

# **Moncler Supplier Code of Conduct**

November 2016

## 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.

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 sets forth Moncler 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>.

Supplier shall acknowledge and commit to comply with the standards and expectations set forth in the Supplier Code as provided by Moncler. 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.

In addition to applicable laws and regulations, the Supplier Code sets forth minimum requirements based on international principles and frameworks that may be stricter than legal requirements. Suppliers shall act in compliance with the stricter standard insofar as it does not violate applicable laws and regulations.

Should the Supplier Code conflict with applicable laws and regulations, the applicable laws and regulations shall prevail and the Supplier shall immediately disclose such information to Moncler along with an explanation of how the Supplier will still uphold the intent of the Supplier Code without violating the law.

## 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.

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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).

Reports can be made 24 hours per day, seven days per week, through an email addressed to [whistleblowing@moncler.com](mailto:whistleblowing@moncler.com), through the web page [www.monclergroup.com/it/governance/whistleblowing](http://www.monclergroup.com/it/governance/whistleblowing) or via letter addressed to Moncler headquarters (c/o Industries S.p.A., Via Venezia 1, 35010 Trebaseleghe, Italy).

### **Monitoring Compliance**

Moncler, whether through its own employees or third parties, retains the right to conduct audits, 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.

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.

Suppliers shall disclose to Moncler 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, thereby granting full traceability.

### **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 [tosustainability@moncler.com](mailto:tosustainability@moncler.com).

This Supplier Code is the first version, released on 8 November 2016.

## **LABOR AND HUMAN RIGHTS STANDARDS**

### **Employment Practices**

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

Employees<sup>5</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 an 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.

### **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 whichever is higher.

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 the health, safety or morals of these Young Workers<sup>6</sup> and 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.

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

Any form of forced<sup>7</sup>, bonded<sup>8</sup>, indentured, or slave labor<sup>9</sup> and human trafficking<sup>10</sup> 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 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, Suppliers shall adhere to working hours of maximum 60 hours (including overtime) per seven-workday period. Exceptions to the maximum 60 hours per seven workday

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<sup>5</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>6</sup> In compliance with ILO Convention No. 182 Worst Forms of Child Labor

<sup>7</sup> As defined in ILO Conventions No. 105 Abolition of Forced Labour Convention and No. 29 Forced Labour Convention

<sup>8</sup> As defined in the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956)

<sup>9</sup> As defined in the Slavery Convention (1926)

<sup>10</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)

period are permitted on a temporary basis for seasonality peak circumstances, provided that Suppliers abide by applicable law.

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 at least applicable laws or legally binding collective agreements, whichever is more favorable. 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.

Suppliers shall furnish all legal benefits, including but not limited to, social security, parental leave, annual leave and statutory holidays.

### **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, political opinion, national extraction, 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>11</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.

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<sup>11</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

## **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. 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 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 and comply at least with all applicable laws.

## **ENVIRONMENTAL STANDARDS**

Suppliers are expected to be committed to minimize the environmental impact of their production processes and products and to respect ecosystems and biodiversity. Suppliers shall at least 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.

Moncler encourages Suppliers to continuously improve environmental performance and to follow the principles of reducing, reusing and recycling. Suppliers are also encouraged to monitor and reduce resource consumption wherever possible.

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>12</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.

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<sup>12</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”).

## **SAFETY AND QUALITY 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 Moncler's 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 industry generally recognized standards or, if any, contractually agreed quality requirements.

## **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 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 has been approved by the Board of Director of Moncler S.p.A. on 2016 November 8<sup>th</sup>. It is extended to each company included in Moncler Group.