

SUSTAINABILITY REPORT 2016



MONCLER

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MONCLER

CONTENTS

10 LETTER TO STAKEHOLDERS

12 THE RESULTS OF OUR EFFORTS

1 THE MONCLER GROUP

18 VALUES

20 PHILOSOPHY

22 A HISTORY OF INNOVATION DEEPLY ROOTED IN TRADITION

26 MARKET PRESENCE

30 STRATEGY

32 FINANCIAL PERFORMANCE

32 Results

38 Creating value for stakeholders

2 RESPONSIBLE BUSINESS MANAGEMENT

44 SUSTAINABILITY PLAN

54 GOVERNANCE MODEL

54 Corporate Governance

57 Code of ethics

58 Integrated enterprise risk management

60 CREATING SUSTAINABLE VALUE

60 Sustainability governance

61 Materiality matrix

62 Dialogue with stakeholders

3 PEOPLE

70 EMPLOYEES IN NUMBERS

70 Geographic areas and professional categories

72 Age, length of service, and education levels

74 Nationality of local management

74 Employment contracts

74 Turnover

76 MANAGEMENT AND DEVELOPMENT

76 Recruitment

78 Training

80 Remuneration

82 Benefits

82 Performance assessment and succession plans

83 Employee engagement and dialogue

84 DIVERSITY AND EQUAL OPPORTUNITIES

86 OCCUPATIONAL HEALTH AND SAFETY

86 Management system

87 From prevention to control

89 Training and information

89 Health and wellbeing

90 INDUSTRIAL RELATIONS

4 PRODUCT

98 STYLE

100 QUALITY

102 THE DOWN

102 Animal welfare and traceability

106 PARTNER

106 Supply chain profile

110 Responsible sourcing

111 Supplier engagement and dialogue

5 CLIENTS

116 CLIENT-CENTRICITY

- 116 Sales people: a strategic asset
- 119 Tuning in on client expectations

120 THE FIGHT AGAINST COUNTERFEITING

124 TRANSPARENT AND RESPONSIBLE COMMUNICATIONS

- 124 Marketing, advertising, and product information
- 124 An increasingly digital dialogue

6 ENVIRONMENT

132 RESOURCE MANAGEMENT AND CONSUMPTION

- 132 Energy consumption and CO₂ emissions
- 136 Use of raw materials
- 137 Waste
- 138 Logistics

7 COMMUNITY

144 SUPPORTING THE COMMUNITY

- 149 Support to scientific research
- 150 Initiatives for the social and economic development of local communities

8 APPENDIX

154 GUIDE TO THE REPORT

155 ADDITIONAL INFORMATION

161 STATEMENT OF ASSURANCE

164 INDEX OF GRI-CONTENT

174 GLOSSARY

176 CONTACTS













LETTER TO STAKEHOLDERS

In 2016, Moncler's revenues surpassed the one billion euros mark. This result makes us very proud, but it also makes us feel an even greater sense of responsibility towards our people and the communities in which we operate. Achieving such an ambitious accomplishment makes us all the more aware of how our growth must also be sustainable.

As far as we're concerned, our challenge is to grow while making a positive change for the benefit of all, in everything we do. We consider ourselves a responsible member of the community we live in and, as such, our part is to promote initiatives and solutions that bring wellbeing to society as a whole. For this reason, sustainability has to be the golden rule guiding the decisions we make each day.

Sustainability is an integral part of Moncler's corporate governance, with senior management involved on the front-line. Strategic decisions are overseen by the Control, Risk, and Sustainability Committee, established as a committee of the Board of Directors itself, while the definition of sustainability guidelines and environmental and social targets lies with the Sustainability Steering Committee. The latter also includes members of the Strategic Committee, which is the highest executive body supporting the Board of Directors.

Despite the uncertainties and unpredictability of the international economic context, the organisational structure in place and the actions taken thus far have allowed the Group to fulfil every commitment made in the first Sustainability Plan, and set new, ambitious environmental and social targets for the years to come.

During the year, we made significant progress with regard to our people as well as our supply chain. We implemented an efficient occupational health and safety management system that is compliant with international standards, achieving OHSAS 18001 certification for all our offices and stores in Italy.

We involved 1,200 sales personnel worldwide in an ambitious training programme, calling for their active participation in the Retail Excellence project.

The Company also adopted an official Supplier Code of Conduct, which sets forth the principles of responsible sourcing that all Moncler suppliers are required to comply with.

Significant efforts continued to be invested in down traceability activities: 100% of the down purchased during the year was certified as per DIST Protocol (Down Integrity System & Traceability), devised by Moncler itself to ensure respect for animal welfare across the supply chain. A total of 119 audits were carried out by a qualified third party to verify the proper application of Protocol requirements, with outcomes in turn confirmed by yet another accredited certification body.

Moncler is committed to growing with the communities in which it operates, and feels the responsibility to help in times of need – as it did after the earthquake that struck central Italy, by providing support and assistance to the victims of the disaster.

Significant milestones were reached in 2016. However, I believe that none of this would have been possible without the invaluable contribution of Moncler's 3,200 employees. My thanks go to them, for embracing a culture of sustainability and for translating it each day into tangible actions.

Much has been done, but even more is left to do; and challenges are part of our history and the stepping stone to the future we intend to build day after day.



REMO RUFFINI
CHAIRMAN AND CHIEF EXECUTIVE OFFICER



THE RESULTS OF OUR EFFORTS

“We judge the value of our results also by how we achieved them, because we are convinced that long-term success depends on knowing how to create shared value.”

100%

of down purchased was DIST certified

119 AUDITS

conducted on the down supply chain to verify compliance with the DIST protocol

OHSAS

18001

obtained health and safety certification for offices and stores in Italy

+33%

employees compared to 2015

50%

women in management

+130%

investment to support communities compared to 2015

12,000

hours of training given to 1,200 salespeople in 16 languages

55

social-ethical-environmental audits on the supply chain

73%

stores with LED lighting¹

SUPPLIER CODE OF CONDUCT

approved by the Board of Directors

1. Excluding the 11 shop-in-shops in which lighting is provided by the host department store, where Moncler cannot take action.

1

THE MONCLER GROUP

18	VALUES
20	PHILOSOPHY
22	A HISTORY OF INNOVATION DEEPLY ROOTED IN TRADITION
26	MARKET PRESENCE
30	STRATEGY
32	FINANCIAL PERFORMANCE







VALUES

Moncler has always stood for authenticity, excellence and talent, for seeking challenges, and for pursuing shared and sustainable goals. These are the values at the heart of the Group.

In everything it does, Moncler is driven by the desire to innovate while remaining true to itself and its heritage, to strive for continuous and uncompromising quality and to pursue challenging new goals.

The client is the cornerstone of Moncler's business and the central focus of all decisions, while the talent of people is the most important asset.

Nurturing that talent has always been fundamental to the Group and people are absolutely crucial to Moncler. They are the architects of the Brand's past success and the key to its future growth, so the Company is always mindful that to create long-term value, it needs to act responsibly and inclusively.

AUTHENTICITY

There is only one Moncler, it's unique and we work tirelessly to protect its difference

EXCELLENCE

Quality is at the heart of everything we do

AMBITION

Moncler never stops innovating and seeking to set new standards

COMMITMENT TO PEOPLE

People are Moncler's greatest asset: their future is Moncler's future, we are committed to their development

RESPONSIBILITY

Long-term growth can only be driven by respect and responsible behaviour

PHILOSOPHY

The philosophy of the Moncler brand is intrinsically tied to its unique history. Over the years the brand has been involved in ambitious climbing expeditions and pioneering initiatives. Long associated with the world of sport, the mountains, active life and nature in its truest forms, Moncler has constantly and faithfully founded its philosophy and values on simple, solid principles, summed up in the words of its Chairman and Chief Executive Officer, Remo Ruffini.

**"THERE IS NO
PRESENT OR
FUTURE WITHOUT
A PAST. MONCLER
PRODUCTS ARE
SYNONYMOUS
WITH EXCELLENCE
IN QUALITY THAT
DOES NOT CHANGE
WITH FASHION"**

Moncler has a unique heritage and positioning. With over 60 years of history, the brand injects its DNA into innovative, versatile products that withstand the tides of fashion, making them "timeless". Products that draw inspiration from values tied to the love of sport and nature, renowned for their elegance and excellent quality. Moncler has a business model integrated and focused on quality control. Its value chain manages and coordinates directly the phases with higher value added. Promoting responsibility in the supply chain is part of this process.

**"THE CLIENT
IS OUR MAIN
STAKEHOLDER"**

**"MONCLER IS A
GLOBOPHONIC
COMPANY: IT HAS
A GLOBAL VISION
WITH A DOMESTIC
STRATEGY"**

**"IN ORDER TO
COMMUNICATE A
UNIQUE PRODUCT,
YOU MUST
HAVE A UNIQUE
COMMUNICATION
STRATEGY"**

**"THERE CAN BE NO
GROWTH WITHOUT
RESPONSIBILITY
AND RESPECT"**

**"I WANT TO BE
AMAZED BY
THE TALENT OF
OTHERS"**

Moncler has always put the client at the heart of all strategic decisions – even more so since the launch of the “retail excellence” project in 2016. Moncler stores have always been the face of the brand, reflecting its uniqueness. Moncler brand values and philosophy are clearly expressed through its physical presence: the Brand is in leading multibrand shops and luxury department stores, retail stores are located in the most prestigious shopping streets and holiday resorts, and Moncler’s distinctive store concept embodies the Brand DNA yet never stands still.

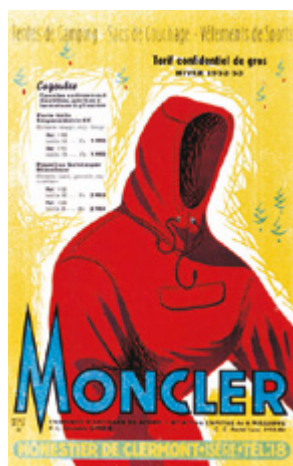
Moncler has a policy of directly overseeing operations in the regions where the brand is present, with local management and organizations that act in strict coordination with the Parent Company. Moncler operates through headquarters and five regional organizations (*Regions*): Europe, Asia Pacific, Japan, Korea and the Americas. Moncler firmly believes in the importance of strengthening and consolidating its presence in each of these areas and has long promoted the hiring of local managers and people able to understand and analyse trends in each single market.

Moncler’s communication strategy is innovative and never banal. It always conveys the uniqueness of the product and the values of the brand in a distinctive and unequivocally identifying way.

We judge the value of our results also by the way we achieve them. There can be no long-term growth without responsibility and respect. Some years ago Moncler has taken the decision to integrate sustainability issues into its business model and into its business decisions.

For Moncler, people have always been a strategic asset. Motivation, determination and innovation are qualities that the Company supports and nurtures constantly. Helping people to grow and develop is a fundamental part of the Group’s philosophy. Moreover, it is a clear objective for senior management, led by Remo Ruffini, who has built a cohesive, highly experienced and motivated team with a proven track record of delivering significant results.

A HISTORY OF INNOVATION DEEPLY ROOTED IN TRADITION



On the mountains near Grenoble, in Monestier-de-Clermont, René Ramillon and André Vincent **establish the Moncler brand**, dedicated to mountain sports clothing.



Moncler manufactures its **first nylon down jacket**.

Moncler products are chosen by the Italian expedition to K2 and, in 1955, by the French expedition to Makalu.



Moncler becomes the official supplier of the French Alpine ski team at the **Winter Olympics in Grenoble**.



Moncler products become popular in day-to-day urban contexts, sparking a true **fashion phenomenon** among younger consumers, especially in Italy, France, and Japan.

1952

1954

1968

'80



Remo Ruffini acquires Group shares, marking the beginning of a brand repositioning process focusing on the creation of unique, premium quality, and "timeless" products that are versatile, innovative, and designed to be worn on any occasion.

2003



Moncler launches its **Gamme Rouge** women's collection, delivering supreme quality through detailed design solutions and impeccable production craftsmanship (typical of *haute couture* fashion), and an exclusive distribution network.

Moncler's Gamme Rouge women's collection is currently designed by Italian fashion designer Giambattista Valli.

2006



Moncler opens **its very first urban store**, on the central Rue du Faubourg Saint-Honoré in Paris.

In the years following, other Moncler stores open on luxury shopping and high fashion streets around the world, starting in Milan (2008), New York (2010), and Hong Kong (2012).

2007



Moncler launches its **Gamme Bleu** men's collection, featuring premium tailoring and an exclusive distribution network.

Moncler's Gamme Bleu men's collection is currently designed by American fashion designer Thom Browne.



Moncler's **Grenoble** collection, designed for both men and women, debuts in New York: a collection of technical garments inspired by Moncler's origins, yet featuring a distinctively innovative design and exclusive distribution network.



Moncler launches its first **eyewear** collection. As of 2016, the collection is produced and distributed by Marcolin.

In December 2013, Moncler is **listed on the Italian Stock Exchange** operated by Borsa Italiana S.p.A., with a listing price of 10.20 euros per share.

2009

2010

2013



Moncler supplies the technical gear for the **K2 - 60 Years Later** expedition, celebrating the 60th anniversary since the Italian conquest of K2.



Moncler prepares its first **Sustainability Report** and **Sustainability Plan**.

A **joint venture** is established in Korea, giving Moncler direct control of all markets in which it operates.

On August 31, Moncler finalises the acquisition of a **first production site in Romania**, where it intends to create an industrial and technological R&D hub for down jackets and vertically integrate part of its production.



Moncler **completes the set-up process at the production site in Romania** by hiring about 600 employees in addition to the workforce previously taken over during the acquisition process, for a total headcount of approximately 900 employees.

The Group's turnover **exceeds the 1 billion euros threshold**.

Moncler's offices and stores in Italy are certified as per the **OHSAS 18001** international standard.

2014

2015

2016

MARKET PRESENCE

Moncler is present in approximately **70 markets worldwide**, through a retail distribution channel consisting of mono-brand Directly Operated Stores (DOS) 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 (shop-in-shops).

The Group operates in local markets through **five regional organisations** referred to as Regions: Europe, managed directly from the Italian headquarters; Asia Pacific, with offices in both Hong Kong and Shanghai; Japan, with offices in Tokyo; the Americas, with offices in New York; and Korea, with offices in Seoul.

In recent years, the business has grown mainly through the **retail channel**, which in 2016 accounted for **73% of consolidated revenues**. It should also be noted that the **online store** has been growing steadily, now serving 35 markets.

Although the wholesale channel continues to be strategic to Moncler, the growth reported has been modest owing to a long-held Company policy providing for restrictions on both order quantities and retail outlet selection.

At December 31, 2016, Moncler had **190 mono-brand retail stores** and 42 mono-brand wholesale stores (shop-in-shops): 17 and 8 more, respectively, compared to the previous year.

MONO-BRAND RETAIL NETWORK (No.)

	31/12/2016	31/12/2015	Net openings
Italy	19	19	-
EMEA (excl. Italy)	55	53	2
Asia	93	82	11
Americas	23	19	4
Retail	190	173	17
Wholesale	42	34	8

CONSOLIDATED REVENUES BY GEOGRAPHIC AREA (Million euros)

	Revenues	Change vs 2015	Share
Italy	143.2	+5%	14%
EMEA (excl. Italy)	303.3	+13%	29%
Asia	418.5	+25%	40%
Americas	175.3	+24%	17%
Total	1,040.3	+18%	100%





190

Retail mono-brand
Directly Operated
Stores (DOS) at
December 31, 2016

AMERICAS

23 DOS

with 4 new openings in 2016: New York
Madison (flagship), San Francisco,
Washington, and Hawaii



ITALY

19 DOS
unchanged compared to 2015

EMEA

55 DOS
with 2 new openings in 2016: London
(flagship) and Berlin KaDeWe
(concession)

ASIA

93 DOS
with 11 new openings in 2016, including:
Hong Kong Pacific Place and Seoul
Incheon
Relocation of Seoul flagship store to the
Gangnam district

STRATEGY

Moncler's goal is to pursue a sustainable and responsible development of its brand in the global luxury goods sector, in harmony and in line with the uniqueness of its heritage. Moncler strategy is strictly related to the Group's philosophy and values and is based on six pillars.

IDENTITY AND UNIQUE POSITIONING

The Moncler brand has a unique heritage which is its main asset and the entire strategy permeates through it. Heritage, quality, uniqueness and consistency define and characterise every Moncler product, a brand that withstands the tides of fashion, because real luxury today is having a high quality product that lasts.

A GLOBAL BRAND WITHOUT FILTERS WITH THE MARKET

In recent years Moncler has pursued a strategy of growth underpinned by two fundamental principles, clearly outlined and firmly embraced by its Chairman and CEO, Remo Ruffini: to become a global brand and have no filters with the market. Today, 86% of Moncler's turnover is generated outside Italy. This has been achieved by keeping a firm control on business and by reaching out directly to clients, wholesale, retail and digital.

SELECTIVE EXPANSION OF THE PRODUCT RANGE

Thanks to its strong tradition and the credibility it has built over the years, Moncler has consolidated its position as world-wide leader in the premium down jacket segment. The Group is now selectively expanding outside its core business into complementary market segments – segments where it has, or is able to achieve, instant recognition and in-depth know-how. “Creating special garments with a specialist’s approach” is the motto that drives Moncler and will continue to steer it in the future.

PURSUIT OF DIRECT RELATIONSHIPS, TO KEEP CLIENTS AMAZED

Dealing directly with clients, engaging them and understanding their expectations, even when latent and unexpressed, are the keystones of the relationship that Moncler seeks to build with its clients, never failing to amaze them.

