



**MONCLER<sup>®</sup>**

MODERN SLAVERY STATEMENT 2019

## Introduction

This document was approved by the Board of Directors of Moncler UK Limited on 22 June 2020 and describes the measures taken to ensure that no form of modern slavery, forced labour or human trafficking exists within the company or at any point on its supply chain, as required by Section 54 of the UK Modern Slavery Act 2015. The contents of this statement refer to the financial year ended 31 December 2019.

Moncler UK Limited is part of the Moncler Group (hereinafter also referred to as “Moncler” and/or the “Company”) is committed to conducting its business with professionalism, adopting ethical and virtuous conduct and totally condemning 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, style and elegance, but also a commitment to a supply chain that pays attention 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 suppliers that are reliable producers and share Moncler’s values.

## Company profile

Founded in Grenoble in 1952, Moncler is a leading producer of luxury outerwear. Moncler has made the down jacket into an icon, a classic of the modern wardrobe that is above seasonal trends, while expanding the boundaries of the brand to cover every season of the year, combining the most demanding requirements of technical garments with everyday city life. Its products are unique, of the highest quality, timeless, versatile and innovative, and can be worn on any occasion.

Moncler was listed on the Milan Stock Exchange in 2013 and finalised the establishment of a production site in Romania in 2016, with the aim of vertically integrating part of its production and creating an R&D hub for down jackets.

Moncler is present in every major market worldwide, through a retail distribution channel consisting of mono-brand directly operated stores (209 stores in 2019) and an online store, and a wholesale distribution channel consisting of multi-brand and mono-brand stores run by third parties within department stores (64 shop-in-shops in 2019). The company operates locally through regional organisations: EMEA, Americas, Asia, and Rest of World.

At 31 December 2019, Moncler had 4,569 employees. The geographical area with the highest number of employees, at 63% of the total, was EMEA.

## Supply chain profile

In 2019, approximately 489<sup>1</sup> suppliers were involved in manufacturing Moncler's products. They can be grouped into four categories: raw materials (59%), façon manufacturers (21%), finished products (19%) 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. Specifically, in 2019, as part of the broad "Supply Chain Excellence" programme to innovate and reorganise management of its supply chain, Moncler developed a range of projects to reach operating excellence in terms of quality, speed, sustainability, reliability, flexibility and efficiency.

The majority of Moncler's suppliers (84%<sup>2</sup>) are based in the EMEA area, above all in Italy (about 45% of the total). The Company's top 60 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.

## Moncler UK Limited is part of the Moncler Group

Moncler has adopted specific internal policies to guarantee and safeguard transparency and responsibility throughout its value chain. Those policies are:

- The Code of Ethics, last updated in 2017, which sets out all the values the Group identifies with, shares, promotes and demands respect for, in the belief that behaviour inspired by principles of diligence, honesty and loyalty can be a major driver of economic and social growth. The Code reflects the main regulations in force in Italy and internationally on corporate social responsibility and human rights, such as the United Nations' Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the decent work standards set out in International Labour Organization (ILO) conventions, and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Above all, the Code states that all suppliers are contractually obliged to respect, and compel their subcontractors to respect, the principles and rules of behaviour within it. Violating the Code constitutes a breach of contract and can lead to specific sanctions, including termination of the contract, depending on the severity of the violation.

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<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 based on the number of suppliers.

- The Supplier Code of Conduct, adopted in 2016, sets out Moncler's requirements in the main fields of the responsible supply process. It is made up of six sections that set out binding rules on: Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, Corporate Ethics and Protection of Intellectual Property. The Company requires its suppliers and their subcontractors to adhere to the principles set forth in the Code of Conduct as binding.

### **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 sub-contractors and façon 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 it 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.

Moncler actively and continuously shares best practices, so as to ensure responsible and sustainable business growth.

Moncler's attention to ethical, social and environmental aspects along its supply chain starts from the supplier selection phase and continues through the contract phase with the acceptance of the Code of Ethics and Supplier Code of Conduct. It also entails systematic training and on-site audits. Knowledge, sharing of best practices and monitoring are fundamental not only to limit risk situations, but also and above all to generate and promote a culture of responsible and sustainable business development, to the benefit of the entire supply chain.

