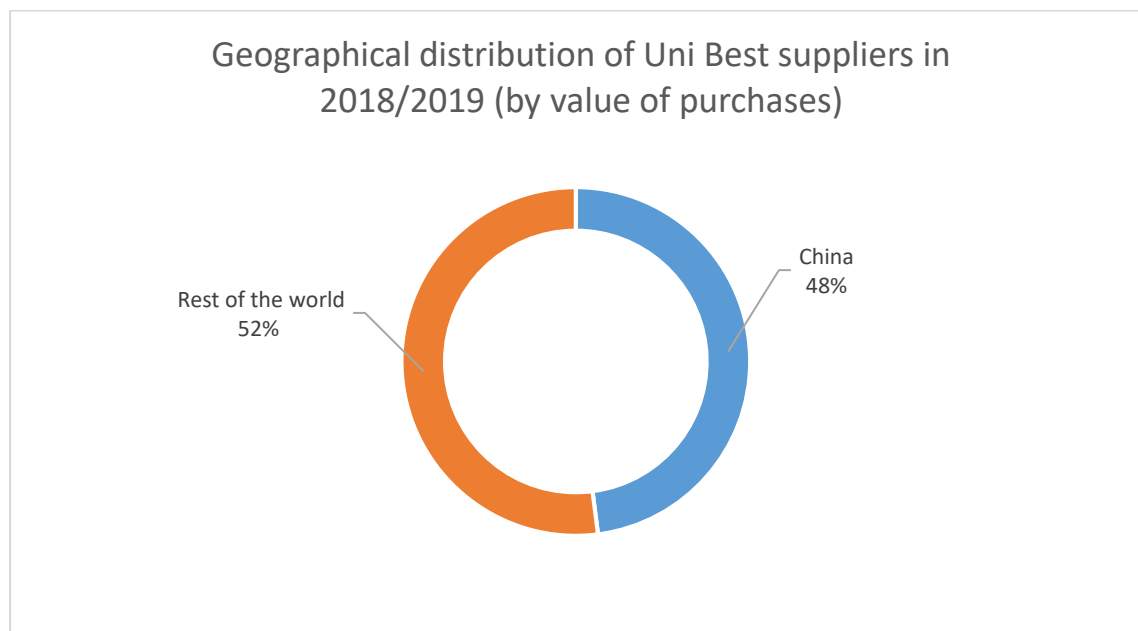


As regards **local suppliers for the French company**, these represent, in turns of turnover, **41% of the total value of purchases** made during the consolidation period June 2018 – March 2019.



* consolidation period for June 2018 – March 2019

With regard to purchases made by the Chinese subsidiary Uni Best, the distribution of suppliers is as follows:



The percentage of local suppliers, understood as Chinese suppliers, is **46%** of the value of purchases in 2018/2019.

The Piquadro Group is inspired by integrity and aims to bring fairness and ethical values also into external relations.

For this purpose, the Code of Ethics is expressly addressed not only to administrators and internal workers, but also to external employees, customers, agents and, of course, suppliers. In addition, the Group **plans to adopt a supplier Code of Conduct** and implement a sharing process with the main categories of business partners.

The Group does not provide for, in the qualification process and selection of new suppliers, social and/or environmental criteria; the Group aims to insert new parameters relating to the protection of human rights and other social and environmental criteria by March 2020.

3. Our people

Human resources are an indispensable factor for a company's existence, development and success. For this reason, the Piquadro Group protects and promotes the value of human resources in order to improve and increase the assets and competitiveness of the skills possessed by each employee and collaborator in the corporate organisational context.

In this context, the Code of Ethics explicitly refers to what is contained in the "Declaration on the fundamental principles and rights at work" adopted by the International Conference of the ILO (International Labour Organisation) in 1998 and the fundamental conventions to which it relates, in particular as regards:

- **prohibition of forced labour:** forced labour, slave labour or provided by prisoners is prohibited;
- **freedom to join a trade union and the right to collective bargaining:** the right of workers and employers to organise themselves and the right to form and/or join a trade union of their choice is recognised. Workers and employers can participate in collective bargaining freely and independently from public authorities;
- **prohibition of child labour and the exploitation of the employment of children :** child labour is prohibited. The minimum age for admission to work must be no less than the age of finishing compulsory schooling in the countries concerned;
- **prohibition of discrimination in employment:** workers must be employed on the basis of their own ability to work and without discrimination based on race, gender, individual characteristics, religious belief, political views, national or social origin;
- **prohibition of harassment:** employees and collaborators are prohibited from any behaviour, from any position, subjected to sexual or moral harassment, psychological violence, bullying and straining.⁶

⁶ Straining, in the eyes of the law, consists of a single action or several hostile actions which have lasting effects on a person who is in a position of inferiority.

3.1 Group people



In the Code of Ethics, the Group has formalised its commitment to protect and promote the value of human resources, increase the assets of skills and ensure safe working conditions that respect individual dignity. Furthermore, the Group is committed to finalising the adoption of a management and staff development policy and occupational health and safety policy, with a view to continuous improvement.

The products offered by the Group are designed, created and distributed according to the guidelines of an organisational model characterised by the supervision of all the most critical phases of the supply chain, from conception, to production and subsequent distribution. This entails a great deal of attention to the correct management of human resources, (and not to be contemplated without) respecting the individual local situations in which the Group operates, an intense involvement of people, especially in the phases that are considered strategic for the success of the brands.

As of 31 March 2019, there were **1,168** employees in the Group, an increase of 45.09% compared to 805 employees on 31 March 2018, mainly due to the inclusion in the consolidation period of the Lancel Group (327 people as of 31 March 2019).