DEVELOPMENT OF THE DIGITAL CHANNEL

Moncler believes that the digital channel is a fundamental and essential tool for brand communication and global business growth.

SUSTAINABLE GROWTH THAT CREATES VALUE FOR ALL STAKEHOLDERS

The Brand has progressively strengthened its commitment to long-term sustainable growth, with a view to meeting stakeholders’ expectations and creating shared value.

FINANCIAL PERFORMANCE

In 2016, once again, Moncler reported a double-digit growth in its financial results. The Company achieved significant targets during the year, with a turnover exceeding 1 billion euros and a positive financial position of over 100 million euros.

RESULTS

Revenues reached **1,040.3 million euros**, an 18% increase at both current and constant exchange rates. This performance was driven mainly by the retail channel (+23% compared to 2015), thanks to its organic growth (+7% in comparable stores sales growth¹) and to the opening of new stores.

Results in all geographical areas in which Moncler operates were significant, both in the domestic market and abroad. In particular, international markets reported a 21% growth, contributing 86% of consolidated revenues in 2016.

The **EBITDA²** reached **355.1 million euros**, representing a margin of **34.1% of revenues**, while the Group's net income was 196 million euros, up by 17%.

The capital expenditure in 2016 was mainly related to retail business development, amounting to 62.3 million euros, while the net working capital at December 31 was 108.1 million euros, equal to 10.4% of revenues over the last 12 months, a drop compared to the 12.6% reported as at December 31, 2015. In addition, in 2016, Moncler generated 210.6 million euros in free cash flow and 155.4 million euros in net cash, with a net financial position at December 31, 2016 of 105.8 million euros.

1. Increase in the sales revenues of retail stores (DOS) open for at least 52 weeks. The figure includes online sales but excludes outlets and stores that have been relocated or extended.

2. EBITDA adjusted: operating income before depreciation, amortisation, and non-recurring costs.



REVENUES



MILLION EUROS

880.4

2015

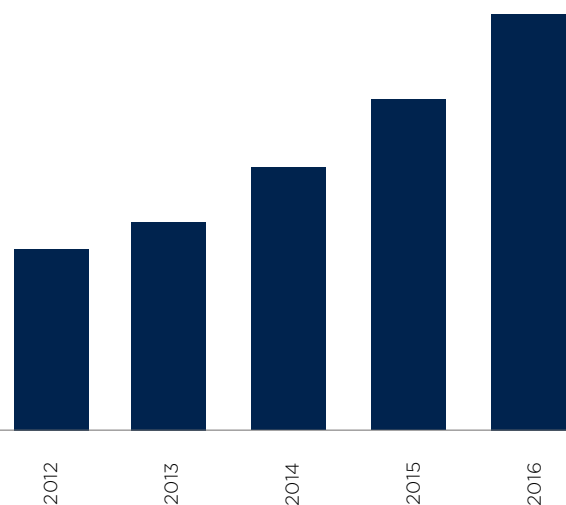
1,040.3

2016

REVENUES

Million euros

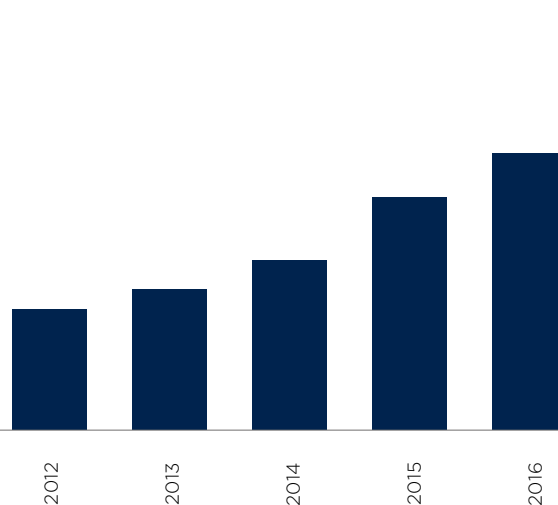
489.2 580.6 694.2 880.4 1,040.3



EBITDA³

Million euros

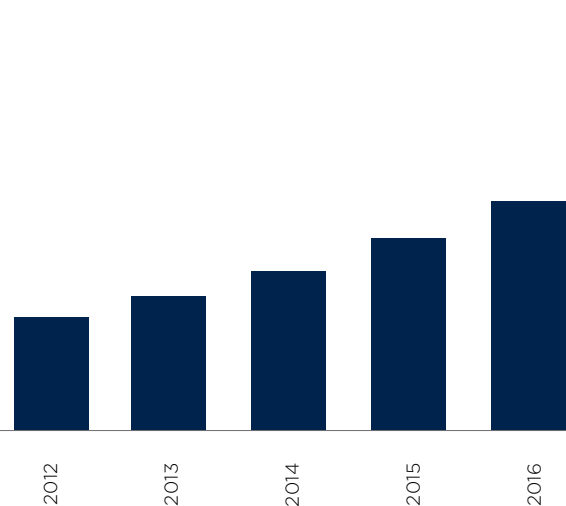
161.5 191.7 232.9 300.0 355.1



EBIT

Million euros

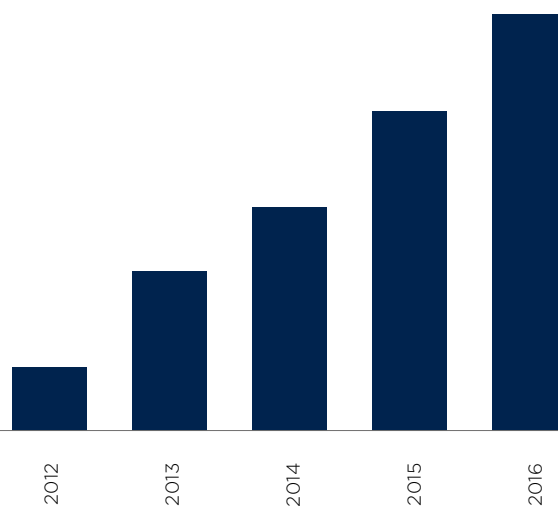
145.8 166.4 201.6 252.7 297.7



NET INCOME

Million euros

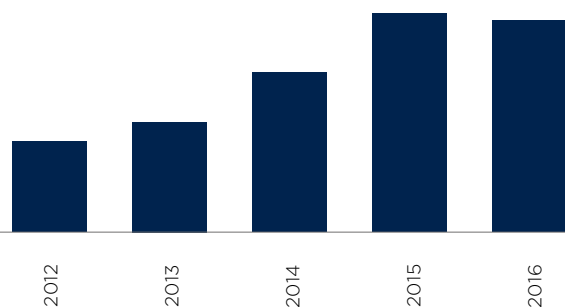
28.8 76.1 130.3 167.9 196.0



3. EBITDA adjusted: operating income before depreciation, amortization and non-recurring costs.

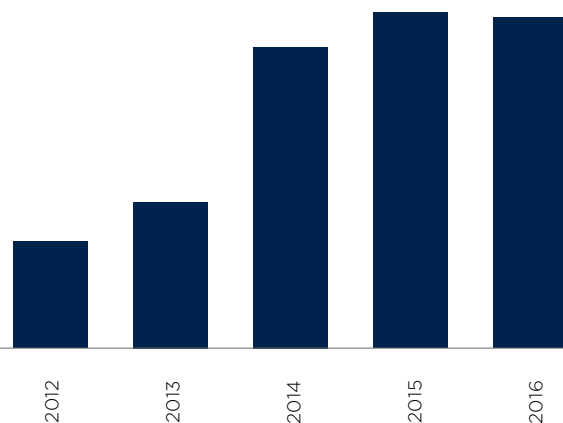
CAPITAL EXPENDITURE⁴
Million euros

26.2 33.9 49.5 66.2 62.3



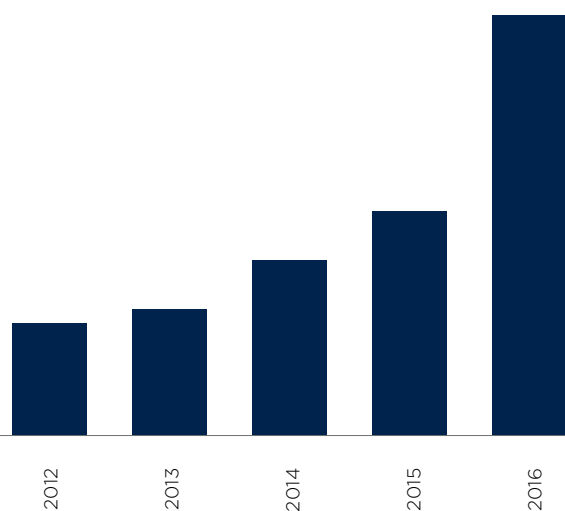
NET WORKING CAPITAL
Million euros

36.5 46.9 97.1 110.9 108.1



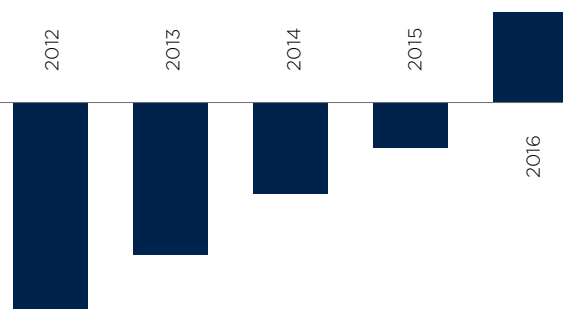
FREE CASH FLOW
Million euros

56.5 58.4 86.8 118.6 210.6



NET FINANCIAL POSITION
Million euros

(230.1) (171.1) (111.2) (49.6) 105.8

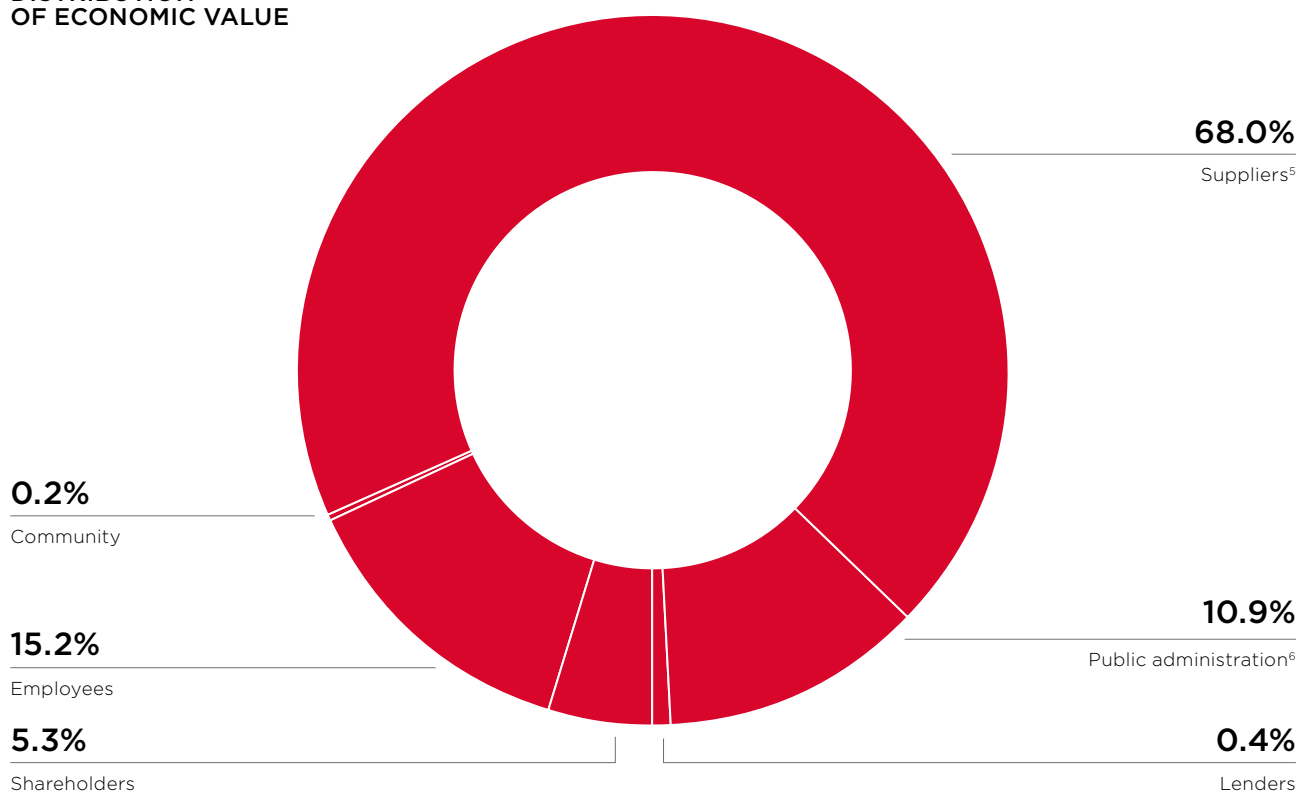


4. Net of asset disposal.

CREATING VALUE FOR STAKEHOLDERS

The economic value generated and distributed by a company represents its ability to create wealth and to share it among its stakeholders. In 2016, Moncler generated an economic value of 1,045.9 million euros, an 18% increase compared to the previous year. The economic value distributed by the Group went from 712.2 million euros in 2015 to 844.4 million euros in 2016, up by approximately 19%. 81% of the value generated by the Group was distributed to internal and external stakeholders, while the remaining 19% was retained by the Company.

DISTRIBUTION OF ECONOMIC VALUE



5. The figure refers to suppliers of goods and services.

6. The economic value distributed to the public administration also includes deferred taxes.

ECONOMIC VALUE GENERATED AND DISTRIBUTED
(Thousand euros)

	2016	2015
Economic value generated by the Group	1,045,900	886,130
Revenues	1,040,311	880,393
Other income	7,801	5,735
Financial income	492	284
Impairment of financial assets	-	-
Impairment of receivables	(1,527)	(3,210)
Exchange rate gains (losses)	(1,851)	3,983
Gains (losses) from assets' disposal	674	(1,055)
Impairment of assets	-	-
Economic value distributed by the Group	844,435	712,203
Economic value distributed to suppliers ⁷	574,394	490,777
Economic value distributed to employees	128,798	94,708
Economic value distributed to lenders	3,233	5,975
Economic value distributed to shareholders ⁸	44,862	34,883
Economic value distributed to the public administration ⁹	91,780	85,205
Economic value distributed to the community	1,368	655
Economic value retained by the Group	201,465	173,927
Amortisation and depreciation	41,635	35,959
Provisions	8,369	4,941
Reserves	151,461	133,027

7. The figure refers to suppliers of goods and services.

8. The 2016 amount was estimated based on the suggested dividend. The 2015 amount was adjusted based on the actual dividend paid.

9. Economic value distributed to the public administration also includes deferred taxes.

2

RESPONSIBLE BUSINESS MANAGEMENT

- 44 SUSTAINABILITY PLAN
- 54 GOVERNANCE MODEL
- 60 CREATING SUSTAINABLE
VALUE





THE TRUE VALUE OF A COMPANY LIES IN THE WAY IT CONDUCTS BUSINESS, ITS CONTRIBUTION TO SOCIETY AS A WHOLE, AND ITS ABILITY TO FULFIL ITS COMMITMENTS.

SUSTAINABILITY IS A WAY OF DOING BUSINESS. IT IS THE COMPANY'S COMMITMENT TO CREATING LONG-TERM VALUE.

SUSTAINABILITY IMPLIES CLEAR AND TRANSPARENT OBJECTIVES, SOLID CORPORATE GOVERNANCE, AND A CONSTANT DIALOGUE WITH STAKEHOLDERS. BUT NOT ONLY THAT.

SUSTAINABILITY IS A LONG JOURNEY WITH NO FINAL DESTINATION EXCEPT FOR ONE: CONTINUOUS IMPROVEMENT.

SUSTAINABILITY PLAN

The Sustainability Plan is the expression of the Group's commitment to an ever-more sustainable and responsible growth. It is updated each year to report on the status of projects underway, and to set new targets for continuous improvement, in the awareness that sustainability is an ongoing challenge with no end.

Through the Sustainability Plan, the Group shares its medium and long-term sustainability strategies with stakeholders.

In order to enhance the integration of environmental and social considerations into Company operations, the Plan focuses on certain priority areas:

- promoting employee wellbeing
- improving occupational health and safety
- fostering a responsible supply chain, respectful of animal welfare
- mitigating environmental impacts
- increasing client satisfaction
- promoting the social and economic development of local communities.

To ensure adherence to the commitments made, the Sustainability Unit asks for regular progress reports on projects, and updates the Control, Risks, and Sustainability Committee accordingly (monitoring stage).

THE SUSTAINABILITY PLANNING PROCESS

The Sustainability Unit works with the heads of the relevant departments to identify areas for improvement and related projects, on the basis of which it formulates a draft proposal for the Sustainability Plan (planning stage).

The Plan is then submitted to the Sustainability Steering Committee, which analyses its contents and feasibility. The final stage involves the Plan's assessment by the Control, Risks, and Sustainability Committee, which verifies its consistency with Group strategy and gives its opinion to the Board of Directors, which is responsible for final approval.

Responsibility for achieving the targets of the Sustainability Plan lies with the liaison officers of the departments involved, who have the necessary resources, tools, and know-how to implement the Plan (operational stage).



