

# **Supplier Code of Conduct – Moncler Group**

Adopted in November 2016

Updated in June 2021

## Introduction

We, Moncler<sup>1</sup>, believe that it is an essential duty to manage our business in an ethical and responsible manner, treat our stakeholders with honesty and integrity, respect the environment and the animals and provide safe products of high quality, in order to achieve the highest ethics and sustainable development standards.

This duty also extends throughout our supply chain and, as such, we expect our Suppliers<sup>2</sup> and their Subcontractors<sup>3</sup> to uphold the standards outlined in this Supplier Code of Conduct (“Supplier Code”).

Suppliers who engage Subcontractors shall guarantee, verify and demonstrate that their Subcontractors comply with the standards and duties set forth by the Supplier Code, on the understanding that, in any case, the Supplier shall be liable for any omission or breach of the Supplier Code by any of its Subcontractors.

The Supplier Code, inspired by the values formally described in the Code of Ethics, sets forth Moncler’s expectations with respect to key areas of responsible sourcing and is made up of six sections establishing mandatory standards relating to: Labor and Human Rights, Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of goods and services and Business Ethics.

The Supplier Code is based on the International Labour Organization (ILO)’s Declaration on Fundamental Principles and Rights at Work<sup>4</sup>, on the International Covenant on Economic, Social and Cultural Rights, and on the OECD Guidelines for Multinational Enterprises<sup>5</sup>

The supplier shall acknowledge and commit to comply with the standards and expectations set forth in the Supplier Code and verify its compliance from all stakeholders within its own supply chain. Compliance with this Supplier Code is a mandatory condition to establish and maintain a business relationship with Moncler.

## Laws and Regulations

Suppliers and Subcontractors shall abide by the applicable laws and regulations in the countries where they are doing business, including but not limited to laws related to labor practice, human rights, health and safety, environmental responsibility, anti-corruption, animal health and welfare, safety and quality of goods and services.

Laws and regulations that Suppliers and Subcontractors are required to comply also include special and / or emergency regulations adopted by individual States in order to deal with the pandemic emergencies, as well as the recommendations expressed by the World Health Organization for prevention with regard to pandemic infections, which Moncler integrates in the daily management of company-owned sites and requires them being followed also by Suppliers and Subcontractors at company and production sites.

The Supplier Code of Conduct establishes minimum requirements based on international principles that may be more restrictive than those required by locally applicable laws and regulations.

Suppliers and Subcontractors are therefore required to act in compliance with the more restrictive provision contained in the Code of Conduct; if, however, compliance with this provision involves the violation of laws and / or regulations applicable to them, Suppliers and Subcontractors must comply with these laws and / or regulations, promptly informing Moncler of the conflict and also specifying how they believe they will be able to continue to abide and support the principles and objectives of the Supplier Code of Conduct.

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<sup>1</sup> **Moncler** refers to Moncler S.p.A. and to any other company that is directly or indirectly controlled by or is under common control with Moncler S.p.A.

<sup>2</sup> **Supplier** means the supplier who provides goods (including but not limited to raw materials, accessories and products developed and/or marketed by Moncler) and/or services to Moncler.

<sup>3</sup> **Subcontractor** means the supplier of goods or services who is involved in any level of the Supplier’s supply chain.

<sup>4</sup> **ILO’s Declaration on Fundamental Principles and Rights at Work** includes the following Conventions: No. 29 Forced Labour (1930), No. 87 Freedom of Association and Protection of the Right to Organize (1948), No. 98 Right to Organize and Collective Bargaining (1949), No. 100 Equal Remuneration (1951), No. 105 Abolition of Forced Labour (1957), No. 111 Discrimination (Employment and Occupation) (1958), No. 138 Minimum Age Convention (1973), No.182 Elimination of the Worst Forms of Child Labour (1999).