The three largest poles are Italy (34%) China (29%) and France (28%) while the remaining 9% of employees are distributed in the other countries where the Group is directly present.

Distribution of Group employees per country

Country	as at 31 March 2018	as at 31 March 2019
Italy	385	400
China	337	343
Hong Kong	5	6
Germany	1	1
Spain	19	23
Taiwan	17	22
Switzerland	4	4
France	0	327
UK	6	4
Russia	27	38
USA	4	0
Total	805	1,168

Of all employees, **66%** are employed on a **permanent contract** as of 31 March 2019 (up from 43% last year), while the remaining **34%** have a **fixed-term contract**.

Group headcount per gender, type of contract, region and age group

Table 1 – Type of contract

Employment contract	As at 31 March 2018 ⁷			As at 31 March 2019 ⁸		
	Men	Women	Total	Men	Women	Total
Permanent contract	91	259	350	188	578	766
Fixed term contract	138	317	455	133	269	402
Total	229	576	805	321	847	1,168

Table 2 – Region

Region	As at 31 March 2018			As at 31 March 2019		
	Permanent contract	Fixed term contract	Total	Permanent contract	Fixed term contract	Total
Italy	282	103	385	328	72	400
Europe	45	12	57	362	40	402
Rest of the world	23	340	363	76	290	366
Total	350	455	805	766	402	1,168

Table 3 – Age group and gender

	2018/2019											
	ITALY				REST OF EUROPE ⁹				REST OF THE WORLD			
	<30	30-50	>50	Tot	<30	30-50	>50	Tot	<30	30-50	>50	Tot
Men	19	62	26	107	26	39	11	76	40	88	10	138
Women	59	193	41	293	90	168	63	321	31	165	37	233
Total	78	255	67	400	116	207	74	397	71	253	47	371

	2018/2019				
	GROUP				
	<30	30-50	>50	Tot	%
Men	85	189	47	321	27%
Women	180	526	141	847	73%
Total	265	715	188	1,168	

89% of Group employees as at 31 March 2019 have a **full-time** contract, while the remaining **11%** are employed on a **part-time** contract. Of the total 1,035 employees on a full-time

⁷ Following a process of improving the reporting system, information as at 31 March 2018 (relating to the sub-division of employees depending on their contract type) has been restated as compared to that published in the previous NFS to reclassify some of the contract circumstances stipulated by Chinese legislation. For previously published data, please refer to the NFS as of 31 March 2018, available on the website www.piquadro.it in the Investor Relations/Sustainability Report section.

⁸ Note that among workers on fixed-term contracts as of 31 March 2019, 50 appear to have several years continuity and job stability.

⁹ The geographical area "Rest of Europe" also includes Russia.

contract, there are 305 men and 730 women, whereas in part-time contracts, there are 16 men and 117 women.

With regard to other types of workforce or external collaborations, the Group makes limited use of unusual types of work.

As at 31 March 2019, Piquadro S.p.A. and The Bridge S.p.A. have agreements with 54 companies, both Italian and overseas, for the marketing of their products through commercial agents. At the same time, the French subsidiary Lancel Sogedi S.A. has agreements with 7 companies for the marketing of its products.

During the 2018/2019 financial year, **548 new employees were hired**, and **560 workers left**. The new hiring rate does not include employees incorporated as a result of the acquisition of the Lancel Group in June 2018.

Number of new hires and turnover of the Group by region, gender and age group

Table 4 – New employee hires in the Group

	2018/2019														
	ITALY					REST OF EUROPE ¹⁰					REST OF THE WORLD				
	<30	s	>50	Tot	%	<30	30-50	>50	Tot	%	<30	30-50	>50	Tot	%
Men	25	32	5	62	58%	18	10	1	29	38%	54	45	2	101	73%
Women	34	62	9	105	36%	94	35	5	134	42%	36	79	2	117	50%
Total	59	94	14	167	42%	112	45	6	163	41%	90	124	4	218	59%
% of entry turnover	76%	37%	21%	42%		97%	22%	17%	41%		127%	49%	9%	59%	

	2018/2019				
	GROUP				
	<30	30-50	>50	Tot	%
Men	97	87	8	192	60%
Women	164	176	16	356	42%
Total	261	263	24	548	47%
% of entry turnover	98%	37%	13%	47%	

The new hiring turnover is calculated as the ratio between the total number of people hired in 2018/2019 (Table 4) and the total number of employees as at 31 March 2019 for the relative age group and gender (Table 3).

¹⁰ The geographical area "Rest of Europe" also includes Russia.

Number of terminations and turnover of the Group by region, gender and age group

Table 5 – Turnover in the Group

	2018/2019														
	ITALY					REST OF EUROPE					REST OF THE WORLD				
	<30	30-50	>50	Tot	%	<30	30-50	>50	Tot	%	<30	30-50	>50	Tot	%
Men	15	28	8	51	48%	17	14	-	31	41%	50	31	1	82	59%
Women	31	71	9	111	38%	82	61	9	152	47%	47	84	2	133	57%
Total	46	99	17	162	41%	99	75	9	183	46%	97	115	3	215	58%
% turnover	59%	39%	25%	41%		85%	36%	12%	46%		137%	45%	6%	58%	

Number of terminations	2018/2019				
	GROUP				
	<30	30-50	>50	Tot	%
Men	82	73	9	164	51%
Women	160	216	20	396	47%
Total	242	289	29	560	48%
% turnover	91%	40%	15%	48%	

The leaving rate is calculated as the ratio between the total number of people who left the Group in 2018/2019 (Table 5) and the total number of employees as at 31 March 2019 for the relative age group and gender (Table 3).

The leaving rate is mainly attributable to the Group's stores and to the chinese subsidiary Uni Best.