CORPORATE GOVERNANCE AND SUSTAINABILITY

FOSTER A CULTURE OF SUSTAINABILITY WITHIN THE GROUP

Implementation of an integrated sustainability management system incorporating environmental and social aspects into business decisions	● Sustainability aspects included in the self-assessment questionnaire for members of the Board of Directors	Continuous in-depth analysis of sustainability issues at meetings with the Control, Risks, and Sustainability Committee
	● First-ever Sustainability Report and Sustainability Plan presented at the Annual Shareholders' Meeting	2018 Update of the materiality matrix
Monitoring of Key Performance Indicators (KPIs) for non-financial aspects	● Additional KPIs identified and monitored	
	● Mapping of information requests by sustainability rating agencies initiated	2017 Ongoing analysis of information requests by sustainability rating agencies and identification of any additional KPIs
Integration of environmental and social aspects into employee performance targets	● Sustainability aspects integrated into performance targets for managers and key people	2017 Similar or greater integration of environmental and social aspects into the performance targets of employees and managers involved in the Sustainability Plan's implementation
		2017 – 2018 Introduction of responsible sourcing targets for key positions in the Company
Provision of classroom and/or online training to raise employee awareness of sustainability issues	● Sustainability training organised at Italian corporate office in Trebaseleghe (Padua), involving 100% of employees	2017 Extension of training activities to other countries in which the Group operates

MAINTAIN CORPORATE GOVERNANCE AND RISK MANAGEMENT SYSTEMS ALIGNED WITH BEST PRACTICES

Update of the Code of Ethics and other corporate policies	● Code of Ethics supplemented with a section on antitrust laws and relations with the authorities	2017 Further update of the Code of Ethics focusing on sustainability issues
		2018 Code of Ethics dissemination and training to all employees worldwide
	● Occupational Health and Safety Management Policy approved by the Board of Directors and disseminated to all employees in Italy	2017 Formulation and dissemination of additional guidelines supplementing the Code of Ethics
Broadening of the scope of business processes covered by the Enterprise Risk Management (ERM) system	● ERM system updated based on risk factors (also related to social and environmental issues) identified for logistics, wholesale, and new collection development	Continuous update of the ERM system based on potential risk factors (also related to social and environmental issues) identified during regular assessments
Update of the corporate governance system		Continuous monitoring of best practices and guidelines of the Corporate Governance Code for Italian Listed Companies with regard to corporate governance, and updating of the system as needed
Implementation of a whistleblowing procedure	● Whistleblowing procedure activated and launched	2017 Online training on whistleblowing procedure for all employees worldwide

- Achieved or in line with plan
 ● Partially achieved
 ○ Postponed

ACTIONS	2016 RESULTS	TARGETS
INTEGRATE SUSTAINABILITY ISSUES IN THE DIALOGUE WITH STAKEHOLDERS		
Reporting of sustainability performance and targets to analysts and investors	<ul style="list-style-type: none"> ● Frequency of contacts with socially responsible investors (SRIs) and analysts increased 	Continuous integration of sustainability issues into financial communications
Collaboration with fashion/textile companies to share best practices and enhance sustainability performance in the sector	<ul style="list-style-type: none"> ● Participation in roundtables focusing on down, potentially hazardous substances, and good environmental practices 	Continuous participation in working groups focusing on sustainability issues
Closer dialogue with key stakeholders on environmental and social issues		2018 Meetings with key stakeholders focusing on relevant environmental and social issues
PEOPLE		
ENGAGE EMPLOYEES AND MEET THEIR EXPECTATIONS		
Execution of people satisfaction surveys to better understand employee needs and expectations		2017 Execution of a global people satisfaction survey, analysis of results, and definition of an action plan 2018 Action plan implementation
Strengthening of internal communications	<ul style="list-style-type: none"> ● New MONCamp intranet site launched worldwide ● New resource responsible for employee engagement projects added to HR staff 	2017 Beginning of internal communication activities by Region 2017 Creation of a working committee for the implementation of employee engagement projects
OFFER EQUAL OPPORTUNITIES		
Management of vacancies through a Job Posting system	<ul style="list-style-type: none"> ● Job Posting pilot project launched in Italy 	2017 – 2018 Launch of the Job Posting programme worldwide
Implementation of a policy to ensure equal opportunities in the recruitment process	<ul style="list-style-type: none"> ● Policy defined to ensure equal opportunities in the recruitment process 	2017 Policy dissemination through various channels
Participation in associations and roundtables focused on enhancing the role of women in the workplace	<ul style="list-style-type: none"> ● Support provided to Italian association Valore D, dedicated to promoting women's leadership and talent 	Continuous participation in initiatives
Promotion of a work environment inspired by the highest principles and fundamental rights at work		Continuous implementation of information and training activities worldwide 2017 Increase in the number of diversity candidates hired by Region, in accordance with local requirements and constraints
NURTURE TALENT		
Extension of the performance assessment programme	<ul style="list-style-type: none"> ● 54% of employees assessed worldwide (excluding workers) 	2017 Skills development assessment performed on 100% of employees worldwide (excluding workers)
Definition and implementation of a training and development programme	<ul style="list-style-type: none"> ● 1,200 people trained within the scope of the Retail Excellence project 	2016 – 2018 Definition and implementation of a multi-year training programme and establishment of career paths for high-potential employees and managers
Definition of incentive plans	<ul style="list-style-type: none"> ● Stock Option and Performance Share plans granted to 100 managers and key people in the Group 	Continuous provision of long-term incentives 2019 Initial analysis for the definition of a Rewards Plan at the production site in Romania
Development of talent retention tools	<ul style="list-style-type: none"> ● 401K programme presented in the United States 	2018 Gradual extension of the accrual plan to Europe

ACTIONS	2016 RESULTS	TARGETS
PROMOTE EMPLOYEE WELLBEING		
Definition of an employee welfare plan	<ul style="list-style-type: none"> Several initiatives implemented for employees at the production site in Romania: <ul style="list-style-type: none"> - free eye examinations offered to all employees, along with a contribution for the purchase of eyeglasses where needed - shuttle services to commute to work and a recreational area made available to employees 	<p>2017 Implementation of employee welfare plan at the corporate offices in Italy</p> <p>2018 Extension of employee welfare plan to the production site in Romania, in accordance with local requirements and constraints</p>
Enhancement of employee wellbeing during working hours		2017 – 2019 Launch of renovation project at Italian corporate office in Trebaseleghe (Padua) and realisation of the Moncler Village featuring catering and wellness services
Establishment of partnerships with health and wellness facilities (gyms, diagnostics centres, etc.)	<ul style="list-style-type: none"> Various former agreements with health and wellness facilities renewed, and new agreements signed 	
Promotion of a culture of wellness, through targeted programmes aimed at encouraging healthy lifestyles, and at raising awareness of issues such as nutrition, smoking, and prevention	<ul style="list-style-type: none"> Various nutrition awareness initiatives organised with the Umberto Veronesi Foundation for employees at the corporate offices in Milan (Italy) 	Continuous implementation of awareness initiatives by Region
FOSTER WORK-LIFE BALANCE		
Implementation of initiatives promoting work-life balance	<ul style="list-style-type: none"> Agreement signed for an integrated nursery and kindergarten for the children of employees at Italian corporate office in Trebaseleghe (Padua), covered entirely by the Group 	2017 Implementation of initiatives by Region to promote work-life balance
Support for volunteer work during working hours	<ul style="list-style-type: none"> 25 employees involved in disaster relief efforts by volunteering two days' work in support of the earthquake victims in central Italy 	2018 Implementation of corporate volunteering programmes by Region
CONTINUE TO IMPROVE OCCUPATIONAL HEALTH AND SAFETY		
Definition and implementation of a certification process for the occupational health and safety management system	<ul style="list-style-type: none"> Potential occupational health and safety risks analysed at the production site in Romania 	2017 Definition and implementation of improvement measures and achievement of OHSAS 18001 certification at the production site in Romania
	<ul style="list-style-type: none"> OHSAS 18001 certification obtained for all offices and stores in Italy, covering over 700 employees 	2018 Maintenance of OHSAS 18001 certification and extension to all offices and stores in Europe
	<ul style="list-style-type: none"> Improvement plans related to potential occupational health and safety risks implemented at offices and stores in France, Belgium, and Germany 	
		2019 Maintenance of OHSAS 18001 certification and extension to all offices and stores worldwide (existing as at 2017)
Promotion of a culture of health and safety in the workplace		2017 Development and implementation of health and safety training and information tools for employees at the production site in Romania

- Achieved or in line with plan
- ◐ Partially achieved
- Postponed

ACTIONS	2016 RESULTS	TARGETS
PREVENT WORK-RELATED STRESS		
Monitoring of work-related stress and definition of prevention plans	<ul style="list-style-type: none"> Action plan for the prevention of employee work-related stress implemented at Italian corporate office in Trebaseleghe (Padua) 	
	<ul style="list-style-type: none"> Employee work-related stress assessed at corporate offices in Milan (Italy) 	2017 Implementation of an action plan for the prevention of employee work-related stress at corporate offices in Milan (Italy)
		2018 Gradual extension of employee work-related stress assessment to European offices 2019 Implementation of action plans to prevent work-related stress across all offices in Europe
PRODUCTS AND SUPPLY CHAIN		
PROMOTE A RESPONSIBLE SUPPLY CHAIN		
Fostering a culture of responsible sourcing among employees interacting with suppliers		2017 Provision of a training course on sustainability and on the principles of responsible sourcing
Definition and dissemination of social, ethical, and environmental standards for suppliers	<ul style="list-style-type: none"> Supplier Code of Conduct approved by the Board of Directors and partially disseminated 	2017 Gradual inclusion of contractual clauses on compliance with the Supplier Code of Conduct
	<ul style="list-style-type: none"> Manual of social, ethical, and environmental standards for suppliers created and disseminated 	2017 Training course for direct suppliers on the Group's principles of responsible sourcing
Analysis of risk within the supply chain	<ul style="list-style-type: none"> Self-assessment questionnaires (including sustainability aspects) distributed to 48 suppliers (accounting for 32% of purchase orders) 	2017 Ongoing distribution and analysis of self-assessment questionnaires
		2018 Update of vendor rating system to reflect additional sustainability issues and the results of self-assessment questionnaires and audits
Implementation of audits to verify compliance with social, ethical, and environmental standards	<ul style="list-style-type: none"> 41 socio-ethical and 14 environmental audits performed 	2017 Social, ethical, and environmental auditing of: <ul style="list-style-type: none"> - 100% of direct suppliers of jacket manufacturing services - 30 indirect suppliers of down and manufacturing services - 25 direct suppliers of other categories
	<ul style="list-style-type: none"> 3 suppliers involved in pilot audit focusing on wastewater 	2016 – 2018 Analysis of wastewater generated by the production processes of some suppliers
	<ul style="list-style-type: none"> Suppliers formally notified of non-compliances identified during audits and requests for corrective measures 	Continuous definition of joint supplier-Company plans to solve non-compliances identified during audits; monitoring of results
Certification of the down supply chain	<ul style="list-style-type: none"> 100% of down purchased certified as per DIST (Down Integrity System & Traceability) Protocol regulating animal welfare of geese and traceability and down quality 119 external third-party audits performed 	Continuous purchase of down that is 100% DIST certified
	<ul style="list-style-type: none"> Training material for farmers developed 	2017 Dissemination of training material for farmers in four languages
Ongoing review and monitoring of banned or restricted substances (Restricted Substances List, RSL) in products and production processes	<ul style="list-style-type: none"> Supply contracts amended following updates to the Restricted Substances List (RSL) 	2016–2021 Ongoing review of the list of substances banned or restricted in Moncler production and products, in line with the latest and most reliable studies and/or changes in applicable laws

ACTIONS	2016 RESULTS	TARGETS
Promotion of good sustainability practices among suppliers		2018 – 2019 Mapping of suppliers certified as per ISO 14001 and OHSAS 18001 standards, and launch of awareness campaign
		2019 Promotion of ISO 14001 and/or OHSAS 18001 certification among key suppliers

CLIENTS

REDEFINE THE OVERALL RETAIL ORGANISATION TO ENHANCE CLIENT-CENTRICITY

Comprehensive redefinition of client engagement methods and content, using all channels of interaction	<ul style="list-style-type: none"> ● Selling ceremony, client engagement and listening tools and techniques, and after-sales service policy redefined and implemented worldwide 	
Enhancement of retail personnel's skills, engagement, and sense of belonging to improve alignment with client expectations		2017 Global realignment of stores' internal organisation, profiles, incentive plans, and retail staff training and career paths - application at worldwide level
Optimisation of operational efficiency of mono-brand stores to improve service and time invested in client interactions	<ul style="list-style-type: none"> ● Internal store procedures redefined and standardised; stock management and communication flows between stores and headquarters optimised; changes implemented worldwide 	

STRENGTHEN THE CLIENTS' CONFIDENCE IN HOW THE COMPANY OPERATES

Enhancement of clients' awareness of Moncler's commitment to a sustainable future		2018 Training of retail personnel worldwide, focusing on the Company's activities in support of people, the environment, and animal welfare
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ENVIRONMENT

IMPROVE ENERGY EFFICIENCY AND REDUCE CO₂ EMISSIONS

Environmental impact assessment of key offices and stores, and implementation of improvement and/or offsetting measures	<ul style="list-style-type: none"> ● Improvement plan defined to reduce the environmental impact of the Italian corporate office in Trebaseleghe (Padua) 	2017 – 2018 Definition and implementation of improvement plans to reduce the environmental impact of the Italian corporate office in Via Solari, Milan, and logistics hub in Castel San Giovanni (Piacenza)
		2018 Certification of corporate offices in Italy as per ISO 14001 standard
	<ul style="list-style-type: none"> ● Environmental audit performed at the production site in Romania 	2017 Definition and implementation of improvement measures at the production site in Romania to obtain ISO 14001 certification
		2018 Launch of a project to offset CO ₂ emissions at the Italian corporate office in Trebaseleghe (Padua)
Purchase of electricity from renewable sources	<ul style="list-style-type: none"> ● 50% of electricity consumption at offices, stores, and logistics hub in Italy derived from renewable sources 	2017 100% of electricity consumption at offices, stores, and logistics hub in Italy derived from renewable sources

- Achieved or in line with plan
- Partially achieved
- Postponed

ACTIONS	2016 RESULTS	TARGETS
Integration of sustainability requirements at Directly Operated Stores, such as lighting systems with low environmental impact	<ul style="list-style-type: none"> 73% stores worldwide* (100% in the United States and over 90% in Europe) equipped with LED lighting <p><i>*Excluding the 11 shop-in-shops in which lighting is provided by the host department store, where Moncler cannot take action.</i></p>	2017 100% of stores worldwide equipped with LED lighting
	<ul style="list-style-type: none"> Sustainability requirements assessed for integration into store design for new openings 	2017 Implementation of sustainability requirements at new stores
Virtualisation of servers	<ul style="list-style-type: none"> 10 new virtual servers created for a total of 255, hosted on 24 physical servers 	
	<ul style="list-style-type: none"> Technological update of server rooms implemented in Italy, at the corporate offices in Trebaseleghe (Padua) and Milan and logistics hub in Castel San Giovanni (Piacenza), and at the data centre in Tokyo 	
REDUCE THE ENVIRONMENTAL IMPACT OF LOGISTICS PROCESSES		
Definition of a set of environmental key performance indicators (KPIs)		2017 First monitoring of CO ₂ emissions from transport (excluding airfreight) of raw materials and finished products to the Italian logistics hub in Castel San Giovanni (Piacenza)
		2018 First monitoring of CO ₂ emissions from transport (excluding airfreight) of raw materials from the Italian logistics hub in Castel San Giovanni (Piacenza) to sub-contractors in Europe
	<ul style="list-style-type: none"> Monitored CO₂ emissions from transport of finished products from the Italian logistics hub in Castel San Giovanni (Piacenza) to stores in Europe monitored 	2019 Worldwide monitoring of CO ₂ emissions from transport (excluding airfreight) of finished products from the Italian logistics hub in Castel San Giovanni (Piacenza)
Management of the environmental impact of transport		2018 Increase in transport with lower environmental impact
USE OF PAPER FROM RESPONSIBLE SOURCES		
Use of paper originating from responsible sources	<ul style="list-style-type: none"> ECF* paper from responsibly managed sources and from ISO 14001 or EMAS certified production facilities used for around 100% of logoed paper material (folders, business cards, catalogues, etc.) <p><i>*Elemental Chlorine Free</i></p>	
	<ul style="list-style-type: none"> Office/printer paper from responsible sources only used worldwide 	
REDUCE THE ENVIRONMENTAL IMPACT OF THE SHOPPING EXPERIENCE		
Design and production of an eco-friendly shopping bag and box	<ul style="list-style-type: none"> New eco-friendly shopping bags distributed and used worldwide 	Continuous use of eco-friendly shopping bag worldwide
	<ul style="list-style-type: none"> New eco-friendly boxes distributed and used worldwide 	Continuous use of eco-friendly boxes worldwide
Promotion of good environmental practices across Directly Operated Stores (DOS)		2018 Launch of a pilot project in Italy to define the environmental guidelines for stores

ACTIONS	2016 RESULTS	TARGETS
RAISE EMPLOYEE AWARENESS OF THE ENVIRONMENTAL IMPACT OF DAILY ACTIVITIES		
Definition of guidelines focusing on the responsible use of paper, toners, and electricity, and on waste sorting	<ul style="list-style-type: none"> ● Environmental guidelines defined 	2017 Dissemination of the guidelines to all employees worldwide
Promotion of sustainable behaviours among employees	<ul style="list-style-type: none"> ● Training course on "Paper and Printing: authorisations and environmental implications" organised for employees at the Italian corporate offices in Trebaseleghe (Padua) and Milan 	Continuous promotion of awareness initiatives focusing on the mitigation of environmental impacts
Use of technology to support remote interaction among employees and decrease business travels	<ul style="list-style-type: none"> ● Three new video conference rooms installed at Moncler's offices in Korea, Romania, and Tokyo 	
	<ul style="list-style-type: none"> ● New application enabling video conferencing directly from computers, tablets, and smartphones launched 	
Adoption of technology to monitor and rationalise the use of printers	<ul style="list-style-type: none"> ● Personal codes installed on printers at corporate offices in Italy, to encourage responsible behaviour and to rationalise/limit the number of printed documents and the consumption of toner and paper 	
COMMUNITY		
SUPPORT SCIENTIFIC RESEARCH AND INNOVATION		
Organisation of initiatives and funding of research grants to raise awareness and support associations working in the field of research and innovation	<ul style="list-style-type: none"> ● Support provided to the Countdown to a Cure for AIDS research initiative of the amfAR Foundation, aimed at finding a broadly applicable cure for HIV by 2020 ● Support provided to various cancer prevention and research projects promoted by the Umberto Veronesi Foundation 	2016 – 2018 Ongoing support for scientific research
PROMOTE THE SOCIAL AND ECONOMIC DEVELOPMENT OF LOCAL COMMUNITIES		
Promotion of initiatives fostering the growth of local communities, also via partnerships with associations and non-profit organisations	<ul style="list-style-type: none"> ● Support provided to the Francesca Rava Foundation – N.P.H. Italia Onlus, by donating down jackets to students and teachers from schools affected by the earthquake in the towns of Norcia, Cascia, and Arquata (Italy), and by fully funding the construction of the new elementary school in Cascia 	2017 Support for initiatives to promote the social and economic development of the local communities in which the Group operates

- Achieved or in line with plan
- ◐ Partially achieved
- Postponed



GOVERNANCE MODEL

CORPORATE GOVERNANCE

The corporate governance system adopted by Moncler plays a key role in the transparent and responsible running of business operations, contributing significantly to the creation of sustainable medium and long-term value. The system complies with the principles set forth in the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana and adopted by Moncler.