<sup>5</sup> For the **International Covenant on Economic, Social and Cultural Rights** please see the link

<https://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx>

For the **OECD Guidelines for Multinational Enterprises** please see the link <http://www.oecd.org/>

## **Reporting Concerns or Violations**

Suppliers shall immediately report concerns about any of the Supplier Code requirements and any actual or suspected violations against the law, the Supplier Code or any contractual agreements with Moncler. This includes violations by any employee, adviser, partner, agent or any other representatives acting on behalf of either the Supplier or Moncler.

Reports can be made 24 hours per day, seven days per week, through the web page [Moncler.ethicspoint.com](http://Moncler.ethicspoint.com) also available in the sections dedicated to whistleblowing within the corporate website or via letter addressed to Moncler headquarters (Industries S.p.A. - Whistleblowing, Via Venezia 1, 35010 Trebaseleghe, Italia).

## **Monitoring Compliance**

Moncler, whether through its own employees or third parties, retains the right to conduct audits, even without prior notification, in order to verify the compliance of Suppliers and/or their Subcontractors with the Supplier Code.

Suppliers and Subcontractors shall grant to Moncler full access to all their facilities / premises / buildings / factories, including but not limited to (where applicable) employee accommodations or staff rooms, and shall enable Moncler to examine documentation, take pictures and conduct face to face and, as necessary, private interviews with management personnel and with employees, including employees indirectly involved in facility operations, such as canteen, security and cleaning personnel.

Suppliers shall maintain all documentation available on site, ready for consultation, including accurate books and records, which may be needed to verify compliance with this Supplier Code and the applicable laws. Where the documentation is not available on-site, Suppliers shall facilitate and expedite its collection during the audit.

Suppliers act as guarantors for the compliance with the Supplier Code of Conduct by their Subcontractors. Therefore, during the inspections, Moncler will verify that its Suppliers monitor the Subcontractors by requesting, among other things, the documentation certifying the Company's registration with competent Authorities, the authorizations for carrying out the activity, the suitability of the business premises, the payment of social security and tax contributions for employees, the conduct of any audits organized by their own initiative.

Should non-compliance with the Supplier Code be ascertained, Moncler reserves the right to immediately terminate its business relationship with the Supplier or ask the Supplier to engage in corrective actions within a reasonable agreed timeframe. Moncler however reserves the right to terminate its business relationship with the Supplier for any unjustified delay and/or failure in the implementation of corrective actions within the agreed timeframe. Notwithstanding the above-mentioned measures, Moncler reserves the right to act and apply further measures as specifically provided for in the contract with the Supplier.

## **Transparency and Traceability**

Moncler believes that it is essential to adopt a transparent and ethical approach to work. Suppliers shall therefore promote responsible sourcing practices within their own supply chains, by ensuring that the Supplier Code is adhered to by their internal organizational structure and by the Subcontractors and that compliance monitoring occurs at all levels in the supply chain.

Moncler commits in not sourcing materials from conflict zones in its production processes. Suppliers are therefore required to regularly investigate the country of origin of the raw materials, in order to establish their source; in the event that one of these was sourced from a conflict area, the Supplier must promptly notify Moncler.

Suppliers shall notify to Moncler, for acceptance/refusal, before the beginning of each production season, the identity of all Subcontractors involved in the supply of goods and services to Moncler with detail of the geographical locations of all facilities involved and the origins of key raw materials used in the production process, thereby granting full traceability.

Under no circumstances may the Suppliers use Subcontractors not expressly approved in writing by Moncler.

Suppliers are also required, in relations with the Subcontractors approved by Moncler, to establish the prohibition for the latter to use other subcontractors in supplying products and services to Moncler.

## Document History

The Supplier Code is not a static document. In order to remain a high reference standard and to ensure that its content and implementation remain appropriate and effective, it will be periodically revised according to regulatory and legislative development, best practices and stakeholder' inputs.

Any suggestion, opinion and remark about this Supplier Code will be welcome and can be emailed to [responsible.sourcing@moncler.com](mailto:responsible.sourcing@moncler.com).

This is the updated version of the Supplier Code, who's first version was approved on 2016 November 8th.

