



MONCLER[®]

MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR 2017

Introduction

This document was approved by the Board of Directors of Moncler UK Limited on 29 March 2019 and illustrates the measures taken pursuant to the UK "Modern Slavery Act 2015 - Section 54" to ensure the absence of any form of "modern slavery, forced labour and human trafficking" within and along its supply chain. The contents of this statement refer to the financial year ended 31 December 2017.

Moncler UK Limited is part of the Moncler Group (hereinafter also referred to as "Moncler" and/or "Company"), an entity committed to conducting its business with professionalism, promoting the adoption of ethical and virtuous conduct and ensuring the total condemnation of any form of human rights abuse. In particular, Moncler is committed to fighting modern slavery in all its manifestations, both within its organisation and along its supply chain, in line with the principles set out in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

At Moncler, excellence means quality and style, as well as a commitment to promote a supply chain that is attentive to and respects the rights of workers. The Company believes in the value of stable relationships, based on trust and cooperation, and prefers long-term relationships with those suppliers who ensure reliability in production performance, while sharing Moncler's values.

Company profile

Founded in Grenoble in 1952, Moncler is a leading company in the luxury outerwear sector. Thanks to Moncler, the down jacket became iconic, a staple of the contemporary wardrobe that goes beyond trends, expanding the brand's reach to include all seasons of the year and combining the most extreme requirements for technical garments with everyday metropolitan life. Its products are unique, of the highest quality, "timeless," versatile and innovative and can be worn at any time.

In 2013, Moncler was listed on the Milan Stock Exchange and in 2016 it completed the set-up process at the production site in Romania, with the aim of verticalizing part of its production and creating a technological R&D hub for down jackets.

Moncler is present in more than 70 markets worldwide, through a retail distribution channel consisting of mono-brand stores (201 in 2017) and an online store, and a wholesale distribution channel consisting of multi-brand stores and mono-brand sales points managed by third parties within department stores (59 shop-in-shops in 2017). The Company operates locally through regional organisations: EMEA, the Americas, Asia and Rest of the World.

At 31 December 2017, the total number of employees amounted to 3,498 (70% women) and the geographical area with the highest number of employees was EMEA (63% of people).

Supply chain profile

In 2017, approximately 409 suppliers¹ were involved in the manufacture of Moncler's products. They are grouped into four categories: raw materials (66%), façon (16%), finished products (17%) and services (1%).

Over the years, Moncler has rationalised its supply chain by progressively reducing the number of suppliers, in an effort to gain greater control over supply and develop stronger and more profitable synergies and partnerships with those who share the Company's values and expectations, also in terms of ethical and social standards.

The majority of Moncler's suppliers (93%²) are located in EMEA, primarily in Italy (over 70% of the total). The Company's top 50 suppliers account for about 70% of the total value of orders. The Company is careful to promptly identify any critical situations with the potential to cause supply disruption, addressing them accordingly so as to mitigate any consequences and thus ensure continuity.

Company policies for the protection of Human Rights

Moncler has adopted specific internal instruments to ensure and safeguard the transparent and responsible conduct of its value chain. These are:

- The **Code of Ethics**, updated in 2017, groups together all the values that the Company identifies with, shares, and requires respect for, in the belief that a conduct inspired by principles of diligence, honesty, and loyalty can significantly drive economic and social growth. The Code is inspired by the main existing national and international rules and regulations on corporate social responsibility and human rights, such as the United Nations Declaration of Human Rights, the European Convention on Human Rights, the decent work standards provided for in ILO (International Labour Organization) conventions and the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises. In particular, the Code sets out that all suppliers are under a contractual obligation to comply with the principles and rules of conduct contained in the Code and to enforce them with their subcontractors. Any breach constitutes a breach of contract and may result in specific penalties up to the termination of the contract, depending on the severity of the breach.
- the **Supplier Code of Conduct**, adopted in 2016, sets out Moncler's requirements in the main areas of responsible sourcing and consists of six sections that establish binding provisions concerning: Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, and Corporate Ethics and Intellectual Property Protection. The Company requires its suppliers and their subcontractors to adhere in a binding manner to the principles set forth in the Code of Conduct.

¹ Excluding prototype and pattern making suppliers, and suppliers with sales orders of less than €1,000 per year.

² Percentage calculated on the total number of suppliers.

Supply chain risk assessment and due diligence processes

As per Moncler's business model, only part of the Company's product manufacturing is carried out in-house, at the production site in Romania, while the remaining activities are contracted out mainly to façon manufacturers and finished product suppliers in Italy and abroad. In addition, the Company purchases raw materials and services from a large number of suppliers worldwide. The variety of partners and the geographical scope in which Moncler operates have led the Group to make huge investments in preventing and monitoring risks associated with possible human rights violations along the supply chain, with a particular focus on façon manufacturers, specialised workshops, and the main logistics operators.

