MONTBLANC

Montblanc – Submission to the Business & Human Rights Resource Centre
Date: 3 September 2025

Montblanc sets out its position regarding Z Production, the subsequent involvement of SUDD Cobas, and the reasons for the pending legal proceedings.

Pelletteria Richemont Firenze (PRF) is a strategic hub for the creation, development, and industrialisation of products of some Richemont's Maisons, operating in the Florence area since 2007. It generates significant economic and employment spin-offs in the area, quantifiable as approximately 100 multi-client supplier companies employing over 2,000 staff. The independent and multi-client suppliers used by PRF are contractually obliged to comply with rigorous ethical and operational standards defined in the "Supplier Code of Conduct". Contracts allow – subject to authorisation and verification – only one level of sub-contracting. Further levels of sub-contracting are not permitted, to ensure the possibility of direct checks on all suppliers involved in the production chain and to guarantee a working environment compliant with current health and safety regulations. All suppliers are contractually obliged to accept both announced and unannounced audits and controls. **Over 300 audits are carried out annually**, leveraging on Richemont's Responsible Sourcing department and **involving independent third parties operating according to the international SMETA (Sedex Members Ethical Trade Audit) methodology.** These audits and inspections are designed to ensure supplier compliance with the standards of the Supplier Code of Conduct as well as with applicable laws and regulations and represent a voluntary measure on the part of PRF in addition to current regulatory requirements. The vast majority of PRF's suppliers comply with the Code of Conduct and applicable employment laws and regulations. Inevitably, however, there are instances of non-compliance and isolated cases in which violations are purposefully concealed by suppliers, which is why our compliance process includes unannounced inspections. Each year, despite our best efforts to address identified issues, a very small number of supplier contracts are terminated due to severe non-compliance, illustrating the effectiveness of our continuous improvement process.

The decision to terminate former supplier Z Production's contract was notified on 28 February 2023 and entered into force on 31 December 2023. The decision was made following **persistent incidents of non-compliance** resulting in an irredeemable loss of trust in Z Production management's willingness to comply. Specifically, in addition to previously identified and unresolved more minor issues, audits carried out at the end of 2022 revealed that Z Production was working with an undeclared and unauthorised sub-contractor. Although this was a contractual violation that would have justified immediate termination of the relationship, PRF chose to act responsibly, granting a 10 months' notice on a goodwill basis, communicating the decision on 28 February 2023. The choice was made to allow the multi-client supplier to find new business and minimise any direct impact on its employees. Importantly, neither unannounced inspections nor a certified, independent third-party forensic audit conducted in early 2023 showed any evidence of the alleged extent of precarious working conditions.

During the 10 months of gradual disengagement (there was no "on-site delocalisation" as stated by Sudd Cobas on multiple occasions), audits and controls were maintained and, indeed, further intensified; these revealed further non-conformities that confirmed the impossibility of reversing the

decision to terminate the contract. The termination of PRF's relationship with Z Production was an **inevitable last resort decision** in the context of continuous improvement efforts to ensure its adherence to the ethical and legal standards set forth in our Supplier Code of Conduct as well as compliance with applicable legislation. This decision was taken only after exhaustive efforts, multiple documented breaches, and a failure by Z Production to address identified issues and implement requested remediation. PRF supplier contracts do not include exclusivity, and suppliers are free to work for other customers. Z Production's decision to dismiss six workers out of its much larger workforce at the time occurred almost **18 months after notice of termination and 10 months after the contract effective termination date. Whilst we recognise the impact this has had on the impacted workers, the decision to dismiss them was solely Z Production's in its capacity as their employer.**

PRF's first formal contact from Sudd Cobas was on 31 March 2023, **one month after the termination notice had been issued**. A letter dated 12 October 2023 (approximately 8 months after the termination notice had been issued) notified PRF that a small number of Z Production workers had joined Sudd Cobas. Therefore, **Montblanc strongly rejects SUDD Cobas' serious and unfounded allegation that the commercial relationship with Z Production was terminated because the Union had allegedly reached an agreement with the supplier to improve the working conditions of the six workers whom it had newly enrolled**. The termination of the contract between PRF and Z Production was based on documented non-compliance, as outlined above.

Montblanc Italy filed a civil *astreinte* injunction before the Court of Florence on 10 December 2024 against Sudd Cobas and its representatives for the main reason of **safeguarding the safety and well-being of its employees and customers from potential disruption and intimidation during the busy Christmas period**. This action followed repeated protests that had blocked access to the boutique and even forced its premature closure. This risk was substantiated by previous disturbances that occurred repeatedly since 2023, requiring police intervention. The appeal was promptly withdrawn as soon as the need to protect the safety of personnel and security ceased, demonstrating the willingness to de-escalate the issue once the triggering cause had ended. **This precautionary measure was never intended to, nor did it in any way, restrict the legitimate exercise of trade union protest or freedom of expression.**

Montblanc also filed a criminal complaint on 10 December 2024 with the Public Prosecutor's Office of Florence against certain representatives of Sudd Cobas for defamation and false accusations relating to the termination of Z Production's contract. Considering the aforementioned factual context and as set out in the complaint, the conduct in question is characterised by **bringing to the attention of the public elements and facts that are entirely mendacious, invented and seriously defamatory of Montblanc's** reputation, and by episodes of improper coercion that, for example, compelled the temporary closure of Montblanc's Florence boutique on 25 and 26 October 2024. The complaint is limited to specific statements and behaviours and is not intended to restrict lawful public participation, freedom of expression or the right to peaceful protest.