## LABOR AND HUMAN RIGHTS STANDARDS

### Employment Practices

Suppliers shall only employ workers legally authorized to work in the country where their facilities are located.

Where Suppliers use a migrant worker, defined as a person who carries out or has exercised a paid activity in a State of which he is not a citizen, they must ensure compliance with all the regulations for managing an employment relationship that is able to guarantee an inclusive and non-discriminatory selection, hiring and remuneration process, freedom of movement and a clear and transparent disclosure of worker's rights.

Suppliers may not make use of home workers.

Employees<sup>6</sup> shall be in a legal and freely agreed employment relationship established according to applicable laws and practices and terminations shall be executed in compliance with the law. In dealing with redundancies, the Suppliers, where possible and within the applicable legal framework, shall mitigate the effects of the actions taken providing each affected Employee with appropriate information and assistance.

Suppliers shall respect Employees' privacy rights as per legal requirements. At minimum, Employee records shall be kept private and personal and sensitive information shall be accessible to authorized personnel only, preventing the use of such private information for discriminatory purposes or for purposes not allowed by applicable law.

Regarding this, the Suppliers in the employment relationship are authorized to perform a medical evaluation only after having proposed a job offer. It is not allowed to use pregnancy screening or verification tools at any time before or after the employment contract has been signed by the job applicant, unless required by law. In these cases, the pregnancy test results must be used for official purposes permitted by law.

### Child Labor, Young Workers, Apprentices and Trainees

Suppliers shall not employ individuals under the age of 15 or under the legal working age for the relevant country.

Suppliers shall implement a management system that verifies the age of each Employee by review of legally accepted documentation. Where legal documents are not available, Suppliers shall employ other means for determining Employee's age.

Work type, tasks and working conditions of Employees under the age of 18 ("Young Workers") shall be at least in compliance with the law and, at minimum, not jeopardize physical, mental, moral and social health and safety of Young Workers<sup>7</sup>. Furthermore, the work required of Employees under the age of 18 must not prevent them from attending compulsory school. Finally, they shall not be permitted to engage in night work.

Apprenticeship/traineeship schemes shall not be used to systematically avoid the payment - in whole or in part - of wages and benefits.

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<sup>6</sup> **Employee** includes, but is not limited to, office and production personnel, contract workers, foreign workers, homeworkers, part-time workers, temporary and/or seasonal workers.

<sup>7</sup> In compliance with ILO Convention No. 182 Worst Forms of Child Labor.

## **Forced, Bonded, Indentured, Slave, Trafficked and Prison Labor**

Any form of forced<sup>8</sup>, bonded<sup>9</sup>, indentured, or slave labor<sup>10</sup>, human trafficking<sup>11</sup> and modern slavery is prohibited together with both mental and/or physical coercion.

Suppliers shall not illegally implement mandatory overtime or mandatory overtime beyond legal overtime limits.

Employees shall be in possession or have direct control of their personal identity documents, must be guaranteed freedom of movement, must be lawfully present in the territory in which they work and shall not be restricted from terminating employment (other than restrictions pertaining to legal notice periods).

## **Working Hours**

Working hours, both regular and overtime, shall comply with legal requirements and applicable collective bargaining agreement. Should the law be less stringent, regular working hours must not exceed 48 hours per week and overtime hours must not exceed 12 hours per week. In seasonality peak circumstances, exceptions to these limits are permitted. In the event that working hours consistently exceed the total of 60 hours per week, Suppliers are required to develop a plan to restore working hours in compliance with what is required by law. Suppliers are always required to keep an attendance register indicating the starting and ending hours of the working day and breaks; this register must be as much as possible computerized and non-modifiable, which allows the effective working hours to be traced in a transparent and verifiable manner by the Employee. Employees shall receive at least one day off in a seven-workday period. Exceptions are permitted only due to seasonality of work if in compliance with law.

All overtime work shall be voluntary and not demanded on a regular basis. Suppliers shall compensate Employees for overtime hours at the legal premium rate; should the law be less stringent. Suppliers are encouraged to compensate overtime at a rate higher than the regular hourly rate.