Moncler implements a traditional administration and control system, which ensures continuous dialogue between management and shareholders as follows:

- the **Board of Directors** manages the Company and defines Group guidelines
- the **Board of Statutory Auditors** oversees, inter alia, (I) compliance with the law and bylaws, as well as observance of the principles of proper management; (II) to the extent of its competence, the suitability of the Company's organisational structure, internal control system, and administrative accounting system, as well as the reliability and accuracy of the latter in representing management operations; (III) the procedures adopted by the Company to effectively implement the corporate governance rules set out in the codes of conduct that it has publicly claimed to adopt; (IV) the effectiveness of the internal audit and risk management system, the auditing of accounts, and the autonomy of the external auditor
- the **Shareholders' Meeting**, in ordinary or extraordinary sessions, is responsible for resolutions regarding, inter alia, (I) the appointment and removal of members of the Board of Directors and Board of Statutory Auditors, as well as their remuneration; (II) the approval of the financial statements and allocation of profits; (III) amendments to the bylaws; (IV) the appointment of the external auditor, upon motivated proposal of the Board of Statutory Auditors; (V) incentive plans
- the **external audit firm** carries out the statutory auditing of accounts. It is appointed by the Shareholders' Meeting and in accordance with the bylaws. As per the Civil Code, the external auditor operates independently and autonomously and therefore does not represent either the minority or majority of shareholders.

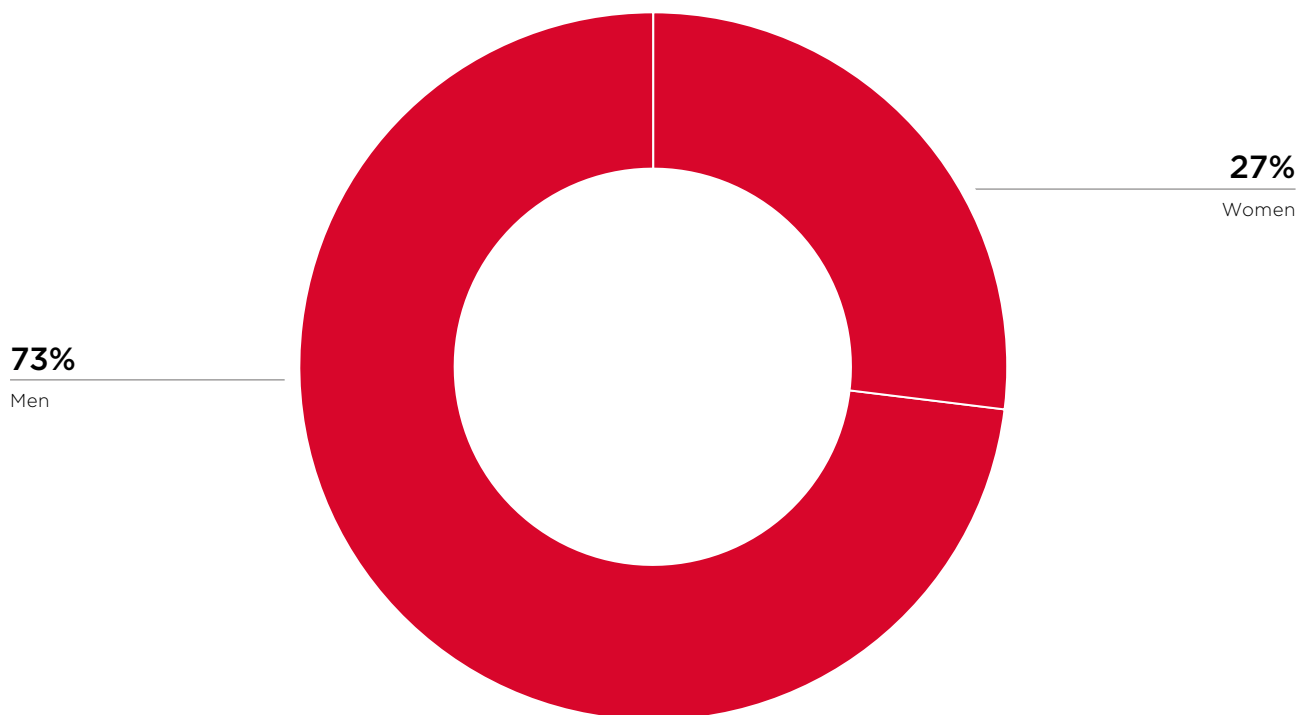
As at December 31, 2016, Moncler's Board of Directors consisted of 11 members, including the Chairman. The percentage of independent Directors was increased during the year compared to the total number of Directors (in absolute terms, 6 out of 11 directors), as required by the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana. With regard to the powers and authority of the Board Directors, there are 3 executive and 8 non-executive Directors.

Two Committees were established to support the Board of Directors, vested with consulting and advisory functions: the **Control, Risks, and Sustainability Committee** and the **Nomination and Remuneration Committee**.

ADMINISTRATION AND CONTROL SYSTEM



COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER



COMPOSITION OF THE BOARD OF DIRECTORS BY AGE GROUP



The Chairman and Chief Executive Officer, Remo Ruffini, is also assisted in the definition and implementation of Group strategy by a **Strategic Committee**, which is tasked with advi-

sory functions and bridges the main areas of the Group, ensuring consistency and the sharing of Moncler's guiding values. In 2016, the average attendance at Board meetings was 88%.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT POLICY

In 2016, the Group approved and issued the **Occupational Health and Safety Management Policy**, as an integral part of its Code of Ethics. The Policy sets forth the Group's commitment to protecting and promoting the health, safety, and wellbeing of individuals while performing their duties. It applies to all employees, as well as to all Group companies worldwide and anyone acting on their behalf. Moncler is also committed to spreading a cul-

ture of safety by promoting responsible behavior and risk awareness, and to providing organisational and financial resources, with the aim to prevent accidents and occupational diseases and ensure the continuous improvement of health and safety conditions in the workplace. As part of this commitment, the Group has adopted an occupational health and safety management system as per OHSAS 18001 international standard. See also page 86.

CODE OF ETHICS

The Code of Ethics is a **pillar of Moncler's corporate governance system**. It sets out the principles that govern the decisions and conduct of both the Company and its employees towards stakeholders. The Code represents the set of values the Group identifies with, shares, and promotes, in the belief that a conduct inspired by principles of diligence, honesty, and loyalty can significantly drive economic and social growth; and in the conviction that there can be no long-term success without ethics and responsibility.

Moncler calls on all its employees and collaborators to act with honesty, passion, and integrity, and build relationships with stakeholders based on mutual trust, so that growth may be steered by the principle of shared value.

The Code of Ethics is applied uniformly across all countries in which the Group is present. It consists of a set of principles and guidelines that inspire and guide the way the Company operates each day, as well as the conduct of its employees and of those who collaborate with Moncler, in any capacity, in carrying out their tasks and responsibilities. In 2016, the Code was updated to include a specific article regarding compliance with national and European antitrust laws.

The Code of Ethics is duly shared with employees using the most appropriate means and in accordance with local standards and customs. It is available in both Italian and English, and can be downloaded from the Group's intranet portal and corporate website. In June 2014, an online and classroom-based **training** programme was launched for all employees in Italy to ensure the widespread dissemination of the Code's principles, their proper understanding, and the development of virtuous behaviours, as identified by the Code of Ethics.

The Code is also a fundamental and integral part of the **Organisation, Management, and Control Model** (hereinafter the Model) adopted by Moncler in accordance with Italian Legislative Decree 231/2001.

The Model sets forth the principles, rules of conduct, operating procedures, and disciplinary measures devised to prevent corporate crime and ensure the ethical conduct of all those who act on behalf of the Company, upholding the principles of legitimacy, fairness, and transparency.

Compliance with the Code of Ethics and the Model is **monitored by designated supervisory bodies** through audits and specific checks, which may also take place on the basis of reported behaviour that does not comply with the principles of conduct required by Moncler. Audit findings may require disciplinary actions that, depending on the severity of the case, can also lead to the termination of employment.

The Supervisory Body in Italy is tasked with supervising the suitability of and compliance with the Organisation, Management, and Control Model and its underlying principles. It is a collegial body consisting of three members – two external professionals with accounting and legal expertise and the head of the Group's Internal Audit division. The Supervisory Body holds a high position in the Company's organisational structure, to ensure its independence from any form of potential interference or conditioning.

In 2016, the Model was updated on the basis of more recent offences – against the environment and concerning self-laundering – introduced under Italian Legislative Decree 231/2001. Following an assessment, there were no instances requiring significant corrective measures.

The audits performed in 2016 by the Internal Audit division on the Group's Italian companies focused on key corporate processes (payments, purchases, services and consulting, product shortages, etc.) and on the main 'sensitive' areas identified by the Model.

With regard to international subsidiaries, in 2016 the Internal Audit division audited Group companies in Japan, China, Hong Kong, and France, focusing on the suitability of internal control and financial reporting procedures, with the aim to identify and/or prevent any potential cases of fraud.

With regard to the management of store operations (receipts and sales management, stock management, protection of corporate assets, and theft prevention), in 2016 the Internal Audit division audited 42 stores, selected on the basis of turnover, level of risk, and geographic diversification. The audits led to the implementation of improvements to existing operating and control procedures.

In 2016, **no breaches** of the Code of Ethics were reported. Moncler considers the reporting of particular instances of non-compliance with the Code of Ethics – whether by employees or external entities – a serious matter. Any employee reporting a concern in good faith regarding suspicious, alleged or actual breaches of the Code of Ethics is protected by Moncler against any form of retaliation, discrimination or penalisation, without prejudice to statutory obligations in force or to the rights of the Company or people falsely or mistakenly accused of misconduct.

To this end, a **Group-wide whistleblowing** system was launched in March 2016, devised to ensure the proper management and timely verification of any breaches reported, the adoption of appropriate measures, and the anonymity of the whistleblower. Three reports were received in 2016, all of which were promptly addressed, evaluated, and managed. Two of the reports led to ad hoc audits – of a business process and a retail store, respectively. The investigations did not confirm the contents of the reports, but did contribute to strengthening the internal controls and procedures managing business processes.

Moncler makes every reasonable effort to promote its Code of Ethics among its partners (suppliers, consultants, wholesalers, etc.), so as to encourage fair and transparent business conduct. To this end, Group contracts include specific clauses requiring the acknowledgement and adherence to the principles of the Group's Code of Ethics, in addition to compliance with the laws in force in each country of reference.

In addition, in November 2016, Moncler formally approved a **Supplier Code of Conduct**, which suppliers and sub-contractors are contractually required to comply with. The Supplier Code of Conduct addresses Moncler's expectations regarding responsible purchasing, and consists of six sections describing the binding provisions related to: 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 responsible sourcing process adopted by Moncler includes training activities for internal departments and suppliers alike, as well as audits and reviews devised to verify supplier compliance with the principles of the Supplier Code of Conduct. See also page 110.

In 2017, the Group will develop an **anti-corruption model**, providing for an in-depth preliminary study of applicable laws

in the main countries in which the Company operates. Such thorough analysis has already been performed in Italy, and the Group is already structured to ensure compliance with Legislative Decree 231/2001. The next countries to be surveyed will be those that (a) account for the Group's higher percentage of turnover, and (b) rank highest in terms of risk of corruption: China, Hong Kong, Korea, Japan, United States, France, and Romania.

The project will include a risk assessment to identify the Group's risk profiles, in line with applicable laws, and the development of an action plan to implement more stringent controls where necessary.

It will also include the definition of a corporate anti-corruption policy and the provision of online training for all Group employees.

INTEGRATED ENTERPRISE RISK MANAGEMENT

Moncler has adopted an integrated Enterprise Risk Management (ERM) system based on international best practices. The system involves the Group's governance bodies, each acting within the scope of its respective competence.

In line with the field's guidelines and best practices of reference, the main objective of ERM is to ensure the effective **identification, measurement, management, and monitoring of risks**.

The ERM system covers all types of risk that can potentially affect the achievement of strategic objectives, impair company assets, and/or undermine the value of the Brand. ERM is incorporated into strategic decisions and key decision-making processes.

Risks may be internal or external depending on whether they are identified within or outside the Company. In particular, external risks are linked to industry and market situations, as well as to the stakeholders' perception of how Moncler operates.

Moncler's ERM system divides risks into four categories:

- Strategic Risk
- Business Risk
- Business Support Risk
- Compliance and Integrity Risk.

Strategic risks relate to changes in business or to inadequate responses to changes in the competitive environment. Sustainability risks fall within this risk category.

Business risks are associated with the sector of reference and company operations.

Business support risks concern the Group's organisational structure, control processes, and IT and reporting systems.

Compliance and integrity risks are connected with breaches of internal procedures, laws, and regulations applicable to company operations at national or international level.

With regard to internal risks, the objective of the ERM system is to manage them through specific prevention and control measures incorporated into company processes, designed to eliminate the risk, minimise its likelihood of occurrence, or contain its impact in the event of occurrence.

With regard to external risks, the objective of the ERM system is to monitor them and mitigate their impact in the event of any occurrence.

For each business area in which a risk has been identified, there is a 'risk owner' responsible for supervising the risk itself and the effectiveness of the control system, and for implementing or improving mitigation measures.

All risks and related mitigation actions are recorded in a Risks Register, which is updated regularly (in concert with risk owners) on the basis of an annual plan approved by the Board of Directors with the support of the Control, Risks, and Sustainability Committee.

The plan is periodically updated to include any new elements of risk and/or to reflect any increases in the likelihood of occurrences or in the extent of impacts.

In 2016, a detailed analysis was conducted of the risks associated with: operations (with a focus on the supply chain); the areas of retail, wholesale, logistics, IT, and product development; and the business support processes of the administration and control, treasury, and legal divisions.

The results of ERM activities are discussed at the quarterly meetings held by the Control, Risks, and Sustainability Committee; they are also reviewed half-yearly by the Board of Directors, as part of the report by the Head of the Internal Audit division on the suitability and effectiveness of the internal control and risk management system.

Moncler's ERM system involves the following governance bodies:

- the Board of Directors, which defines guidelines and assesses the suitability of the internal control and risk management system at least every six months
- the Control, Risks, and Sustainability Committee, which has an investigative and advisory role in supporting the Board of Directors in its assessment and decisions concerning the risk management system
- the Director in charge of the internal control and risk management system, who is responsible for establishing and maintaining the effectiveness of the system itself as per the indications and guidelines defined by the Board of Directors in collaboration with the Control, Risks, and Sustainability Committee
- the Head of the Internal Audit division, tasked with verifying the performance and suitability of the internal control and risk management system, and coordinating the ERM process
- the Board of Statutory Auditors, which oversees the effectiveness of the internal control and risk management system.



CREATING SUSTAINABLE VALUE

Moncler believes that its true value lies in the way it conducts business, its contribution to society as a whole, and its ability to fulfil its commitments. The increasing integration between business decisions and the assessment of their environmental and social impacts is at the core of the Group's ability to create long-term value for all of its stakeholders.

SUSTAINABILITY GOVERNANCE

In 2016, Moncler continued to pursue its commitment to promoting and enhancing the integrated management of sustainability, by establishing a governance structure with dedicated bodies supervising and managing sustainability issues.