3.2 Management and development of employees



The activity of the entire Piquadro Group pursues the values of the **development, promotion and support** of cultural baggage, talent and the potential of its human resources to create a work environment which encourages and values the contribution of each individual resource.

The Group recognises the importance of the development and training of its resources, as they represent the Group's added value.

In the 2018/2019 financial year, more than 6,000 hours of training were given to the Group's employees. In addition to mandatory health and safety training in the workplace, specific courses and training on Sales Strategy issues, not just when opening new points of sale (outlets or boutiques) by store managers of historical outlets identified for their professionalism, product knowledge and undisputed sales capabilities. During these sessions, the product's characteristics, the way they are displayed, and the presentation of the brand's characteristics are illustrated.

The Lancel Group also stipulates professional training by department in order to identify and increase the individual growth prospects of all employees as well as identifying any *ad hoc* training courses.

Total hours of training provided to Group employees¹¹

Employee category	2018/ 2019			2017/ 2018		
	Men	Women	Total	Men	Women	Total
Managers	32	1	33	1	-	1
Office workers	311	732	1,043	400	823	1,223
Manual workers	1,856	3,204	5,060	1,557	3,190	4,747
Total	2,199	3,938	6,137	1,959	4,012	5,971

¹¹ The total hours of training relating to the company Uni best Leather Goods Zhongshan Co. Ltd come from estimates based on the main courses given to employees during the year.

Average hours per-capita of training provided to Group employees

Professional category	2018/2019			2017/2018		
	Men	Women	Total	Men	Women	Total
Managers	4.0	-	4.2	0,1	-	0.1
Office workers	1.9	1.2	1.3	4.4	2.6	3.0
Manual workers	12.5	13.9	13.4	12.0	12.5	12.3
Total	6.9	4.6	5.3	8.6	7.0	7.4

The Parent Company recognises the importance of training, awareness and information regarding the Organisational and Management Model and the Code of Ethics¹². The relevant information and training activities are planned at the beginning of the working relationship, both at the headquarters and at each point of sale, and at all occasions when the need is found in order to ensure the proper knowledge of Legis. Decree 231/01 and the provisions of the Organisational and Management Model. During the year, Piquadro S.p.a. and The Bridge S.p.a. provided a total of 63 hours of classroom training on these topics.

3.3 Employee welfare and equal opportunities

The Piquadro Group guarantees totally equal treatment. As part of its objectives, the Group commits to creating and maintaining a working environment which considers diversity, based on respect for individuals and correct behaviour in all countries and communities in which it operates. All employees are required to follow the procedures and guidance policies that promote these company values.

The working environment, as well as being adequate as regards employees' personal health and safety, promotes mutual collaboration and team spirit, respecting everyone's moral personality and is free of prejudice, intimidation, unlawful conditioning or undue inconvenience. Piquadro, through the relevant functions, selects, hires, pays and organises employees based on the criteria of merit and skill, in accordance with the reward system adopted, based on criteria of objectivity and reasonableness and respecting what is written in employment contracts, without age or gender discrimination.

Group employees by category and gender

Employee category	as at 31 March 2019					as at 31 March 2018				
	Men	%	Women	%	Total	Men	%	Women	%	Total
Managers	8	100%	-	-	8	7	100%	-	-	7
Office workers	165	21%	616	79%	781	92	22%	320	78%	412
Manual workers	148	39%	231	61%	379	130	34%	256	66%	386
Total	321	27%	847	73%	1,168	229	28%	576	72%	805

¹² Currently the Group does not carry out specific training in the field of human rights but confirms its objective to start up training courses in that area.

At Group level, as of 31 March 2019, there were a total of 379 workers, 781 employees and 8 directors : of these **73% are women**.

Group employees by category and age group

Number of people	as at 31 March 2019							as at 31 March 2018						
	<30	%	30-50	%	>50	%	Tot	<30	%	30-50	%	>50	%	Tot
Directors	-	-	1	13%	7	88%	8	-	-	1	14%	6	86%	7
Employees	201	26%	457	59%	122	16%	780	98	24%	272	66%	42	10%	412
Workers	64	17%	257	68%	59	16%	380	75	19%	275	71%	36	9%	386
Total	265	23%	715	61%	188	16%	1,168	173	21%	548	68%	84	10%	805

As regards the age group, employees aged between 30 and 50 account for 61% of the total. **23% of employees are under 30**, demonstrating the Group's high ability to also attract and employ younger resources.

As of 31 March 2019, 88% of directors are employed at local level, i.e. they are of the same nationality as the country in which they work.

The principles of the individual's centrality and the protection of equal opportunities provided in the Group's Code of Ethics mean, from a practical point of view, the promotion of several initiatives to ensure good **company welfare**:

- to cater for employees, Piquadro has an internal canteen service, while both The Bridge and Lancel offer a relaxation - kitchen room for workers in addition to the "Ticket Restaurant" vouchers to eat meals elsewhere;
- directors and most of the Group's managers are given a company car
- both Lancel and The Bridge, in order to facilitate the movement of employees, also offer a contribution for public transport subscriptions;
- Furthermore, The Bridge gives its employees a 100-euro voucher to be freely spent at certain affiliated businesses;
- to guarantee its employees a high degree of flexibility and a good work/life balance, a smart working system is being piloted in some targeted situations in Piquadro;
- all companies in the Group are guaranteed maternity leave in accordance with local legal obligations;
- Uni Best has set up a dormitory facility for all workers with guaranteed board and lodging;
- the company's welfare in the Group's Chinese company is also supported by the activity of the so-called "staff union", a team of employees who act as spokesmen of the workers and, with top management, promote activities and initiatives for workers.