## **Compensation and Benefits**

Suppliers shall compensate Employees for hours worked, including overtime and other premium pay arrangements, in accordance with the employment contracts of individual Employees and in compliance with the laws and applicable collective agreements. Wages, in fact, must be adjusted to the cost of living, the employee's basic needs, discretionary income, market benchmarks and company performance. If there is no minimum wage set forth by the law or binding collective agreements, wages shall be sufficient to meet the basic needs of the Employees and to provide discretionary income.

Similarly, in cases of piece work, where required by law, Suppliers are required to pay Employees in accordance with what has been stated above.

Suppliers must ensure a fair pay system that values workers based on qualifications, skills and experience. Workers must be paid and rewarded for their performance through benefits, wage or non-wage incentives. Suppliers are required to grant all the benefits provided by law, including, but not limited to, social security, parental leave, annual leave, holidays and must engage in regular social dialogue on issues related to remuneration.

Suppliers are required to issue a pay slip for each working period, clearly indicating the components of the compensation, including the exact import breakdown for salaries, benefits, incentives or bonuses and any deductions. Wages must be paid on time and in full.

Wage deductions are not permitted as a disciplinary measure nor those not provided for by national law without the authorization of the worker in question. All disciplinary measures must be recorded.

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<sup>8</sup> As defined in ILO Conventions No. 105 Abolition of Forced Labour Convention and No. 29 Forced Labour Convention.

<sup>9</sup> As defined in the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956).

<sup>10</sup> As defined in the Slavery Convention (1926).

<sup>11</sup> As defined in the Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (2000).

## **Discrimination**

Employees shall not be subject to discrimination in all aspects of employment (including but not limited to hiring, training, working conditions, compensation, benefits, promotions, discipline, termination and retirement) on the basis of race, color, gender, sexual orientation, religion, nationality, age, language, political opinion, union affiliation, marital status, physical or mental disability, pregnancy, social or ethnic origin and any other status or personal characteristic.

## **Abuse, Coercion, Harassment and Disciplinary Action**

Employees shall be treated with dignity and respect and, under no circumstances, be subject to verbal, physical or psychological abuse, coercion, pressure or threats, corporal punishment or any form of harassment during recruitment or employment.

Suppliers shall neither permit illegal or excessive disciplinary action and/or monetary fines for disciplinary reasons. Any other deduction from wages shall be approved in written by the Employee.

## **Freedom of Association and Collective Bargaining**

Suppliers shall, in accordance with applicable law, recognize and respect the rights of Employees to associate, organize or join a union organization and bargain collectively in a lawful manner without interference, penalty or retaliation.<sup>12</sup>

Suppliers shall adopt an open and constructive attitude toward union activities.

## **Training and Development**

Suppliers shall guarantee appropriate tools for the development of skills and capabilities of all Employees.

## **HEALTH & SAFETY STANDARDS**

Suppliers shall provide Employees with a safe and healthy working environment and proactively take all the adequate steps to prevent accidents and injuries, they must provide appropriate information on safety, hold training courses and develop adequate systems for detecting, analyzing and eliminating any hazardous situation. Suppliers shall comply at least with all applicable laws pertaining to occupational health and safety, including but not limited to, emergency prevention and response, building and fire safety, first aid, personal protective equipment, chemicals and hazardous materials storage and handling, equipment and electrical safety, noise, lighting, ventilation, sanitation, access to potable water and clean of working spaces and most of all of toilet facilities. Suppliers and their workers must be prepared in emergency situations, this implies: the definition of evacuation procedures, emergency exercises to be carried out periodically, adequate materials for first aid, adequate devices for detection and fire-fighting and suitable emergency exits. The Supplier must regularly train workers on emergency plans, emergency response capabilities and medical assistance.

Employees are also required to report workplace accidents to their superiors without fear of adverse consequences or retaliation.