The **Sustainability Unit** is responsible for identifying sustainability risks, reporting them promptly to senior management, and managing them (in collaboration with the relevant divisions), as well as for identifying areas for improvement and relevant improvement measures, thus contributing to the creation of long-term value. The Unit is also tasked with proposing the sustainability strategy, drafting the annual Sustainability Plan, preparing the Sustainability Report, and fostering a culture of sustainability within the Company. Lastly, the Unit promotes a dialogue with stakeholders and, together with the Investor Relations division, handles the requests of sustainability rating agencies and the needs of Socially Responsible Investors (SRIs).

The Sustainability Unit relies on the advice of the **Sustainability Steering Committee**, which comprises the members of the Strategic Committee and a number of heads of the Group's most relevant functions. In its advisory capacity, the Committee assesses the proposals of the Sustainability Unit, supervises the sustainability guidelines and targets, and analyses the extent to which they are achieved.

Each Company department has a number of "**Ambassadors**" responsible for raising awareness of social and environmental issues within their respective areas. They are also responsible for meeting the targets set out in the Sustainability Plan that fall within the remit of their competence, and for supporting the Sustainability Unit in preparing the Sustainability Report.

As further evidence of the degree to which the Company's senior management supports and promotes sustainability, the **Control, Risks, and Sustainability Committee** was established as a committee of the Board of Directors. It comprises three non-executive, independent Directors. The Committee is tasked by the Board of Directors with: supervising sustainability issues associated with the business activities of the Company and its interactions with stakeholders; defining strategic sustainability guidelines and the relevant action plan (Sustainability Plan); and reviewing the Sustainability Report.

MATERIALITY MATRIX

Moncler considers the materiality analysis as an important tool to identify the most relevant environmental and social priorities that are consistent with its business strategy, and to define the contents of the Sustainability Report according to GRI-G4 international reporting guidelines.

In terms of sustainability reporting, the aspects deemed as material (or relevant) are those that have a significant impact on the economic, social, and environmental performance of the Company or that may substantially influence stakeholders' perceptions and decisions. Accordingly, the materiality analysis is two-fold, as it takes account of the standpoint not only of the Company, but also of its stakeholders.

The first materiality analysis was performed by the Sustainability Unit in 2015 with the support of a specialist consultancy, through a structured process involving the Group's management.

The analysis was performed through a four-step process:

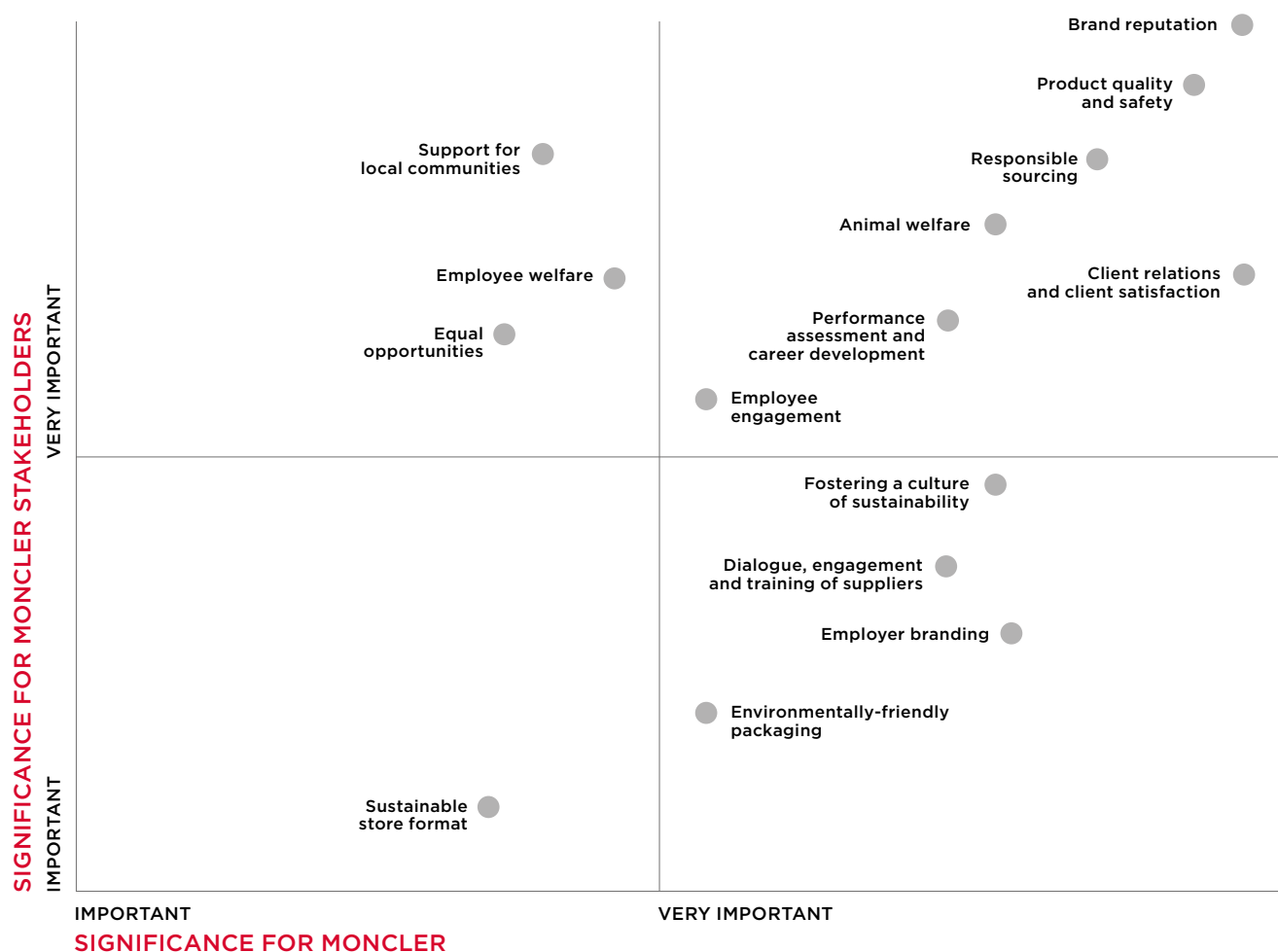
- identification of all potential material aspects of significance to Moncler. This involved the analysis of corporate documents (Code of Ethics, Annual Report, Strategic Plan, etc.), external literature on changes in market scenarios¹, sustainability assessment questionnaires by rating agencies, sector studies, media and internet research, and multi-stakeholder standards/initiatives²
- prioritisation of the materials aspects. The aspects were prioritised by liaison officers from internal Moncler di-

visions, tasked with assessing each issue from the Company's standpoint as well as that of stakeholders, rating each on a scale from 1 to 5

- approval by the Sustainability Steering Committee
- presentation to the Board of Directors.

The materiality analysis identified 15 material aspects³, including: brand reputation, product quality and safety, responsible sourcing, client relations and client satisfaction, performance assessment and career development, fostering a culture of sustainability, animal welfare, and employee engagement.

For the correlation between material aspects and GRI-G4 aspects and indicators, please see the table on page 173.



1. World Economic Forum report, the Sustainability Manifesto for Italian Fashion, reports and studies of the Nordic Initiative Clean and Ethical (NICE), and the Sustainable Apparel Coalition (Higg Index).

2. Global Compact, GRI-G4 Sustainability Reporting Guidelines, OECD Guidelines for Multinational Enterprises.

3. Within the scope of the analysis, aspects related to corporate governance, regulatory compliance, and economic performance were considered prerequisites; as such, they were not individually examined in the process, but were nevertheless accounted for in this Report.

DIALOGUE WITH STAKEHOLDERS

Moncler believes in the importance of maintaining continuous and strong relationships with all of its stakeholders.

Relationships that thrive on constant dialogue and active engagement reflect the Group's sense of responsibility towards the social context with which it interacts. Stakeholders have a wide range of differing interests, therefore establishing and maintaining stable and lasting relationships is crucial for creating shared, long-term value. Understanding specific requirements and priorities enables Moncler to tackle issues before they become critical, and to fine-tune its actions in response to stakeholders' interests. The first step toward

building an effective engagement process involves the clear and timely identification of stakeholders, so as to establish the most effective communication channels, while continually monitoring expectations, needs, and opinions. The Group pursues a proactive approach to all stakeholders worldwide. It does so through dedicated functions that interact with them continually, promoting ongoing dialogue and remaining responsive to their needs. Indeed, Moncler believes that such interactions are opportunities for mutual growth and improvement.

STAKEHOLDER	TOOLS AND CHANNELS OF INTERACTION	STAKEHOLDER EXPECTATIONS
Employees	<p>Continuous dialogue with the Human Resources Department</p> <p>Annual meetings to discuss career plans, set individual targets, and review performance assessments</p> <p>Meetings with staff to share the Company's results and goals for the future</p> <p>Meetings to raise awareness and share information on health and wellbeing</p> <p>Training sessions</p> <p>Corporate intranet (MONCamp)</p> <p>Induction programmes for new hires</p>	<p>Information on Group strategies and results</p> <p>Responsible business management</p> <p>Clear objectives and rewards system</p> <p>Training and career development</p> <p>Stimulating and safe work environment</p> <p>Equal opportunities</p> <p>Involvement in Company life</p> <p>Wellbeing and health and safety initiatives</p>
Trade unions and workers' representatives	<p>Meetings with trade union representatives</p>	<p>Responsible business management</p> <p>Engagement and prompt information on issues affecting the Company workforce</p> <p>Updates on the progress of training programmes</p>
Final clients	<p>Direct, ongoing relationship with sales personnel</p> <p>Customer care services</p> <p>Engagement via phone, mail, email, and social media</p> <p>Design and delivery of personalised initiatives and experiences</p> <p>Market research and focus groups</p> <p>Client feedback</p>	<p>Product quality, safety, and durability</p> <p>Products manufactured respecting the environment, people, and animals</p> <p>Style, uniqueness, innovation, and a complete product range</p> <p>High level of service during and after the sale</p> <p>Competent, professional, and empathetic sales personnel</p> <p>Personalised shopping experience and engagement</p>
Wholesale clients	<p>Events at Moncler showrooms and stores</p> <p>Ongoing engagement via phone and business updates via email</p>	<p>Product quality and innovation</p> <p>Safety and transparency with regard to environmental, social, and animal welfare issues throughout the supply chain</p> <p>Brand reputation</p>

STAKEHOLDER	TOOLS AND CHANNELS OF INTERACTION	STAKEHOLDER EXPECTATIONS
Suppliers, business partners	Daily interactions Institutional meetings Definition of shared standards Seasonal and annual training Dedicated portal	Continuity of supply Respect for contractual terms and conditions Participation in the definition of supply standards, including social and environmental criteria, and prompt notification of new requirements Collaboration and support in managing production issues
Local communities	Meetings with representatives of local associations and organisations Development of initiatives and projects managed directly or in partnership	Support or funding of initiatives Support for awareness-raising campaigns
Investors and analysts (traditional and sustainability analysts)	Annual Shareholders' Meeting Regular conference calls following key announcements Price-sensitive announcements and information Seminars, industry conferences, road shows, and meetings Daily engagement (meetings, phone calls, emails) Corporate website Dedicated investor app Questionnaires on sustainability performance	More in-depth and consolidated knowledge of the Group and its business model Value creation (return on investment, business sustainability) Transparent and responsible management Timely and open dialogue Suitable risk management, including social and environmental risks
Media	Press days Interviews with senior management Press conferences Media plan Continuous dialogue Fashion shows/events Ad hoc meetings and events Corporate website	Access to timely and accurate information Information on upcoming season trends
Local bodies, public administrations, regulatory bodies, industry associations, and non-governmental organisations (NGOs)	Ad hoc meetings Participation in work groups Definition and development of joint projects	Participation in projects of public utility Integration of environmental, social, and animal welfare considerations into Company strategies and supply system Disclosure of Company targets with regard to environmental, social, and animal welfare issues Active participation in round-table discussions Efficient use of raw materials Implementation of sustainability requirements at new stores

RELATIONS WITH ORGANISATIONS, INSTITUTIONS, AND ASSOCIATIONS

Moncler firmly believes in dialogue and participation, and collaborates with several organisations and round tables at both national and international levels.

Indeed, it is active in a number of areas, from the promotion of the Italian fashion industry and its sustainability performance to the fight against counterfeiting, trademark protection, the promotion of women's leadership and talent, innovation, and the development of international standards. The Group is a member of the following main associations and initiatives:

- **AIR (Associazione Italiana Investor Relations):** non-profit association that aims to promote the role of the Investor Relations Officer as well as the quality of financial communications between companies and the financial community
- **Assonime:** association of Italian joint-stock companies that works to improve industrial, commercial, administrative, and tax legislation in Italy, carries out research studies, issues publications, and represents the viewpoint of companies when dealing with Italian, European, and international institutions
- **Business Action to Stop Counterfeiting and Piracy (BASCAP):** initiative established by the International Chamber of Commerce to support businesses and enhance their resources in the fight against product and brand counterfeiting and piracy, by strengthening the enforcement of intellectual property rights and increasing consumer awareness of this issue
- **Camera Nazionale della Moda Italiana:** the mission of the Italian Chamber of Fashion is to promote and coordinate the Italian fashion industry and provide training for young Italian fashion designers
- **Club 231:** initiative established to spark the debate on the statutory and regulatory changes introduced under Italian Legislative Decree 231/2001, encouraging the exchange of knowledge and expertise from a company, policy-making, and academic perspective
- **INDICAM:** institute for the fight against counterfeiting that works on several fronts, including: campaigning to raise counterfeiting awareness among industry operators, public authorities, and the general public; improving statutory provisions against counterfeiting; and leading collective investigation efforts involving its members, in cooperation with Italian diplomatic authorities, to protect trademarks outside of Italy
- **International Trademark Association:** international association dedicated to the protection of trademarks and intellectual property, with the aim to safeguard consumers and promote fair and effective commerce
- **PREVIASS II (Intercompany Welfare Fund for client companies of Willis Italia S.p.A. Group):** national association whose exclusive purpose is to provide member companies with welfare services, in the form of assistance and insurance services, through master agreements made with insurance companies
- **Quality Brands Protection Committee (QBPC):** international association whose mission is to support China in improving its legal framework for intellectual property rights, and promote an environment conducive to innovation

- **UNI – Italian Organisation for Standardisation:** private non-profit organisation that for almost 100 years now has developed and published voluntary technical standards for all sectors of industry, from manufacturing to sales and services. The UNI's members include companies, professionals, associations, public bodies, research centres, educational and academic institutes, consumer associations, trade unions, third sector organisations, and non-governmental organisations, which together form a single multi-stakeholder forum for technical debate at national level. The association represents Italy in the European Committee for Standardisation (CEN) and in the International Organization for Standardization (ISO), supporting the harmonisation of standards and promoting and enhancing the 'Made in Italy' trademark
- **Union des Fabricants (Unifab):** French association involved in the protection of intellectual property rights. Present also in Tokyo and Beijing, the association assists its members in the fight against counterfeiting in Asia, and in managing relationships with local authorities
- **Industrialists' Union of the Province of Padua:** national association whose mission is to enhance the competitiveness of the local manufacturing industry, through the creation of infrastructure and by promoting knowledge transfer, a modern work culture, a strong spirit of individual and collective initiative, innovation, and applied research
- **Valore D:** Italian association that brings together big industry names, united in their commitment to supporting and promoting women's leadership and talent as a valuable contribution to business growth.

The highest principles of transparency and ethics govern the Group's dealings with political parties and their representatives.

In 2016, Moncler did not make donations to any political parties and did not receive any form of public funding or subsidy. Any political commitment or donations made by Group employees are considered as personal and purely voluntary.



3

PEOPLE

70	EMPLOYEES IN NUMBERS
76	MANAGEMENT AND DEVELOPMENT
84	DIVERSITY AND EQUAL OPPORTUNITIES
86	OCCUPATIONAL HEALTH AND SAFETY
90	INDUSTRIAL RELATIONS





MONCLER INVESTS GREAT ENERGY IN RECRUITING THE BEST TALENT AND IN SUPPORTING THEIR PROFESSIONAL GROWTH AND WELLBEING.

IT OFFERS THEM A WORKPLACE THAT IS BOTH HEALTHY AND SAFE, MERITOCRATIC AND STIMULATING, WHERE DIVERSITY IS VALUED, AND WHERE INDIVIDUALS CAN THRIVE AND EXPRESS THEIR CAPABILITIES, POTENTIAL, AND TALENT TO THE FULLEST.

THE COMPANY STRONGLY BELIEVES THAT THE CREATION OF LONG-TERM VALUE IS INTRINSICALLY LINKED TO THE DEVELOPMENT OF HUMAN CAPITAL, A STRATEGIC ASSET THAT MONCLER IS COMMITTED TO RESPECTING, PROTECTING, AND NURTURING EVERY DAY.