As for the Parent Company Piquadro S.p.A., some benefits are provided only for employees hired on full-time contracts (e.g. company car, accommodation, insurance).

Industrial relations

In the case of employment contracts, **99.1%** of the Group's employees are covered by **collective agreements**. In addition, The Bridge has also a second-level contract for certain categories of employees.

3.4 Occupational health and safety



The Group commits to maintaining **high standards in safeguarding** its employees' **health and safety**: for this purpose, the Italian companies Piquadro S.p.a. and The Bridge S.p.a. have adopted an *ad hoc* **management process**, including a "safety chart". The procedure has been drawn up following a risk assessment analysis connected to the employees' workplace and duties. Within the context of the Group's work, the risk assessment must strive towards the **continuous improvement** of the workers' health and safety at work.

The Piquadro Group guarantees the physical and moral integrity of its employees and internal collaborators, work conditions which respect individual dignity and safe and salubrious working environments, in full respect of the current regulations of preventing accidents at work and worker protection.

To this end, the Italian companies Piquadro S.p.a. and The Bridge S.p.a. have set up a **management procedure** of safety at work, done following an **analysis of potential risks** connected to the activities done by the employees and also implemented thanks to identifying people responsible for protection (e.g. Head of the prevention and protection service, fire service personnel, first aid workers). The process also involves monitoring and recording any accidental "near misses".

In order to obtain the risk assessment, careful analysis of the work activities and the study of the relationship between people, equipment, the environment, physical, chemical and biological factors of each workplace and the place where it develops had to be carried out. In particular, the assessment process has been developed through : identification of each particular workplace, identification of hazards present and tasks, a risk analysis for each task, and the study and preparation of the measures to be applied based on the results of the assessment.

The risks taken into account range from those relating to the structure and work environments, to the machinery and equipment used, the hazardous substances with which employees could come into contact, work related stress, the protection of pregnant personnel in the workplace, etc.

In the same document, companies are committed to ensuring that each worker receives sufficient and adequate health and safety training, anticipating a specific relationship between roles performed and training requirements.

During the financial year ended 31 March 2019, the Italian companies Piquadro S.p.a. and The Bridge S.p.a. and the production subsidiary Uni Best continued their implementation of an increasingly refined management system striving for the continuous improvement of safety in the workplace, monitoring and urging its employees to report any critical issues regarding safety. Uni Best also provides all new employees with a manual listing the company's general guidelines and standards including safety in the workplace, thus pursuing its objective to provide information which can make it easier to create a complete prevention system at its headquarters.

The French subsidiary Lancel Sogedi S.A. is equipped with an employee representative body (formerly CHSCT and now CSE – a health and safety committee) which contributes to protecting its workers' wellbeing, health and safety. This body actively takes part in improving working conditions and guarantees that all the elements relating to occupational safety are respected. The CSE is responsible for analysing all the risks to which employees could be exposed in the workplace and establishes any corrective and preventative actions necessary. To carry out this analysis, the CSE regularly conducts studies, surveys and inspections.

In order to prevent and improve safety in the workplace, CSE consultations take place every month (at least four meetings a year are mandatory). These meetings analyse the structure of the business organisation (e.g. workloads, work rhythms and increased work duties), the environment (e.g. temperature, lighting, ventilation or workplace noise) and working hours. It should be pointed out that the CSE has decision-making authorities, so it can initiate an alert procedure in the event of serious and imminent risk or serious risk to public health or the environment. These actions are summarised in the "Unique Document" drawn up for both the headquarters and the stores.

Employee health and safety indicators¹³

PIQUADRO GROUP – Employees work-related injuries		
Number of injuries	2018/2019	2017/2018
Total number of recordable work-related injuries	28	9
Total number of high-consequence work-related injuries (excluding fatalities)	1	0
Total number of fatalities as a result of work-related injury	0	0
Health and safety indicators	2018/2019	2017/2018
Rate of recordable work-related injuries	12.65	5.41
Rate of high-consequence work-related injuries (excluding fatalities)	0.45	0.00
Rate of fatalities as a result of work-related injury	0.00	0.00

In the period under review, the data on accidents has increased as compared to 2017/2018, also due to the fact that during this period the Lancel Group joined. The latter was acquired on 2 June 2019 and recorded eleven workplace accidents.

The accidents which occurred outside Europe were mainly at the Uni Best company located in China. The number of accidents recorded there, which is higher than in other geographical areas, is due to the diversity of tasks carried out. Whereas in Italy and in the rest of Europe the employees mainly do office or sales tasks, in China, workers are employed almost exclusively in production and therefore in potentially riskier activities. The main types of injuries detected were wounds and bruises, crush injuries and cuts. During the 2018/2019 financial year, no fatal injuries were recorded.

¹³ From this NFS a decision was made to proceed with accident data reporting using the new GRI 403 standard, published by the Global Reporting Initiative (GRI) in 2018 to replace the version used to date which was published in 2016. For comparison purposes, data as at 31 March 2018 has been restated as compared to that published in the previous NFS following the update of the GRI 403 standard. The accident rates have been calculated as the ratio between the total number of accidents and the number of total hours worked, using a multiplication factor of 1,000,000. For previously published data, please refer to the NFS of 31 March 2018, published on the website www.piquadro.it in the Investor Relations/Sustainability Report section. It should also be noted that only events which led to at least one or more days of absence were considered as accidents. The 2017/2018 data does not include the companies Piquadro Taiwan Ltd., Piquadro Swiss SA, Piquadro Deutschland GmbH, Piquadro UK Limited, representing approximately 3% of Group employees. The 2018/2019 data does not include the companies Piquadro Deutschland GmbH and Piquadro UK Limited, representing approximately 0.4% of Group employees.