Regarding pandemic emergencies, Suppliers are required to comply with national mandatory regulations and in any case adopt the guidelines that Moncler makes readily available to Suppliers through specific communications to prevent contagion risks, even if more restrictive, as well as requesting that their Subcontractors comply with the same provisions.

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<sup>12</sup> In compliance with ILO Conventions No. 87 Freedom of Association and Protection of the Right to Organise and No. 98 Right to Organise and Collective Bargaining.

Suppliers shall appoint a person in charge of health and safety, train the Employees on the relevant health and safety rules and keep appropriate records of training courses provided.

Suppliers, who provide residential and dining facilities for their Employees, shall also ensure the safety and sanitation of such facilities, including toilet facilities, and comply at least with all applicable laws. In particular, the residential facilities must be separated from the work and production plants and the Suppliers must guarantee workers adequate personal spaces, access to drinking water, sanitation, electricity, ventilation and heating as well as adequate fire-fighting equipment, are required to arrange for the appropriate sanitary systems, emergency exits and clearly marked and unlocked escape routes, as well as the correct emergency lighting. Employees must be guaranteed freedom of entry and exit from the premises at any time.

Certification of the workplace health and safety management system according to international standards (i.e., ISO 45001, EMAS) is strongly recommended for manufacturing processes of large scale or with significant impact on the environment.

## **ENVIRONMENTAL STANDARDS**

Suppliers and Subcontractors, in line with the Group's guidelines, are expected to be committed to minimize the environmental impact of their production processes and products and to respect ecosystems and biodiversity, taking also into consideration soil conservation and the management of the surrounding territory. Suppliers and Subcontractors shall comply with all applicable environmental laws and regulations, including but not limited to, laws pertaining to solid and hazardous waste and substances, waste water handling, consumption and disposal and air emissions, and noise pollution, in addition to any other Moncler requirements. In particular, Suppliers and Subcontractors are required to obtain the necessary permits to conduct their activities in respect of the surrounding environment and to develop procedures aimed at controlling and progressively reducing pollution, waste, waste water and gaseous emissions, the use of water, energy and chemicals and the production of hazardous and non-hazardous waste. In addition, they are required to treat wastewater and solid waste before discharge or disposal.

Moncler asks Suppliers to continuously improve their environmental sustainability policies, follow both requirements and projects requested by Moncler, communicate these requirements to its Subcontractors and monitor their compliance. Moncler also requires Suppliers and Subcontractors to follow the principles of reduction, reuse and recycling, communicate data related to overall consumption and allow water analysis and audits. Suppliers and Subcontractors are also encouraged, where possible, to monitor and reduce the use of resources.

Certification of the environmental management system according to international standards (i.e. ISO 14001, EMAS) is strongly recommended for manufacturing processes of large scale or with significant impact on the environment.

## **ANIMAL HEALTH AND WELFARE STANDARDS**

Suppliers shall comply with all applicable animal health and welfare laws and regulations and shall commit to the welfare of the animals including but not limited to breeding, raising, handling/herding, transportation, catching and slaughtering.

Suppliers shall commit to the “Five Freedoms”<sup>13</sup> for welfare of farmed animals:

- Freedom from hunger and thirst,
- Freedom from physical and thermal discomfort,
- Freedom from pain, injury and disease,
- Freedom to express species-specific behaviors,
- Freedom from fear and distress.

Suppliers shall adopt any advisable practice which aims to protect the emotional state, the biological functioning and natural behavior of the animals, taking into consideration species’ needs and bio-diverse eco-systems in the regions where animal products are sourced.

Suppliers shall commit also to protect species populations of wild animals. Suppliers shall ensure that materials of animal origin are from legal sources.

Moncler encourages Suppliers to continuously improve and monitor animal welfare performance and to promote throughout its supply chain the compliance with new and most up-to-date science-based standards and best practices that are focused on animal welfare.

Suppliers must ensure that fragrances or related ingredients supplied to Moncler have not been tested on animals for the production of the fragrances themselves.