EMPLOYEES IN NUMBERS

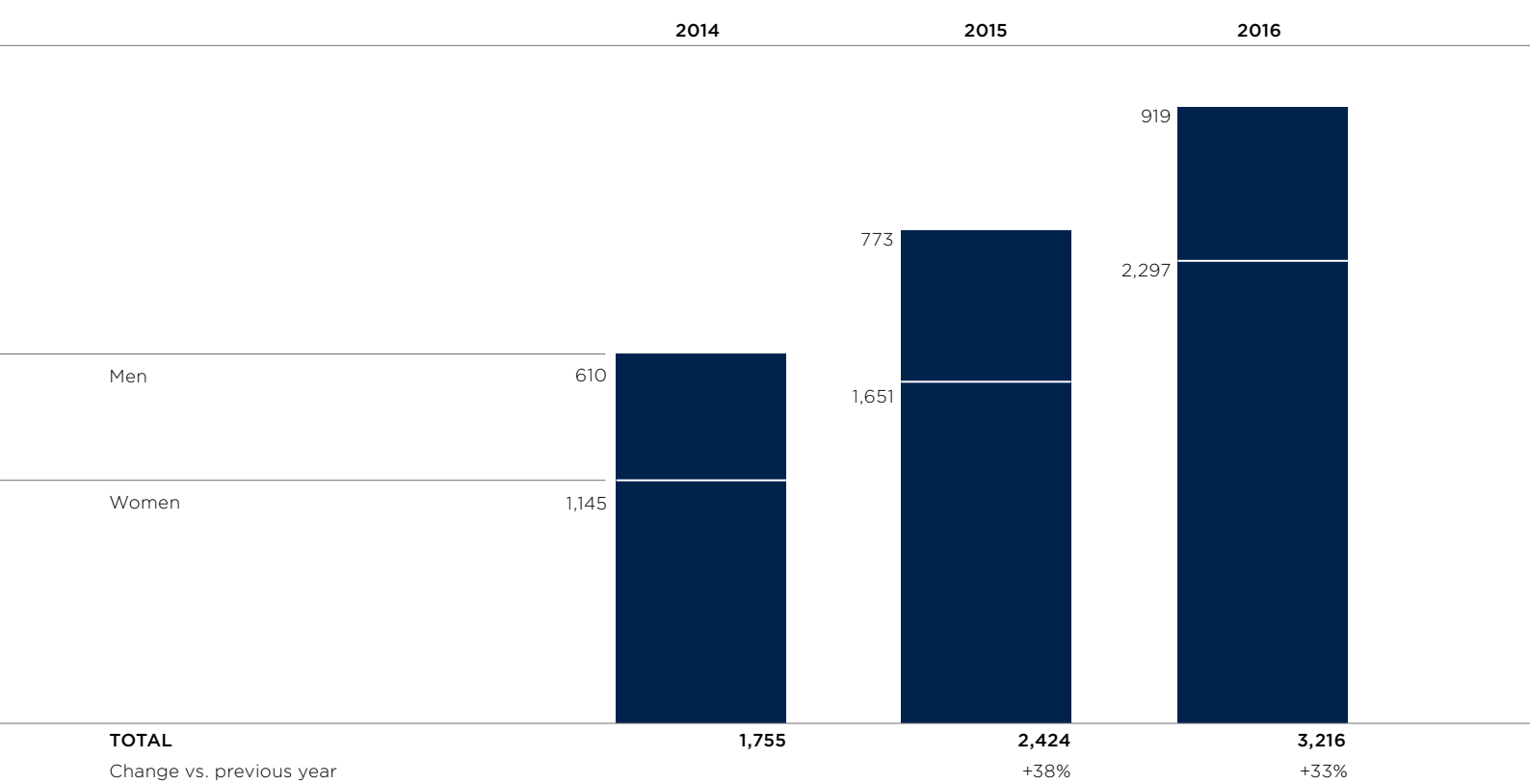
At December 31, 2016, Moncler had a total of 3,216 employees – 792 more compared to the 2,424 employees in 2015 – with increases in headcount in almost every country in which the Group operates. In particular, in April, the Company completed the set-up of its production site in Romania, by hiring about 600 employees in addition to the workforce integrated in 2015 during the acquisition process, bringing the site’s total headcount to 862 employees. See also pages 155-157.

GEOGRAPHIC AREAS AND PROFESSIONAL CATEGORIES

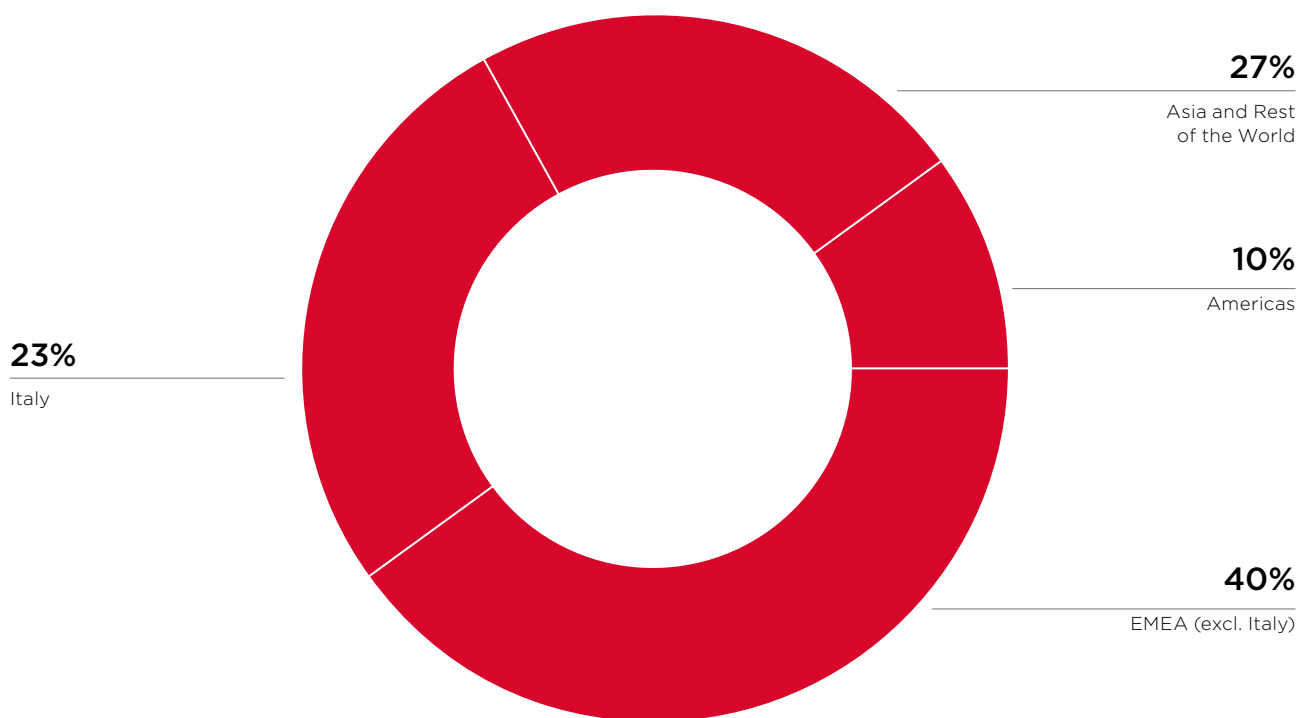
By geographic area, the majority of Moncler’s workforce is concentrated in EMEA. By country, most employees are concentrated in Italy (23.0%), Romania (26.8%), and Japan (10.4%).

White-collars account for the largest number of Company employees – a direct reflection of Moncler’s business model, in which the largest share of workforce is concentrated in the retail area (45.5% of the Company’s total workforce is employed in retail stores). See also page 155.

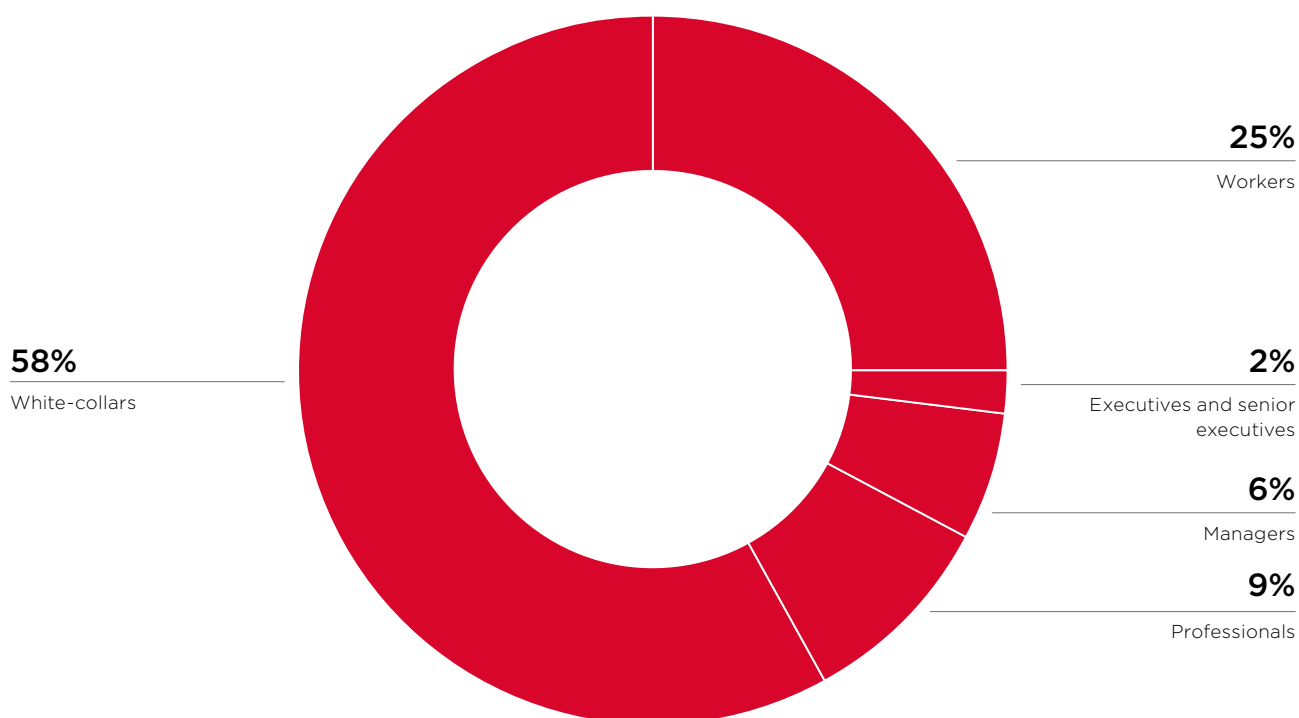
NUMBER OF EMPLOYEES



EMPLOYEES BY GEOGRAPHIC AREA



EMPLOYEES BY PROFESSIONAL CATEGORY¹



1. Employees are divided into five categories: workers, white-collars, professionals, managers, and executives/senior executives. Executives and senior executives include the first and second highest level decision-makers in a Company division or business unit; they contribute to the definition of both corporate and division strategy, and thus have a direct impact on their performance. Managers are responsible for the implementation of certain operating activities and processes, usually by managing a group of people. This category also includes senior managers responsible for implementing corporate or division strategy, through leadership and people management. Professionals have specialist skills and manage activities or parts of processes that are of significance to the organisation. They may be in charge of coordinating a team of technical experts. White-collars are tasked with specific operational responsibilities and/or duties assigned by a senior officer. Workers perform operational duties within the Company.

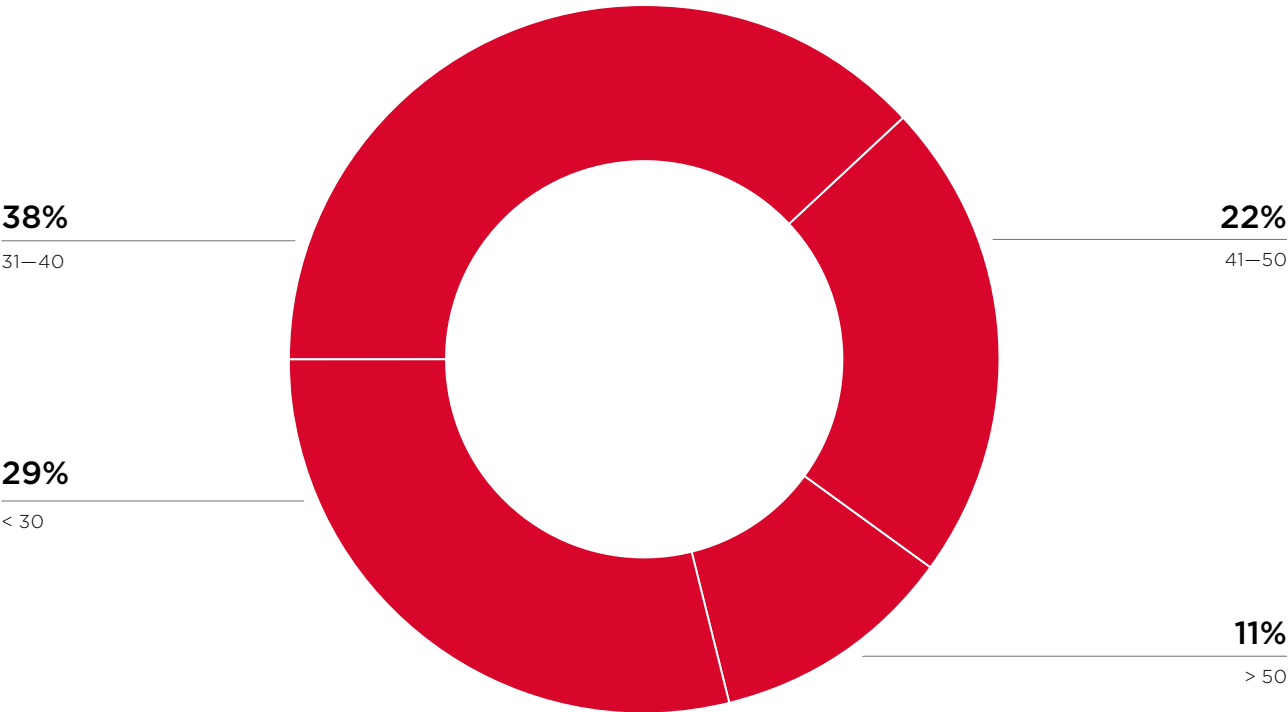
AGE, LENGTH OF SERVICE,
AND EDUCATION LEVELS

The majority of the Group's workforce (38%) is in the 31-40 age group; the average age is 37 years.

With regard to length of service, the majority of employees (90% of the workforce) has been employed for 0-5 years, which reflects the rapid expansion recently experienced by the Group.

Most employees (71%) have a medium/high level of education (37% hold a university degree or equivalent, and 34% a high school diploma). See also pages 156.

EMPLOYEES
BY AGE GROUP



EMPLOYEES BY LENGTH OF SERVICE



EMPLOYEES BY LEVEL OF EDUCATION²



² In 2016, 149 employees could not be mapped as information on education level was not available.

NATIONALITY OF LOCAL MANAGEMENT

Moncler operates directly in around 70 countries worldwide through local offices, where senior management works in synergy with the Company's corporate offices to manage the respective areas of competence.

Despite the lack of a specific policy, the Group has always favoured the hiring of qualified local professionals, whose skills and knowledge of the specific markets enable a better understanding of country-specific competitive dynamics and cultures. This approach, along with a strong organisational integration on a global scale, has led to the creation of significant value for the Group.

Over 97% of senior managers in the various Regions were hired locally, with no substantial difference in gender.

LOCAL SENIOR MANAGEMENT

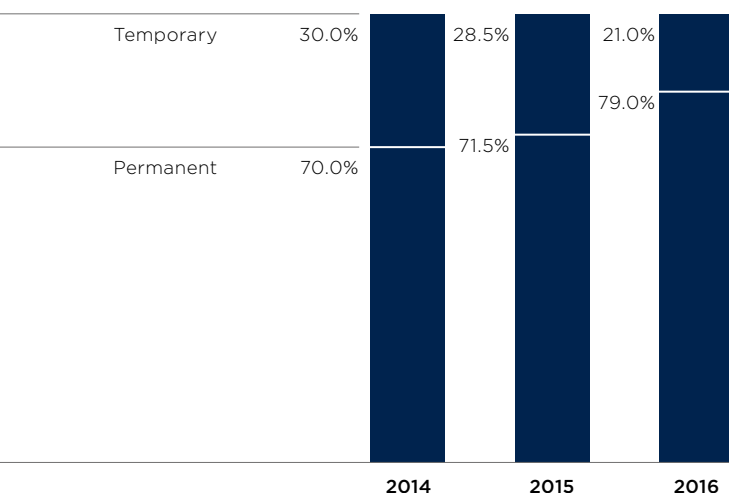
	2016	2015
EMEA (including Italy)	100%	100%
Americas	100%	100%
Japan	100%	100%
Korea	100%	100%
China and Hong Kong	80%	89%

EMPLOYMENT CONTRACTS

A total of **79% of employees have a permanent employment contract**, an increase over the previous year, with about 93% of them working full-time.

Temporary employment contracts are mostly related to the seasonality of certain business and sales activities. In 2016, 96 temporary employment contracts became permanent. See also page 156.

TEMPORARY AND PERMANENT EMPLOYMENT CONTRACTS



At year-end 2016, other forms of collaboration (such as internships, professional collaborations, etc.), as permitted by law and in relation to business needs, had involved 162 additional people.

TURNOVER

In 2016, the Group hired over 1,200 people. This growth was mainly driven by the expansion of the network of Directly Operated Stores (DOS), the enhancement of corporate units, and the creation of new organisational divisions. As far as age is concerned, 47% of new hires were under 30, confirming the Company's ambition to invest in new generations.

Furthermore, changes in the scope of consolidation due to the completion of the set-up process at the production site in Romania led to a net workforce increase of about 600 units.

During the year, over 1,000 employees left the Company, of which 670 for the termination of temporary contracts.

With regard to the 21%³ negative turnover recorded, it is important to mention that it was mainly due to the departure of retail personnel, who accounted for 74% of the exiting employees, a phenomenon to be expected given the competitive dynamics of the sector. See also page 157.

EMPLOYEES TURNOVER

	2016
Employees at 31/12/2015	2,424
New hires ⁴	1,259
Departures ⁴	(1,034)
Scope	567
Employees at 31/12/2016	3,216

3. The negative turnover was calculated by relating the number of permanent employees (363) who left the Company in 2016 with the total number of permanent employees (1,733) at December 31, 2015.

