



**MONCLER<sup>®</sup>**

MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR 2018

## Introduction

This document was approved by the Board of Directors of Moncler UK Limited on 28 June 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 2018.

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 anytime.

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 all the most important markets worldwide, through a retail distribution channel, consisting of mono-brand Directly Operated Stores (193 in 2018), (DOSs) an online store and a wholesale channel, consisting of multi-brand stores and mono-brand stores (55 in 2018) within department stores (Shop-In-Shops, SISs) and of important specialists in the online sales of luxury goods (e-tailers). The Company operates locally through regional organisations: EMEA, the Americas, Asia and Rest of the World.

At 31 December 2018, the total number of employees amounted to 4,155 (71% women) and the geographical area with the highest number of employees was EMEA (63% of people).

## Supply chain profile

In 2018, a total of 445<sup>1</sup> suppliers were involved in the manufacture of Moncler's products. They are grouped into four macro-categories: raw materials (58%), façon (21%), finished products (20%) and services (1%).

Over the years, Moncler has rationalised its supply chain, 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 (90%<sup>2</sup>) are located in EMEA, primarily in Italy (about 70% of the total). The Company's top 50 suppliers account for about 70% of the total value of orders. The Group is careful to promptly identify any critical situations with the potential to cause supply disruption, addressing them accordingly to mitigate risk.

## 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.

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

<sup>2</sup> 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 2018, 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. During the two-year period 2017-2018, the Group carried out 204 (144 of them in 2018) ethical and social audits (on both suppliers and subcontractors), covering 100% of the volumes assigned to outerwear manufacturers (of jackets), 90% of the volumes assigned to knitwear manufacturers and suppliers of footwear and bags, 70% of down suppliers and a sample of suppliers of other raw materials.

Moncler has a zero tolerance policy against major compliance breaches, which can lead to immediate contract termination. That being said, the Group is committed to raising awareness and driving continuous improvement within its supply chain, requiring the implementation of corrective measures when deemed necessary. In this case, the Group verifies that corrective 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 updating its vendor rating system by including new social and environmental indicators with the aim of providing an overall assessment of the supplier that takes due account of sustainability aspects. Each indicator will be weighted, contributing to the overall assessment of each supplier based on scores achieved in the different areas. The vendor rating macro-areas updated in 2018 were: sustainability and compliance, quality, delivery and service level, costs, innovation.

Moreover, a Group-wide whistleblowing system has been in place since 2016 and it is devised to ensure the proper management and timely verification of any reported breaches of rules, regulations and/or internal procedures, the adoption of appropriate measures, and the anonymity of whistleblowers. In 2018, to further consolidate the internal whistleblowing procedure, Moncler adopted a dedicated web platform and ad hoc telephone lines – to be managed by a specialized and independent third party – to manage and record any reports. The platform ensures, inter alia, full compliance with international regulations in the field of privacy (processing of sensitive and personal data) and anonymity by whistleblowers. The introduction of the platform went hand in hand with a review of the whistleblowing procedure, which was therefore sent to all Group employees and is available on the company intranet.

### **Human Rights training**

Moncler's knitwear technicians are invited a couple of times every season to come in for training, where they are also educated on ethical, social and environmental aspects, so as to spread the relevant culture among suppliers. Through the presence of experts at the various third-party production sites, the shared know-how thus becomes an integral and essential component of the bond between the Company and its suppliers.

In 2018, the organisation of various institutional meetings with suppliers continued, with the aim of fostering mutual understanding, consolidating collaboration with the supply chain, discussing contractual and operational aspects, and, above all, of involving partners in the sustainability path that Moncler has implemented. In February, two days of meetings were held at the headquarters in Trebaseleghe, Padua, involving about 30 Italian and international knitwear suppliers. These meetings addressed several topics, including quality, down traceability and management, safety, brand protection issues, and responsible sourcing principles. In July, another institutional meeting was organised with more than 50 Italian suppliers (knitwear and outerwear manufacturers), with whom these same issues were discussed with an even greater focus on sustainability and on the ethical principles set out in the Code of Ethics and Supplier Code of Conduct, compliance with which is a prerequisite for establishing and maintaining a business relationship with Moncler. During the day, following the plenary session, further individual meetings were also organised with certain suppliers to further consolidate and explore the issues discussed.

Awareness activities on ethical, social and environmental issues continued during the year, through one-to-one meetings with experts from the Company's Sustainability Unit at the production facilities of some of its suppliers and subcontractors. In the two-year period 2017-2018, about 150 on-site

visits were carried out in Italy and abroad.

Moreover, a web portal dedicated entirely to suppliers has been available since 2017 as an additional tool to facilitate dialogue and the exchange of information and documentation. Through the portal, suppliers can directly access communications and documents, including the Code of Ethics, the Supplier Code of Conduct and related guidelines. A dedicated online training section has also been set up.

Finally, in 2018, an online training programme was launched for all employees in Italy to ensure the correct understanding of the Code's principles and the development of virtuous behaviours, as identified by the Code of Ethics.

### **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 28 June 2019 and signed on its behalf by:

Robert Philippe Eggs

(Chairman of the Board of Directors)