## **SAFETY, QUALITY AND SUSTAINABILITY OF GOODS AND SERVICES**

Suppliers shall comply with all applicable safety regulations pertaining the supplied goods and services or, if any, with contractually agreed safety requirements including but not limited to technical specifications of conformity related to the presence of chemical substances and the physical mechanics requirements of specific adult and children products.

In order to provide goods and/or services that consistently meet Moncler’s needs, perform as warranted and are suitable for their intended use, Suppliers shall meet, in addition to any other Moncler requirements, applicable legislation, industry generally recognized standards or, if any, contractually agreed quality requirements.

In this regard, Moncler requires its Suppliers and Subcontractors to operate in absolute compliance with the most restrictive international legislation applicable to hazardous / potentially hazardous chemicals and performance, including the European regulation REACH<sup>14</sup>, the Chinese standards GB<sup>15</sup>, the Japanese JIS<sup>16</sup> standards. For this reason, Suppliers must meet the requirements of the law regarding hazardous / potentially hazardous substances and obtain the necessary authorizations to operate. Furthermore, Suppliers are required to maintain an updated inventory of hazardous substances used in their production processes and to have protocols for their management, storage and transport.

Suppliers involved in the production of fragrances must ensure that the substances and formulas used to make the finished product are not harmful and that they comply with applicable laws.

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<sup>13</sup> Brambell Report published in 1965: the Five Freedoms describes the right to welfare of animals under human control (i.e. mentioned as “... kept under Intensive Livestock Husbandry System”).

<sup>14</sup> Registration, Evaluation, Authorisation and Restriction of Chemicals.

<sup>15</sup> National Standard of the People’s Republic of China.

<sup>16</sup> Japanese Industrial Standards.

## **BUSINESS ETHICS STANDARDS**

The highest standards of integrity, honesty and fairness are required in all business activities.

Suppliers shall comply with all applicable laws pertaining to corruption and bribery and have no tolerance for any form of bribery, corruption, money laundering and extortion. Falsification of records or misrepresentations of conditions or practices in the supply chain are unacceptable.

Suppliers shall not engage in collusive bidding, price fixing or other unfair trade practices in violation of applicable fair competition and antitrust laws.

Suppliers must comply with all trade restrictions, customs laws and export and import regulations.

All commercial information regarding Moncler is to be considered strictly confidential, and access to such information must be guaranteed only to workers directly involved in the projects. Suppliers are prohibited from disclosing to third parties information regarding Moncler or "Moncler" branded products or the process of supplying products and services provided to Moncler, unless expressly authorized in writing by Moncler.

Suppliers shall respect the intellectual property rights of any third party. Suppliers shall safeguard confidential and proprietary information, know-how and trade secrets of Moncler and shall only use them for the purposes authorized by Moncler itself. The obligation of confidentiality will remain in force even once the relationship with Moncler is terminated.

Suppliers shall disclose to Moncler any situation that may appear to be in conflict of interest before any business relationship is entered into. Suppliers shall disclose as well any case when its Employee is a relative or a family member of any Moncler Employee having influence on the bargaining of the contract and execution of business relation.

Suppliers shall not provide gift or entertainment services or hospitality to Moncler Employees unless those are reasonable in nature and in value and are provided only for the purpose of managing normal business relations and not intended to influence in any way Moncler's decisions about the business relationship itself.

## **MANAGEMENT SYSTEM**

In order to guarantee the compliance by Subcontractors with the Supplier Code, Suppliers will communicate, share and explain the contents of the above-mentioned document to their supply chain.

Suppliers are encouraged to fulfill the expectations set forth in this Supplier Code by allocating appropriate resources.

Suppliers shall establish appropriate training measures to allow their Employees to gain an appropriate level of knowledge and understanding of the contents of the Supplier Code.

Suppliers are expected to prove with adequate documentation that they share the principles and values expressed in the Supplier Code with any relevant addressee.

The Supplier Code of Conduct, proposed here in its updated version, has been approved by the Board of Director of Moncler S.p.A. on 2016 November 8th. It is extended to each company included in Moncler Group.