In order to monitor this data relating to recorded workplace accidents, Piquadro believes that it is only through creating a shared system that benefits can be multiplied and, therefore, the main way of achieving such objectives lies in everyone's commitment to the safety policies. For this reason, the Group continues its commitment to disseminating and consolidating a **safety culture** to all its employees and collaborators, developing awareness of risks and promoting responsible behaviour on the part of the personnel. To this purpose, the Italian companies Piquadro S.p.a. and The Bridge S.p.a., the Chinese production subsidiary Uni Best and Lancel Sogedi S.A. periodically give general and specific training on health and safety. Over 5,700 hours of health and safety training were provided during the financial year.

The Group's Code of Ethics also reminds all employees and workers of their responsibility to contribute to the process of risk prevention and health and safety protection for themselves, colleagues and third parties, without prejudice to individual responsibility under applicable legal provisions. To this end, it sanctions, within the framework of company activities, a total general prohibition of alcohol abuse or drug use and stipulates a ban on smoking in the workplace, in accordance with legal regulations and nevertheless where smoking may cause danger to company structures and company property or to the health or safety of colleagues and third parties.

The system implemented by the Group's Italian companies also takes into account third party interference risks which may occur within the stores and, in this regard has also been followed up with reports of training requirements in the retail system.

4. Environmental responsibility

As invoked by the Group's Code of Ethics, the environment is considered a primary asset of the community that the Group itself wants to help safeguard. To this end, it plans its activities by seeking a balance between economic initiatives and environmental needs, in accordance with the legal and regulatory provisions applicable, giving maximum cooperation to the public authorities responsible for monitoring, surveillance and environmental protection. Therefore, the Piquadro Group is committed to a constant search for the most suitable solutions to ensure responsible use of resources, a reduction in energy consumption and better management of emissions into the atmosphere through the constant improvement of eco-efficiency levels and the use of energy from renewable sources. The Piquadro Group is also committed to raising awareness and communication activities on energy and environmental issues.

4.1 Responsible consumption of materials

The Piquadro Group, in line with the management responsible for its business, is committed to purchasing high-quality materials with a lower environmental impact.

Raw materials and consumables purchased by type¹⁴

Type	Unit of measure	Total as at 31.03.2019
LEATHER	M ²	495,749
SHOPPING BAG	KG	49,233
of which FSC (<i>Forest Stewardship Council</i>)	KG	7,713
of which Non FSC (<i>Forest Stewardship Council</i>)	KG	41,520
METALLIC ACCESSORIES	UNITS	7,059,233
COTTON/CLOTH BAGS	UNITS	243,049
FELT AND FABRICS	ML	146,876

The most common raw material in terms of purchases is leather, used to make the Group's three brands. In the 2018/2019 tax year, the Group purchased over **495 thousand square metres of leather**, mainly from Italian tanneries.

As well as leather, to make its products, the Group also purchased fabrics, nylon and polyester, accessories and metallic accessories. The other categories of materials used by the Group were paper for office activities and cardboard and plastic for product packaging and transport (cardboard boxes, product tags, cellophane and other plastic packaging material).

¹⁴ The types listed include the main materials and consumables purchased using the most representative units of measurement



Vegetable Tanning

The leather used for some of The Bridge products is made from vegetable tanning. This technique requires the leather to be worked only using natural tannins contained in wood, bark, leaves and tree fruit. Vegetable tanning means working with a lower environmental impact than more widespread methods which involve the use of chromium, it does not contain toxic substances which are harmful to humans and the environment and is also usually well tolerated by people who are allergic to heavy metals.

"Vegetable tanning" is the oldest and most recognisable technique, the only one capable of giving leather unmistakable properties and making the end product unique.

With regard to chemical agents or other hazardous materials, this is limited to the repair department where glue, detergents and colours are used in a non-continuous manner. On such sporadic occasions, all necessary precautions are taken by workers, under the indication of health and safety procedures.

In addition, the Parent Company and subsidiary The Bridge S.p.A., within the framework of the organisation and management Model under Legis. Decree 231/01, analysed any possible risks potentially related to the use of these substances, revealing that the type of activities carried out within the Group's companies do not appear to be such as to expose workers to risks to their health and safety.

4.2 Energy management

During the 2018/2019 financial year, the Piquadro Group's energy consumption stood at about **27,232 GJ**. The main types of energy sources used were:

- electricity;
- natural gas, diesel and LPG for heating;
- diesel and petrol for transport.

The reported energy consumption relates to the Italian offices, the Chinese production establishment and, for electricity consumption only, the 127 direct outlets of the Piquadro Group. Consumption fuel by company cars is related to the company Piquadro S.p.A., The Bridge, Uni Best and Lancel Sogedi.

Since July 2017, Uni Best has installed an air conditioning system at its headquarters which does not use cooling gas but just water to operate.