Firstly, the Company requires potential suppliers to provide appropriate information and documentation, starting from the selection process, to prove their practical commitment to social and environmental issues. In-house specialists and/or qualified third-party bodies also carry out preliminary visits and checks on these aspects on Moncler's behalf before it enters into new business relationships. The outcome of this assessment is a prerequisite for initiating any form of collaboration. In addition, a comprehensive self-assessment questionnaire on sustainability has been developed, focusing on the main issues related to workers' rights, health and safety and the environment, which potential new suppliers are required to complete. Once this initial selection phase is over, all suppliers are asked to bind themselves contractually to respecting – and compelling any third parties authorised by Moncler to respect – the Code of Ethics, the Supplier Code of Conduct and the rules of behaviour the Company has set out and shared. Any violation of the principles set out in these documents constitutes a breach of contract, which entitles Moncler to terminate the contract as of right.

Secondly, Moncler carries out social and ethical audits of its supply chain, to ensure it respects

applicable law and the principles in the above codes. In line with previous years, the audits in 2019 were conducted by a qualified and experienced independent body to ensure the 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 three-year period 2017–2019, the Group carried out 356 ethical and social audits (152 in 2019 alone) on both suppliers and subcontractors, covering 100% of the volumes assigned to outerwear manufacturers, 90% of those assigned to façon knitwear manufacturers and suppliers of footwear and bags, 81% of down suppliers and tanneries, and 44% of suppliers of soft accessories. Social and ethical audits were also carried out on service suppliers in 2019, covering logistics and external quality control hubs, and suppliers of security services at Moncler's offices and shops. The Company aims at maintaining 100% coverage of the façon manufacturers over three years and gradually extending it to other types of supplier.

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.

Furthermore, 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 assessment of each supplier based on scores achieved in five different macro-areas: sustainability and compliance, quality, deliveries and service level, cost, and innovation.

Finally, in March 2016 Moncler set up a whistleblowing system, which can be used by suppliers and their employees to report any unlawful behaviour or failure to respect regulations or the principles in Moncler's Code of Ethics. In 2018, Moncler set up a dedicated web platform and telephone lines – to be managed by a specialist, independent third party – to manage and record any whistleblowing reports. The platform ensures, inter alia, full compliance with international regulations in the field of privacy (processing of sensitive and personal data) and anonymity for whistleblowers, if desired. The introduction of the platform went hand in hand with a review of the whistleblowing procedure, which was duly sent to all Group employees and is available on the company intranet.

### **Training on human rights**

Experts in charge of external production sites attend regular internal Company meetings, where they are informed about a range of topics important to Moncler, including ethical, social and environmental issues. The presence of experts at the various third-party production sites means that the knowledge acquired at these meetings can be shared with suppliers and become an integral and essential component of the bond between the Company and its suppliers.

Various official meetings with suppliers were once again organised in 2019, with the aim of fostering mutual understanding, consolidating collaboration with the supply chain, discussing contractual and operational aspects, and, above all, involving partners in the sustainability process that Moncler has embarked upon. Specifically, during 2019 two collective meetings were held near several suppliers' production sites in Romania, each lasting two days.

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 three-year period 2017–2019, about 170 on-site visits were carried out in Italy and abroad.

Moreover, there is a web portal dedicated entirely to suppliers, which is intended to provide an additional tool for dialogue and to facilitate 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 2019, online training was given to all employees in Italy on the principles in the Code of Ethics, including respect for human rights and encouraging responsible behaviour in keeping with the rules of the Code.

### **Commitments for the future**

Moncler is committed at all times to running its business responsibly and condemns all forms of modern slavery. The Company will continue to work pro-actively to find new ways and tools to encourage respect for human rights, even outside the company, by sharing its values and principles throughout its supply chain.

Approved by the Board of Directors of Moncler UK Limited on 22 June 2020 and signed on its behalf by:

Robert Philippe Eggs (Chairman of the Board of Directors)