4. The figure refers to both temporary and permanent employees.



MANAGEMENT AND DEVELOPMENT

The Group places great importance on the selection and recruitment of personnel, and has invested significant energy in the process – especially in recent years.

RECRUITMENT

Moncler seeks to identify and attract the best talent, people who stand out not only for their strong technical, professional, and management skills, but also for their personal qualities, passion, flexibility, identification with Group values and, last but not least, their positive and effective interpersonal style and ability to adapt to an ever-changing environment.

Driven by the Group's growth and geographic expansion, the recruitment process is increasingly focusing on people with an international profile and a broad and diverse cultural and educational background, as well as on expertise and experience suited to meet the Group's future challenges.

The interest drawn by the Company and its appeal as an employer are reflected in the growing number of job applications it receives. In 2016, about 18,000 **resumes** were submitted via the corporate website (approximately **30% more than in 2015**).

In order to ensure fair hiring practices and empower internal resources as early as the selection stage, a new **Personnel Search and Recruitment Policy** was integrated into the recruitment process, specifically addressing – among other things – matters related to equal opportunities.

In 2016, in Italy, an internal Job Posting system was devised and launched through a pilot project, enabling employees to apply for positions better suited to their profiles. The system contributes to spreading a culture of global mobility within the Group, and represents a new pillar of job rotation and development policies.



PROJECTS WITH STUDENTS

Collaborating with the best vocational institutes, universities, and business schools – with which Moncler has long-standing relationships – is of great importance to the Company. Initiatives range from **internships** for students and new graduates, to the **development of projects, participation in work groups, and visits to Company premises**.

Employer branding activities are a great opportunity to showcase the Company and its recent developments, increase its appeal, and reach out to a large number of talented people.

Every year, Moncler offers various internships to **young people with high potential**, giving them the opportunity to experience the Company and its business as they train. In 2016, about 80 internships were offered in Italy, ranging from alternating school-work programmes to curricular and extracurricular internships. With regard to curricular and extracurricular internships, 36% of those concluded in 2016 led to actual employment contracts. See also page 74.

Several projects implemented in 2016 involved Moncler personnel working closely and sharing their experience and expertise with students from universities and fashion schools in Italy. In particular, students from the fashion and

footwear department of the vocational school ITS Nuove Tecnologie per il Made in Italy (new technologies for the 'Made in Italy') developed a project work plan focusing on the Integration of 3D technology in the production chain, with Company representatives participating in the definition of the project brief and supporting the students throughout the development stages.

Moreover, managers and personnel from the Pattern Making department worked with students attending the Modelling and Tailoring Master's programme of the Istituto Secoli of Milan, supporting them in the various stages involved in the development of a men's collection, from the sourcing of materials and accessories through to the final fashion show.

During the year, Moncler organised a series of events for students from the partnering schools, including workshops, business cases, and recruitment sessions, with programmes tailored to each school. The institutions with which the Company has collaborated include IESE Business School, Glion Institute of Higher Education, Les Roches International School of Hotel Management, Emlux Università Cattolica, and Stanford University.

TRAINING

Training plays a key role in the development of talent. It is an important tool for enhancing and **strengthening individual skills** while also **disseminating the Company's values and strategy**, thus supporting cultural and organisational growth. Certain training programmes are devised to enable the active contribution of employees to the development and optimisation of business processes through group work sessions.

In 2016, a total of around **513,000 euros** was invested in training (+18% compared to 2015), with over **33,000 hours** of training (about 170% more than in 2015) delivered to approximately 2,600 employees (+94% compared to 2015), of which 70% were women.

Of the employees who participated in training activities, 60% were white-collars, 21% were workers, 11% were professionals, 6% were managers, and 2% were executives and senior executives.

TRAINING INVESTMENTS

	2016	2015	2014
Training expenditure (€)	513,030	435,905	355,999
Hours of training (no.)	33,127	12,333	12,558
Employees trained (no.)	2,600	1,339	954

Training was delivered almost exclusively (about 96% of it) through classroom sessions, focusing mainly on occupational health and safety (40%) and on professional training (53%).

The training programmes offered at corporate level were mainly devised to strengthen and spread a culture of personal health and safety, raise awareness of risks in the workplace while providing information on risk identification and management, and encourage responsible behaviours among all employees. See also page 89. At retail level, Moncler invested in a number of initiatives aimed at boosting the professionalism of sales personnel, particularly through the Retail Excellence project. Training programmes covered multiple topics, ranging from technical product knowledge (of both raw materials and the production processes for footwear, handbags, and sunglasses), to understanding the Brand and its history, to the development of interpersonal and managerial skills, with a view to promoting a service model and sales style that make the shopping experience unique and distinctive. See also page 116.

In 2016, 89 people (for a total of 607 since 2014) received training on Moncler's Code of Ethics (including human rights issues), for a total of approximately 260 hours.

TYPE OF TRAINING

40%

Occupational health and safety

1%

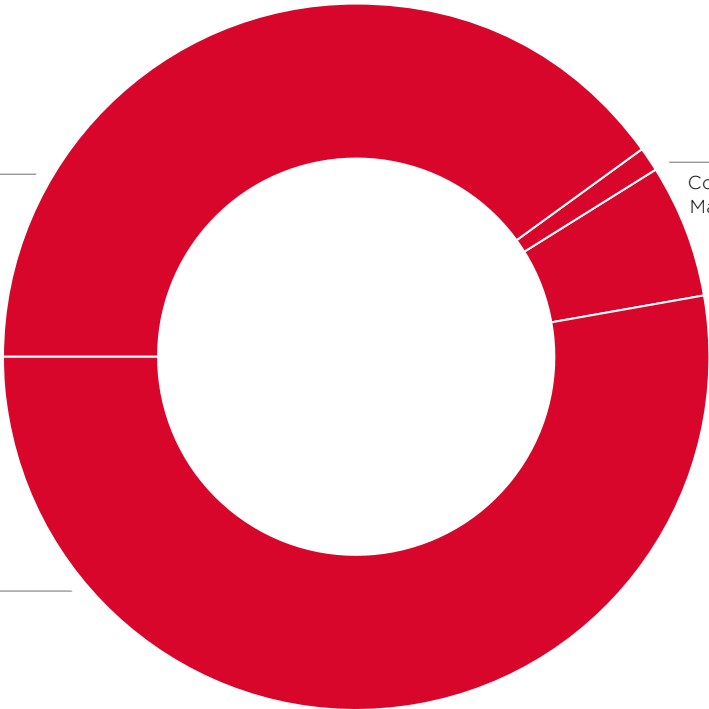
Code of Ethics and Organisation, Management, and Control Model

6%

Other

53%

Professional





A CULTURE OF SUSTAINABILITY

In 2016, employees at the corporate offices in Trebaseleghe (Padua, Italy) received training on sustainability issues and corporate social responsibility, aimed at encouraging people to promote and support behaviours, actions, and initiatives that take account of social and environmental matters.

In addition, all employees at the Company's Italian offices were involved in a training pro-

gramme led by a sports personality, whose personal history and experience served as food for thought to spark an exchange of ideas on topics such as courage, commitment, and motivation as levers to tackle far-reaching goals and new challenges. It was an initiative aimed at putting people first, sharing useful insights and tools for the professional and personal growth of each individual.

REMUNERATION

Moncler's remuneration system is designed to attract, motivate, and retain people with the professional skills required to grow the Group's business. It is based on the principles of **fairness, equal opportunity, and meritocracy**.

As a listed company, Moncler's Remuneration Policy for Group directors and strategic executives is in line with the recommendations set forth in the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana. The Policy was defined with the contribution of the Human Resources Department, the Nomination and Remuneration Committee, the Board of Directors, and the Group's shareholders through the Annual Shareholders' Meeting (see the Report on Remuneration, available in the Governance section at www.monclergroup.com).

Remuneration for Company employees takes into consideration specific criteria, including market standards and internal fairness, roles and responsibilities, and distinctive skills and competencies, with every effort made to ensure the highest levels of objectivity to prevent any form of bias or discrimination. Annual compensation reviews are based on meritocracy, rewarding talent based on business results and individual performance outcomes.

In every country in which it operates, Moncler offers entry-level salaries equal to or above the minimum wage provided for by law or collective bargaining agreements, with no substantial difference between genders (see page 158).

The salary structure of 89.9% of professionals, managers, executives, and senior executives includes both fixed and variable components, balanced on the basis of the Company's strategic objectives.

The **variable component** may be **short-term** (Management By Objectives for store managers and corporate employees, sales commissions for retail personnel, and performance bonuses for people employed at the corporate offices in Trebaseleghe, Italy) or **long-term** (stock option and performance share plans).

The Management By Objectives (MBO) system focuses mainly on quantitative targets related to overall Group performance (including EBITDA) and to specific functions and roles. These quantitative targets are mainly economic and financial in nature, whereas the qualitative targets relate to strategic and operational activities.

As an incentive to achieve outstanding results, there are mechanisms in place to reward over-performance, with higher bonuses offered when performance targets are exceeded by a certain threshold.

Social and/or environmental targets are set for everyone involved in the implementation of the Sustainability Plan.

In 2016, an individual sales commission system was introduced for store Client Advisors (who are increasingly becoming a strategic asset) in addition to the team commission structure already in place. The system applies to the top performers at each store, and is based on the quantitative and qualitative assessment of sales results.

With regard to long-term incentive programmes, Moncler offers both **stock option** and **performance share** plans. These plans enable linking the incentives for Group managers and key figures to the actual performance of the Company; steering resources towards strategies that focus on medium and long-term targets; aligning the interests of beneficiaries with

those of shareholders and investors; and developing policies to attract and retain talented professionals.

The "Stock Option Plan 2014-2018 Italian Corporate Structures" was devised to reward employees at the Italian corporate offices for their contribution to the growth and success experienced by the Group in recent years; it links overall remuneration (and, in particular, the employee incentive scheme) to the Company's actual performance and to the creation of new value for Moncler.

Three stock option plans and one performance share plan have been introduced since the Company's listing on the stock exchange in 2013:

- "Stock Option Plan 2014-2018 Top Management and Key People", for senior management and key officers in the organisation
- "Stock Option Plan 2014-2018 Italian Corporate Structures", for all employees at Italian corporate offices with a permanent employment contract
- "2015 Performance Stock Option Plan", for key officers in the organisation
- "Performance Share 2016-2018", for senior management and key officers in the organisation.

Further information is provided in the Report on Remuneration, available in the Governance section at www.monclergroup.com.



BENEFITS

Remuneration packages offered to employees feature a wide range of benefits, from life insurance and pension plans to wellness options.

Moncler offers employee benefits on the basis of professional category, irrespective of type of employment contract (permanent/temporary, full-time/part-time). Benefits are provided according to international guidelines, with possible variations depending on country-specific policies.

In particular, in 2016, an agreement was signed providing for an integrated nursery and kindergarten for the children of employees at the corporate offices in Trebaseleghe (Padua, Italy), covered entirely by the Group.

MAIN BENEFITS OFFERED TO EMPLOYEES

	Employees entitled to benefits
Supplementary pension plans	21%
Company cafeteria or lunch vouchers	59%
Supplementary health plans	26%
Life insurance	20%
Participation in stock option plans	9%
Financial support for disability	6%
Fitness/sports centres ⁵	4%
Other ⁶	28%

PERFORMANCE ASSESSMENT AND SUCCESSION PLANS

Identifying and retaining the best talent is of crucial importance to the Company. In order to enhance and develop that talent, Moncler adopts a performance assessment system that measures the skills people use to achieve their set targets. The system takes account of individual leadership skills, technical knowledge required to perform the tasks assigned, and potential. This enables a well-rounded employee appraisal, while verifying the level of adherence to the role and identifying potential training and development plans.

Moncler's **leadership model** is underpinned by a series of values that everyone in the Company is expected to adopt and promote: integrity, passion, identification with the Company's culture, the ability to establish relationships built on trust, global vision, performance excellence, innovation, and talent development. **Every value underpinning the model** is associated with a series of leadership skills, broken down into observable and measurable behaviours that are differentiated according to organisational level.

Technical know-how, on the other hand, is associated with the professional category of reference.

Lastly, **potential** requires an assessment of predictive behaviours and their alignment with Company values and objectives.

The performance assessment has a dual purpose: improving business performance by changing people's behaviour whilst **identifying talent**. It has a medium to long-term perspective, and is thus one of the key processes for managing and developing people, identifying succession plans, and retaining the best talent in the Company. As such, it is the basis of the salary review process.

The assessment process requires managers to appraise their respective teams annually. Assessments are then reviewed and finalised by a committee of senior executives, who compare and calibrate them to ensure objectivity and fairness. The final step of the process involves an open discussion on the assessment between manager and employee, addressing the results achieved and the areas identified for improvement.

The retail segment uses an assessment tool adapted to the needs of that particular business, based on the same principles and mechanisms.

At present, the assessment process applies to all organisational roles worldwide, with the exception of workers and corporate office white-collars. The process will be extended to corporate office white-collars by 2017.

In 2016, **1,148 employees were assessed**, accounting for **54.0%⁷ of the Group's workforce** worldwide (excluding workers), of which 59% were men and 51% women.

5. Includes free admission to gyms, fitness courses, and other initiatives.

6. Includes benefits such as a Company car and accommodation.

7. Percentage calculated on the total workforce as at 2015, the year in which the 2016 assessment process began.

EMPLOYEE ENGAGEMENT AND DIALOGUE

In 2016, a new resource dedicated to employee engagement projects (an Internal Communication & Engagement specialist) was added to the team of the Human Resources department, tasked with developing specific strategies, actions, and tools to engage personnel by spreading the Moncler culture.

Moncler's new intranet portal, **MONCamp**, was brought about by the ideas and work of an employee project group, based on a careful analysis of Company needs. The goal was to create a space entirely dedicated to all employees worldwide.

The new intranet was designed to improve the user experience, simplify sharing, promote networking between colleagues, and encourage personal contributions.

Through MONCamp, the Company primarily aims to increase:

- **awareness**, by publishing real-time news about Moncler's activities, initiatives, and cross-functional results
- **collaboration and engagement**, by working in a fully integrated manner at global level, driving innovation
- **empowerment**, by actively supporting the exchange of ideas and suggestions and encouraging professional and personal involvement.

A team of 24 Ambassadors was established, consisting of one or more employees from each business division, tasked with gathering information on respective initiatives, results, activities, and projects. The information is then shared within the team to identify the most significant news to be published on the intranet.

In addition to the real-time news section, MONCamp offers a series of features similar to those of common social networks. Instant messaging, video calls, wall messages visible to private groups or to all employees worldwide, are only some of the tools at employees' disposal to facilitate and enhance connections and expand the network both locally and globally.

Employees are encouraged to use the platform and assisted in their navigation through a tutorial video, summarising tool functions, and a series of Tutorial Pills, translated into 6 languages, providing in-depth information on available functions.

DIVERSITY AND EQUAL OPPORTUNITIES

Moncler operates in an international and multicultural context. It cherishes diversity as an asset to be enhanced and as a source of competitive advantage for the Company.

Bringing together people with diverse expertise, experience, and socio-cultural backgrounds enables the Group to rise to the challenges of an increasingly global and borderless market.

As stated in the Code of Ethics, respect for diversity and equal opportunities and the prevention of all forms of discrimination are key principles, which Moncler is committed to guaranteeing at every step of the employment relationship, from the recruitment process and definition of remuneration packages, to opportunities for professional growth, through to the conclusion of the employment relationship.

The Group does not tolerate any form of discrimination based on race, skin colour, gender, sexual orientation, religion, nationality, age, political affiliation, trade union membership, marital status, physical or mental disability, or any other personal characteristic or condition.

In 2016, no instances of actual or alleged discrimination were detected or reported.

Moncler believes that diversity, in all its expressions, brings cultural wealth and openness, and that the true value of diversity within the Company is best expressed when each and every person is encouraged to reach his/her potential to the fullest.

The Company's awareness of the value and opportunities arising from cultural diversity is also reflected in the absolute confidence that Moncler has in its local management and personnel. See also pages 74 and 157.

With regard to gender differences, women make up the majority of Moncler's workforce. Around 71% of employees are women, up by 39% compared to 2015, and the percentage is high in all of the Group's geographic areas. The percentage of women is also high in all employee categories; in particular,

they account for 50% of employees at managerial level (managers, executives, and senior executives).

With regard to gender breakdown by type of employment contract, length of service, age group, and level of education, there is nothing of particular note. See also page 156.