Energy consumption of the Piquadro Group

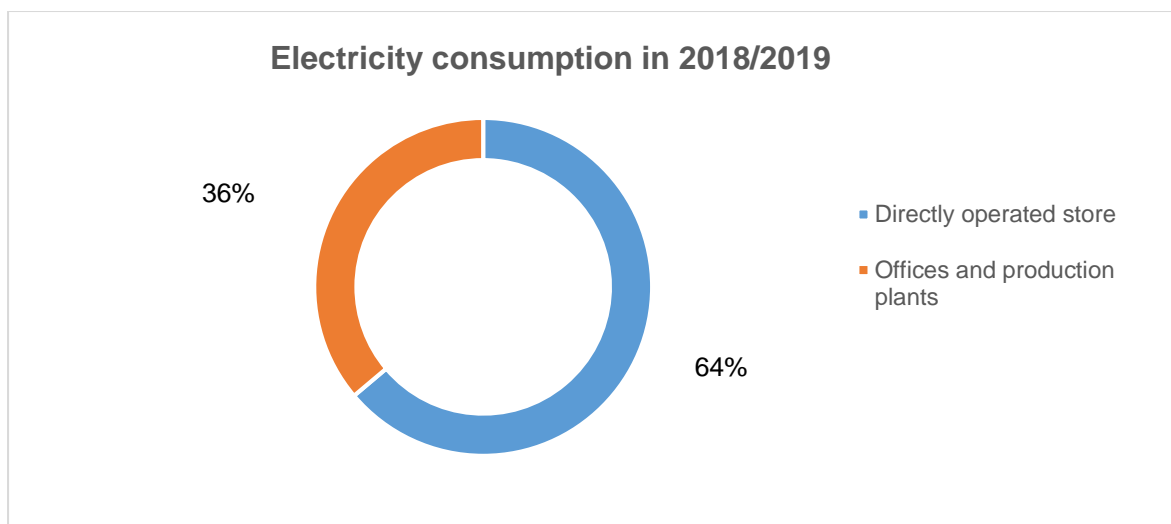
Type of consumption	2017/2018	2018/2019
	Total (GJ)	Total (GJ)
Purchased electricity¹⁵	10,443	17,527
<i>of which: renewable</i>	-	4,170
Non-renewable sources	7,986	9,705
<i>of which: natural gas for heating</i>	2,663	3,788
<i>of which: diesel for heating¹⁶</i>	272	306
<i>of which: LPG for heating</i>	2,391	2,677
<i>of which: petrol for company fleet</i>	181	243
<i>of which: diesel for company fleet</i>	2,479	2,690
Total energy consumption	18,429	27,232

As regards the increase in energy consumption, it is noted that the increase was mainly due to the introduction within the consolidation period of the Lancel Group acquired on 2 June 2018 with its (approximately) 60 stores.

As far as the distribution of electricity consumption is concerned, direct outlets account for about 64% of the Group's **total consumption**.

¹⁵ The electricity consumption of 10 direct Piquadro stores has been estimated by analogy to other stores, based on their size and geographical location. The electricity consumption of 40 stores of the Lancel brand is estimated annually at 300kWh/m². Most of these stores are placed in airports or shopping centres whose contractual conditions do not allow timely reporting of the data.

¹⁶ To ensure better reporting of the Group's energy consumption, the data of diesel consumption has been explicitly reported as compared to that published in the previous NFS.



4.3 Air emissions

With regard to greenhouse gas (GHG) emissions, in the 2018/2019, the Group produced **1,999 t CO₂eq** according to the location-based¹⁷ calculation method, deriving from the consumption of electricity and non-renewable fuels.

In particular, direct emissions (Scope 1), i.e. from consumption of natural gas, LPG, diesel and petrol amounted to around **599 t CO₂eq**.

Indirect emissions (Scope 2) on the other hand, resulting from the purchase of electricity from the grid, amounted to a total of around **1,400 t CO₂** according to the location-based calculation method and around **1,647 t CO₂** according to the "market-based" calculation method.

Scope 1 GHG emissions [tCO₂eq]¹⁸

Type of source	2017/2018	2018/2019
Scope 1¹⁹		
Use of fuel for heating	309	398
<i>of which: natural gas</i>	143	215
<i>of which: LPG</i>	142	159
<i>of which : diesel</i>	23	24
Use of petrol for company fleet	12	16
Use of diesel for company fleet	169	185
Total Scope 1	490	599
Scope 2²⁰		
Purchased electricity (location-based)	1,262	1,400
Scope 2		
Purchased electricity (market-based)	1,492	1,647

¹⁷ GRI Sustainability Reporting Standards provide two methodologies for calculating the emissions of Scope 2: "Location-based" and "Market-based". The "Location-based" reflects the average intensity of emissions from the total national electricity production, while the "Market-based" method reflects the emissions from electricity that companies have chosen to use and is therefore calculated by emission factors that also consider contractual instruments for the sale and purchase of certified electricity.

¹⁸ It should be noted that for better alignment with what is required by the GRI 305-1 standard to calculate Scope 1 emissions, an updated source of emission factors was used that restores emissions into CO₂eq. Emissions from Scope 2 are instead expressed in tonnes of CO₂, however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂eq), as inferred from the related technical literature. It should be noted that following the process of improving the reporting system of greenhouse gas emissions and updating the sources of the emissions factor sources, data for 2017/2018 has been restated as compared to that published in the previous NFS. For previously published data, please refer to the NFS of 31 March 2018, available on the website www.piquadro.it in the Investor Relations/Sustainability Report section.

¹⁹ To calculate Scope 1 emissions, the emission factors published by the Department for Environment, Food & Rural Affairs, UK (DEFRA), in Greenhouse gas reporting - Conversion factors 2018 were used.

²⁰ To calculate Scope 2 emissions with the "location-based" method, emission factors reported within the publication *Confronti Internazionali*, Terna 2016 were used. With regard to the calculation of emissions using the "market-based" method, *Residual mix* emission factors were used published by the *Association of Issuing Bodies (AIB)* in the document *European Residual Mixes 2017*; these factors have only been applied for the following countries: Italy, French Great Britain and Spain. In other cases where factors were unavailable, the same factors used for the calculation with the "location-based" method were maintained.