Indeed, the Group is actively engaged in the continuous sharing of best practices to ensure responsible and sustainable business growth.

Moncler's attention to ethical and social aspects along the supply chain starts from the supplier selection phase, continues in the contract phase with the acceptance of the Code of Ethics and the Supplier Code of Conduct and includes systematic awareness raising and on-site audits. Knowledge, sharing of best practices and inspection are crucial not only to limit risk situations, but also and above all to generate culture and foster responsible and sustainable growth of the business, to the benefit of the entire supply chain.

Firstly, all suppliers are required by contract to respect and ensure that any subcontractors previously authorised by Moncler respect the Code of Ethics and the Supplier Code of Conduct and the rules of conduct that the Company has drawn up and communicated. Any violation of the principles set out herein constitutes a breach of contract and entitles Moncler to terminate the contract in place.

Secondly, Moncler conducts ethical and social audits of its supply chain to verify compliance with applicable laws and the principles set out in the aforementioned Codes. In line with previous years, also in 2017, the audits were conducted by a qualified and experienced independent body to ensure maximum impartiality.

The audits were centred on fundamental human and workers' rights, particularly on forced labour, child labour, freedom of association, working hours, minimum wages, and – last but not least – occupational health and safety. In 2017, the Company focused particularly on auditing all its direct outerwear manufacturers, as well as a significant sample of suppliers of other categories, carrying out 60 ethical and social audits during the period (on both suppliers and subcontractors) covering 81% of the volumes produced by outerwear manufacturers, 46% of knitwear volumes, 41% of accessory volumes (footwear and bags) and 100% of the volumes from direct down suppliers.

Moncler has a zero tolerance policy against major compliance breaches, which could indeed lead to immediate termination of the contract in place with a supplier. Moncler is committed to raising awareness and driving continuous improvement within its supply chain, requiring, where deemed necessary, the timely implementation of corrective measures. In this case, the Company verifies that measures are implemented by an agreed deadline through follow-up audits.

From 2016, alongside its auditing activities, the Company has been sending its raw material suppliers a self-assessment questionnaire to assess social and environmental aspects and to draw up a comprehensive map of its supply chain.

Moncler is also continuing to update its own vendor rating system by incorporating new indicators – including sustainability aspects. Each indicator will be weighted, contributing to the assessment of each supplier based on scores achieved in the different areas.

Finally, a whistleblowing system has been in place since March 2016, which can also be used by suppliers and their employees to report any unlawful conduct or failure to comply with rules and regulations and the principles set out in the Moncler Code of Ethics. In the last few months of 2017, in order to further consolidate the process and to manage and record any reports, the Company launched a study for the adoption of a dedicated web platform and ad hoc telephone lines managed by a specialised third party. The system is expected to be operational by mid-2018.

Human Rights training

In February 2017, in an effort to promote mutual knowledge, strengthen collaboration with the supply chain, elaborate on contractual and operational aspects, and involve its partners in the Company's journey towards sustainability, Moncler organised a meeting at its corporate offices in Trebaseleghe (Padua, Italy) with its national and international suppliers involved in the production of jackets. During the meeting, several topics were discussed, including some insights into the main requirements of the Supplier Code of Conduct and the principles of responsible sourcing. Awareness activities on ethical and social issues continued during the year, through one-to-one meetings at the production facilities of some of the Company's façon manufacturers. Also in 2017, the Moncler corporate website created a reserved section for suppliers, which was used not only to exchange communications and documents, but also to provide online training. The first training activity concerned the principles of responsible sourcing.

Moreover, at least once a season, Moncler's production experts, who regularly visit suppliers' workshops, are invited to the Company for a week of training on procedures, production and quality standards. At these meetings, these experts are also trained on other topics relevant to Moncler, including those relating to ethical and social aspects, so that they can spread the corporate culture among suppliers.

The Company is also committed to ensuring, among its employees, the widespread dissemination, proper understanding and development of virtuous behaviours that are consistent with the Code of Ethics. Following the update of the Code of Ethics in 2017, the Company provided for dedicated online training, including human rights issues, throughout 2018 for its employees in Italy first and then gradually extended these activities worldwide.

Commitments for the future

Moncler is constantly committed to conducting its business responsibly, condemning all forms of modern slavery. The Company will continue to work proactively to find new ways and instruments to encourage respect for human rights beyond its corporate boundaries by sharing its values and principles throughout the supply chain.

Approved by the Board of Directors of Moncler UK Limited on 29 March 2019 and signed on its behalf by:

Robert Philippe Eggs

(Chairman of the Board of Directors)