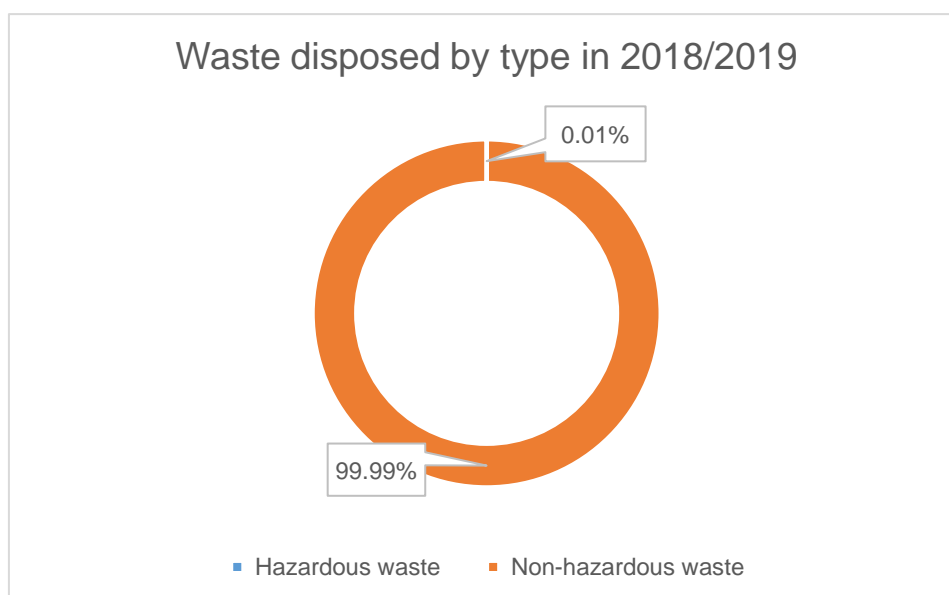
4.4 Waste management



The Parent Company has implemented a **waste management procedure** developed as part of the organisation and management Model. It aims to establish ways of managing and disposing of urban and assimilated waste (wood, paper, cardboard, plastic, etc.), as well as the management of special waste such as electrical and electronic appliances, used toners and cartridges, managed through authorised suppliers and in compliance with current regulations. The correct implementation of the procedures is also requested and protected by disciplinary and sanctioning measures in the event of violations.

The Piquadro Group has always been conscious of and attentive to the way in which waste is managed and disposed of, in accordance with current regulations. It is fully aware of the correctly managed duty towards public health and when considering the rights of future generations.

During the 2018/2019 tax year, the Piquadro Group produced a total of approximately **303 tonnes of waste**, almost all of which were **non-hazardous**.



As regards the disposal method, the Group sends about **55% of its waste to recycling, 4% to energy recovery** and 41% to landfill.

Waste per disposal method [t] ²¹						
Disposal method	2017/2018			2018/2019		
	Hazardous waste	Non hazardous waste	Total	Hazardous waste	Non hazardous waste	Total
Recycling	0.42	148.54	148.96	0.02	164.73	164.75
Energy recovery	-	14.70	14.70	-	12.96	12.96
Landfill	1.43	100.16	101.59	0.01	124.96	124.97
Total	1.86	263.40	265.26	0.03	302.66	302.68

²¹ The data entered does not include the Group's directly operated stores and urban-assimilated waste of the company The Bridge S.p.a. For the company Uni Best, the weight of waste produced and destined for landfill disposal was estimated based on the volume of waste according to a specific weight of 0.2 t/m³.

5. Our bond with the local area



Among the Group's activities there are also several **community initiatives**: Piquadro, The Bridge and Lancel are **strongly linked to the territory** in which they were born and they are a reference point for many families and a source of training, income and professionalism for many workers.

During the 2018/2019 financial year, the Piquadro Group paid more than **€80,000** in **donations** to non-profit organisations and local associations for development and promotion purposes and sponsored social and cultural events in the area.

The Bridge, in particular, has regular contact with schools and training facilities in general that are located in the Florentine basin: through the activation of curricular, extracurricular and apprenticeship contracts, it has frequent contact with Polimoda and with MI.TA (Made in Italy Tuscany Academy) the first Higher Technical Institute in the field of technical professions for fashion with offices in Scandicci (Florence).



Fondazione Famiglia Palmieri

The **Palmieri Family Foundation**, founded in 2009, came from Marco and Beatrice Palmieri's desire to continue their philanthropic activity and enhance diversity through a situation which was not just based on welfare but focussed on creating new business models. The aim is to promote activities aimed at study, research, training, innovation in the field of job creation and employment opportunities for people from disadvantaged groups.

With this purpose and an unprecedented entrepreneurial approach, the Foundation aims to introduce to the market the non-profit companies which host people with disabilities and offer them opportunities to enter the world of work, so that they can stand on their own. In this regard, we remember the "**Happy Box**" initiatives since 2009 on solidarity and support projects to enhance the diversity and integration of differently abled people and the competition "**Less is more**" aimed at rewarding social start-ups.

GRI Content Index

GRI Standard	Page	Description
UNIVERSAL STANDARDS		
GRI 102: General Disclosures (2016)		
Profile of the organisation		
102-1	6	Name of the organisation.
102-2	6,8,29-35	Activities, brands, products and services.
102-3	6	Location of headquarters.
102-4	7-8	Location of operations.
102-5	9; Report on corporate governance and ownership structures as of 31 March 2019, Chap.2 Information on ownership assets	Ownership and legal form.
102-6	6,8	Markets served.
102-7	8-9,26-28,47; Capitalisation as at 31 March 2019 is equal to 102.5 million euro	Scale of the organization.
102-8	48-49	Information on employees and other workers.
102-9	42-45	Supply chain.
102-10	3	Significant changes to the organization and its supply chain.
102-11	16	Precautionary Principle or approach.
102-12	46	External initiatives.
102-13	21	Membership of associations.
Strategy		
102-14	2	Statement from senior decision-maker.
Ethics and integrity		
102-16	7,11-13	Values, principles, standards, and norms of behavior.
Governance		
102-18	10	Governance structure.
Stakeholder Engagement		
102-40	19	List of stakeholder groups.
102-41	54	Collective bargaining agreements.
102-42	19,22	Identifying and selecting stakeholders.

GRI Standard	Page	Description
102-43	20,22	Approach to stakeholder engagement.
102-44	20,22-25	Key topics and concerns raised.
Reporting practices		
102-45	3,9	Entities included in the consolidated financial statements.
102-46	3,22-25	Defining report content and topic boundaries.
102-47	22-25	A list of the material topics.
102-48	27,48,56,62	Restatements of information.
102-49	22-25	Changes in reporting.
102-50	3	Reporting period.
102-51	June 2018	If applicable, the date of the most recent previous report.
102-52	3	Reporting cycle.
102-53	5	Contact point for questions regarding the report.
102-54	3	Claims of reporting in accordance with the GRI Standards.
102-55	66-73	GRI Content Index.
102-56	74-76	External assurance.

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GRI 103: Management Approach (2016)			
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103-3	26-28		Evaluation on the management approach
GRI 201: Economic performance (2016)			
201-1	27-28		Directly economic value generated and distributed.
MARKET PRESENCE			
GRI 103: Management Approach (2016)			
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103-2	53		The management approach and its components
103-3	53		Evaluation on the management approach

GRI Standard	Page	Omissions	Description
GRI 202: Market presence (2016)			
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PROCUREMENT PRACTICES			
GRI 103: Management Approach (2016)			
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103-2	42-45		The management approach and its components
103-3	42-45		Evaluation on the management approach
GRI 204: Procurement practices (2016)			
204-1	43-44		Portion of spending on local suppliers.
ANTI-CORRUPTION			
GRI 103: Management Approach (2016)			
103-1	22-23		Explanation of material topic and its boundary
103-2	4,11-13,17		The management approach and its components
103-3	11-13		Evaluation on the management approach
GRI 205: Anti-corruption (2016)			
205-3	During the FY 2018/2019, no cases of corruption were registered		Confirmed cases of corruption and actions taken
GRI 300: ENVIRONMENTAL SERIES			
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103-1	22,24		Explanation of material topic and its boundary
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103-3	58-59		Evaluation on the management approach
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103-1	22,25		Explanation of material topic and its boundary
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103-2	16,58		The management approach and its components
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GRI 307: Environmental compliance (2016)			
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103-2	5,42-45		The management approach and its components
103-3	42-45		Evaluation on the management approach
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GRI 403: Occupational health and safety - Management Approach (2018)			

GRI Standard	Page	Omissions	Description
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403-4	55-57		Worker participation, consultation and communication on occupational health and safety
403-5	55-57		Worker training on occupational health and safety
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403-7	55-57		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403: Occupational health and safety (2018)			
403-9	56		Work-related injuries
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103-2	11-12,46		The management approach and its components
103-3	11-12,46		Evaluation on the management approach
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406-1	During the 2018/2019 FY, there were no incidents of discrimination involving the Group		Incidents of discrimination and corrective actions taken

GRI Standard	Page	Omissions	Description
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GRI 103: Management Approach (2016)			
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103-2	4,17,46		The management approach and its components
103-3	17,46		Evaluation on the management approach
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103-3	39		Evaluation on the management approach

GRI Standard	Page	Omissions	Description
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GRI 103: Management Approach (2016)			
103-1	22-23		Explanation of material topic and its boundary
103-2	11-13		The management approach and its components
103-3	11-13		Evaluation on the management approach
GRI 419: Socioeconomic compliance (2016)			
419-1	During the 2018/2019 there were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.		Non-compliance with laws and regulations in the social and economic area
BRAND IMAGE AND REPUTATION			
GRI 103: Management Approach (2016)			
103-1	22,24		Explanation of material topic and its boundary
103-2	29-35,40-41		The management approach and its components
103-3	29-35, 40-41		Evaluation on the management approach
INNOVATION, RESEARCH AND DEVELOPMENT			
GRI 103: Management Approach (2016)			
103-1	22,24		Explanation of material topic and its boundary
103-2	32-33,36-38		The management approach and its components
103-3	32-33,36-38		Evaluation on the management approach
CUSTOMER SATISFACTION			
GRI 103: Management Approach (2016)			
103-1	22,24		Explanation of material topic and its boundary
103-2	40-41		The management approach and its components
103-3	40-41		Evaluation on the management approach
USE OF CHEMICALS			
GRI 103: Management Approach (2016)			
103-1	22,24-25		Explanation of material topic and its boundary
103-2	39,59		The management approach and its components
103-3	39,59		Evaluation on the management approach
CORPORATE GOVERNANCE			
GRI 103: Management Approach (2016)			
103-1	22-23		Explanation of material topic and its boundary
103-2	10		The management approach and its components

GRI Standard	Page	Omissions	Description
103-3	10		Evaluation on the management approach
RISK ASSESSMENT AND MANAGEMENT			
GRI 103: Management Approach (2016)			
103-1	22-23		Explanation of material topic and its boundary
103-2	14-18		The management approach and its components
103-3	14-18		Evaluation on the management approach

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

**To the Board of Directors of
Piquadro S.p.A.**

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

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

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

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

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

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

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

Auditor's Independence and quality control

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

Auditor's responsibility

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

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

Specifically we carried out the following procedures:

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

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

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

In particular, we carried out interviews and discussions with the management and the employees of Piquadro S.p.A. The Bridge S.p.A., Lancel Sogedi S.A. and Uni Best Leather Goods Zhongshan Co. Ltd., and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Piquadro Group as of March 31, 2019 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
June 27, 2019

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