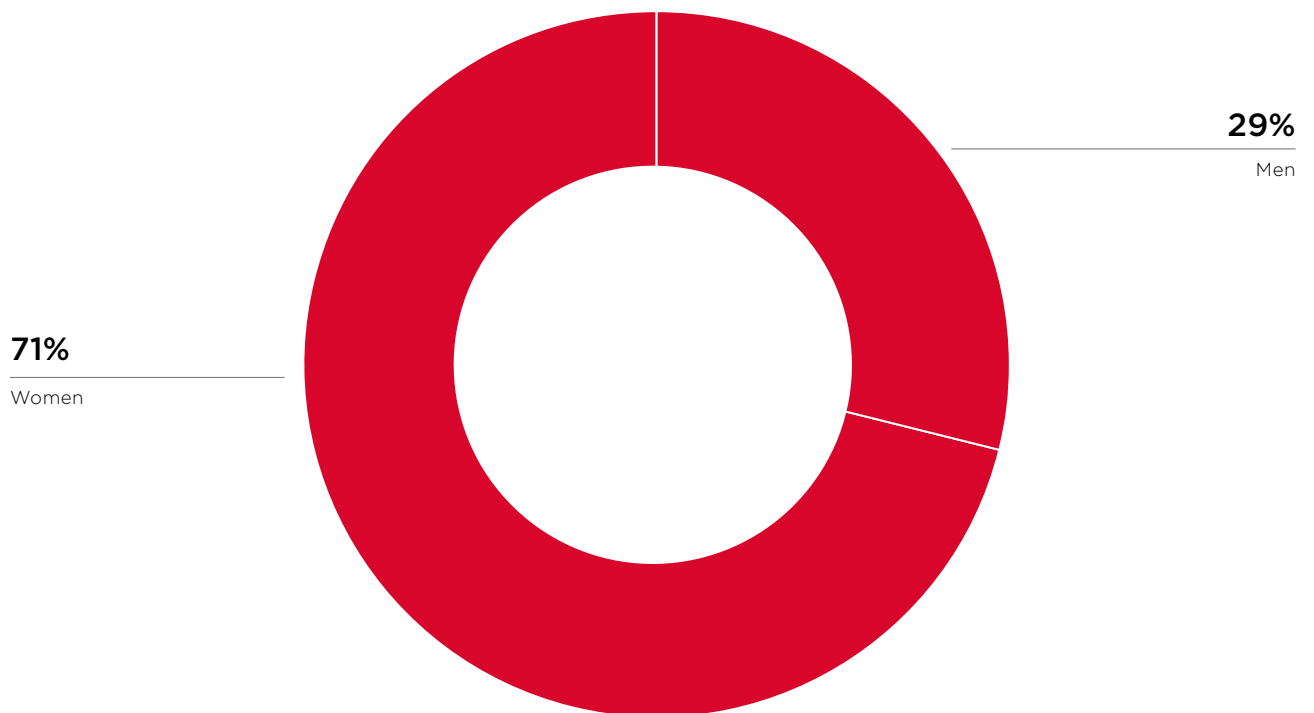
Moncler is committed to offering equal pay for equal skills, competencies, and professional experience, thus guaranteeing the principle of equal opportunity in both theory and practice without bias. For senior executives, executives, managers, professionals, and white-collars, the differences in men's and women's salary levels range between 4 and 12%; salary levels are more aligned in the workers' category. See also page 158.

The Company is also committed to employing **people with disabilities**. Moncler manages diversity in accordance with the rules and practices of the laws in force, and encourages Company departments to employ differently-abled people. All new hires are managed with due respect and consideration for their needs and capabilities, providing suitable workstations and adapting work hours as required. By doing so, people are protected and empowered to give their best.

At December 31, 2016, the employees with disabilities in Italy, Romania, and Germany were 38 in total. In forthcoming years, the Group is committed to taking on additional people with various levels of disability, also by collaborating with institutions specifically tasked with helping the disabled find employment.



**EMPLOYEES
BY GENDER**



OCCUPATIONAL HEALTH AND SAFETY

Moncler considers the promotion of health and safety as a key priority of its operations. For this reason, occupational health and safety issues are managed as an integral part of the Company's business and daily activities, so as to protect employees, clients, contractors, and anyone in its sphere of influence.

Moncler operates in full compliance with the applicable laws in the countries in which it is present, with an approach always focused on continuous improvement.

From the Group's headquarters, a team of specialised professionals (the Health and Safety Staff) is responsible for: ensuring that workplaces worldwide are safe and compliant with applicable laws; defining occupational health and safety guidelines; coordinating monitoring activities and, where necessary, the interventions to improve safety conditions; supervising the activities of designers and architects; and ensuring an ongoing dialogue with Italian workers' safety representatives.

Every employee plays a fundamental role in safety. Making every effort to create and spread a **culture of safety, individual responsibility**, and risk awareness is pivotal in ensuring a safe working environment.

A big emphasis is also placed on the safety of workers and contractors who work within the perimeter of Moncler's operations. In Italy, all business operations involving contractors require a signed risk assessment report identifying any interference risks associated with the work to be carried out on Company premises, as well as the implementation of strict prevention measures for any work considered high risk.

MANAGEMENT SYSTEM

Among its initiatives to protect and promote health and safety in the workplace, Moncler implements an efficient management system as per **OHSAS 18001 international standard**. This commitment is clearly stated in the **Occupational Health and Safety Management Policy**, which was approved and issued in 2016 and shared with all Group employees in Italy. The Policy sets the health and safety principles and guidelines to be implemented in every sphere of activity. In particular, it provides for:

- the dynamic and preventive assessment of activities, so as to eliminate any root causes of risk or, should this not be feasible, control risks using the best available techniques
- the continuous improvement of every activity that may impact safety
- the enhancement of knowledge, competence, and awareness of all employees through targeted training and practice.

CERTIFICATION PROCESS

In 2016, Moncler's offices and stores in Italy were certified as per OHSAS 18001 international standard, covering over 700 employees. The Group's objective is for all of its offices and stores worldwide to be certified by 2019.

Moncler chose to adopt the OHSAS 18001 standard because its guidelines are globally the most widespread for occupational health and safety management systems. The certification process was implemented in four stages:

INITIAL ANALYSIS

During this initial phase, all business processes were carefully analysed on the basis of the existing Risk Assessment Report, in order to identify potential risks and the people exposed to them. This stage also involved the assessment of data on accidents and injuries, occupational diseases, and absences.

POLICY AND TARGETS

The second stage centred on the definition of the corporate Occupational Health and Safety Management Policy, the targets set by the Company, and the indicators required to monitor their achievement.

REALISATION OF THE HEALTH AND SAFETY MANAGEMENT SYSTEM

This phase included the development of the overall documentation and procedural framework of the Occupational Health and Safety Management System, including the definition of the communication and dissemination strategy to share relevant procedures within and outside the Company. A number of one-day training sessions on the new management system were organised at the Italian corporate offices in Milan and Trebaseleghe (Padua), as well as one day of training in Milan for all Italian Store Managers.

AUDIT

October 2016 marked the beginning of the management system's certification process, with an audit performed by an external body (certified as per ISO 19011:2003 guidelines). The certification was obtained shortly after, in November.

FROM PREVENTION TO CONTROL

Moncler invests a lot of thought and considerable time and energy in the management of occupational health and safety, in an effort to minimise any risk of accidents. Although the Group's business is not high-risk, Moncler adopts a **preventive** approach.

Before the opening of any new workplace – be it an office or a store – **occupational health and safety risks are carefully evaluated** through in-depth audits. Offices and stores already in operation are regularly subjected to **compliance checks** through document analyses and workplace inspections (verification of work environments and equipment), with improvement plans drawn up as necessary. This monitoring process, originally implemented in Italy alone, was extended in 2016 to the places of work in France, Belgium, and Germany, and is expected to be gradually implemented in other countries in the coming years.

In 2016, several on-site inspections to verify employee health and safety were also carried out at the production site in Romania. The audits were carried out by both internal and external auditors, leading to the development of an improvement plan to be implemented in 2017, also for the purpose of obtaining OHSAS 18001 certification.

In Italy, Moncler organises regular safety meetings with Company representatives, specialist physicians, prevention and protection officers, and workers' safety representatives.

These meetings, which usually do not give rise to any formal agreement, focus on the discussion of risk assessment analyses and outcomes, injury rates, training, and personal protection equipment.

In 2016, workplace accidents were kept to a minimum through the careful management of work spaces (offices, stores, outlets, and warehouses), ongoing information and **awareness** initiatives centred on prevention, and the monitoring of the proper implementation of improvement measures.

No fatal accidents were reported during the year involving employees or contractors.

Occupational diseases are a direct consequence of work, caused by the worker's exposure to the gradual and progressive harmful effect of the activities being performed. The

WORKPLACE ACCIDENT INDICATORS

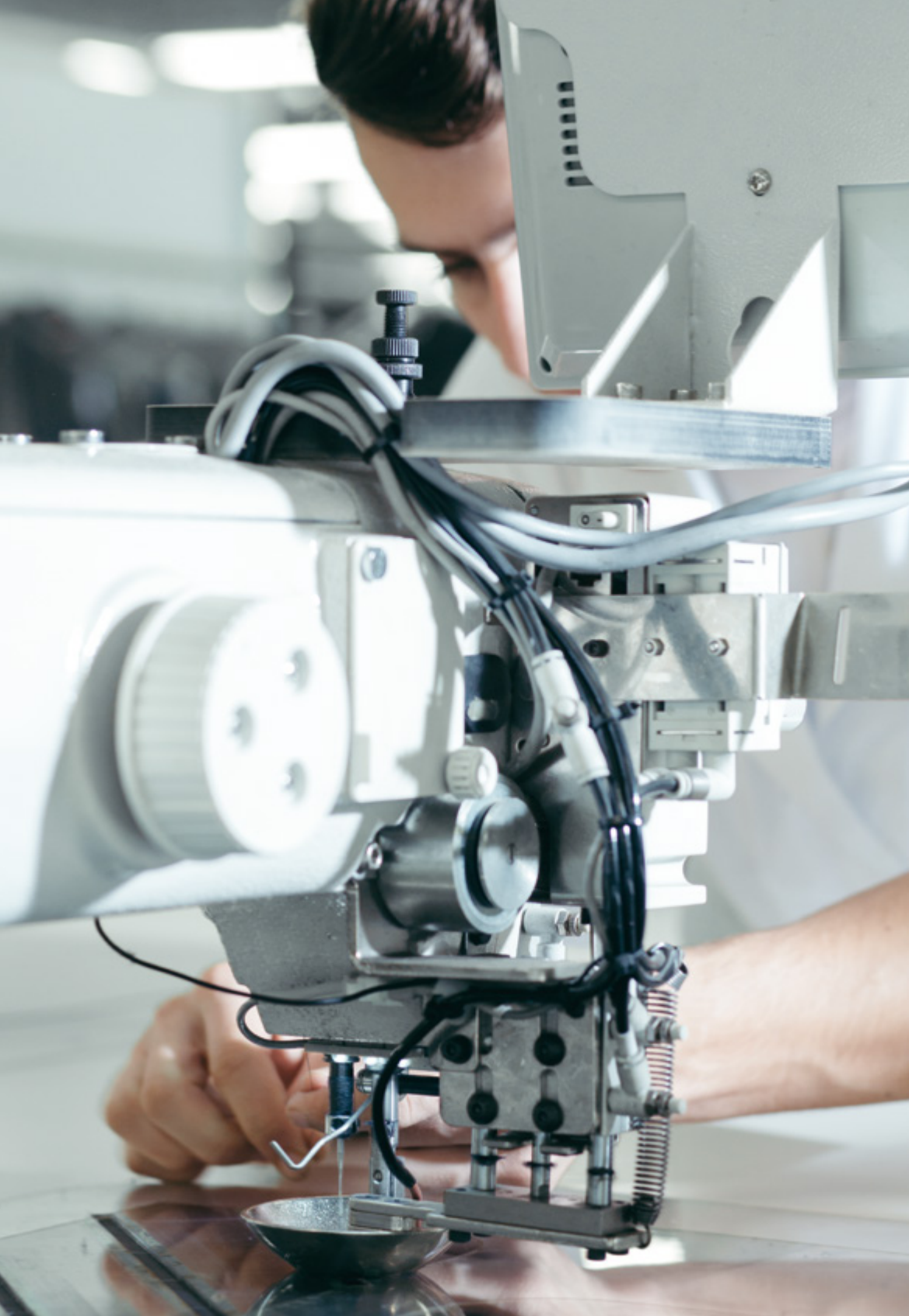
	2016 ¹¹			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Incidence rate ⁸	5.60	6.53	5.22	1.24	1.29	1.21	2.28	1.64	2.62
Severity rate ⁹	0.03	0.06	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Frequency rate ¹⁰	4.79	4.59	4.89	0.89	0.79	0.95	1.52	1.12	1.72

8. Accident incidence rate: (number of workplace injuries/total employees) x 1,000.

9. Accident severity rate: (number of days lost due to workplace injuries/total hours worked) x 1,000.

10. Accident frequency rate: (number of workplace injuries/total hours worked) x 1,000,000.

11. Data refers to a scope of assessment covering about 74% of the Group's global workforce.



Group monitors occupational diseases in order to identify any workplace conditions that may have contributed to their onset, assess any residual risks, and implement corrective measures as needed to prevent recurrence. In 2016, **no cases of occupational diseases were reported**. In Italy, the Group continued to require personnel exposed to specific risk factors to undergo regular health checks, in application of specific health protocols defined on the basis of the risk, with supplementary specialist visits as needed.

All indicators related to accidents in the workplace (reported in the table below) are continuously monitored and measured. See also page 159.

Since 2010, the Group has also focused on work-related stress as part of an inclusive approach to employee wellbeing.

In 2015, a work-related stress assessment was carried out at the headquarters in Trebaseleghe (Padua, Italy), revealing that most of the offices were at “low risk”. That said, in 2016 the Company decided to implement an action plan nonetheless. The same assessment was performed in 2016 at the corporate offices in Milan (Italy), which were also found to be at “low risk” of work-related stress.

purpose of training, they were highly appreciated for being an important moment of interaction, giving employees the opportunity to voice their concerns and seek advice from highly-experienced specialists.

Alongside these initiatives, Moncler is committed to establishing agreements with local outpatient clinics, to ensure employees have access to the best medical centres at the most affordable prices.

Furthermore, in 2016, Moncler offered free eye examinations to all employees at the production site in Romania, as well as a contribution for the purchase of eyeglasses where necessary.

TRAINING AND INFORMATION

Training its people is part of the prevention initiatives promoted by the Group.

In 2016, the Company delivered approximately **13,000 hours of training** on occupational health and safety. Specific training programmes were developed and customised based on different roles and risk levels, so as to transfer the knowledge, skills, and values required to work safely. The majority of employees attended a training programme on “general safety in the workplace”, in keeping with legal provisions. The programme, delivered online, was devised to provide detailed information on the supervisory bodies and main regulatory aspects of occupational health and safety, the rights and duties of workers, and individual prevention and protection measures. The employees who completed the online general training also participated in classroom training on specific risks, identified on the basis of risk assessment results and type of duty being performed. With regard to people in positions of responsibility, additional training modules were specially designed for Company managers and officers, to improve monitoring and ensure that employees’ behaviours are in line with law provisions and Company regulations on occupational health and safety.

HEALTH AND WELLBEING

Moncler’s commitment to promoting and protecting the health of its employees goes beyond the workplace and occupational risks. This explains the meaning and purpose behind the various training and information initiatives organised by the Company, with the support of the Umberto Veronesi Foundation, to promote **cancer and heart disease prevention** and **nutritional education**. The initiatives organised during the year took place in Italy, and involved approximately **76 people** for a total of almost 114 hours of training. Beyond the

INDUSTRIAL RELATIONS

Moncler acknowledges and respects the right of workers to be represented by trade unions, and maintains an ongoing relationship with union representatives based on mutual recognition, dialogue, and cooperation.

Dealings and negotiations with trade unions are managed according to the highest standards of **transparency** and **integrity** and in strict compliance with applicable laws.

In Italy, Romania, France, Belgium, Austria, the Netherlands, and Spain, all employees are covered by collective bargaining agreements.

Moncler's industrial relations policy is built on a commitment to constructive dialogue, aimed at engaging workers' representatives and maintaining a good working atmosphere.

The search for shared solutions results in the total **absence of conflict**.

Once again, thanks to the climate of cooperation built by the Company over the years, in 2016 no strikes or union protests were organised against Moncler by workers employed by Group companies. Similarly, there were no reported cases in which freedom of association and the right to collective bargaining were undermined or placed at risk.

During the year, several meetings with trade unions were held at the headquarters in Trebaseleghe (Padua, Italy), heart of all Group operations. The Company and unions agreed on an addendum to the existing Piano di Risultato (PDR), a performance bonus implemented at the Trebaseleghe corporate offices and related to the achievement of specific Company targets for 2016, providing for an additional indicator contributing to the accrual system of the PDR itself.

In 2016, the Company carried out a reorganisation of the positions within its accounting and customer service divisions at the offices in Munich (Germany), which affected a total of five people.

Moncler is aware that certain strategic decisions can have repercussions for employees. Accordingly, in the event of significant organisational changes (such as the reorganisation of processes or other significant interventions), the Group is committed to activating the disclosure and consultation procedures provided for by law.



4

PRODUCT

98	STYLE
100	QUALITY
102	THE DOWN
106	PARTNERS









WE BELIEVE THAT QUALITY IS SOMETHING THAT GOES BEYOND TECHNICAL FEATURES.

A QUALITY PRODUCT IS A PRODUCT MADE RESPONSIBLY. THIS REQUIRES ATTENTION TO HEALTH AND SAFETY, AS WELL AS RESPECT FOR HUMAN AND WORKERS' RIGHTS, THE ENVIRONMENT, AND ANIMAL WELFARE.

OUR SUPPLIERS ARE ESSENTIAL PARTNERS IN THIS COMMITMENT, WHICH IS WHY WE STRIVE TO BUILD LONG-LASTING RELATIONSHIPS WITH THOSE WHO NOT ONLY DEMONSTRATE TECHNICAL AND QUALITY EXCELLENCE AND RELIABILITY, BUT ALSO SHARE OUR VALUES AND JOURNEY TOWARDS CONTINUOUS IMPROVEMENT.

STYLE

Moncler's success is built on a brand strategy that focuses on the development of increasingly innovative products while remaining true to the history of the Brand. Heritage, uniqueness, quality, and innovation are the terms that best describe Moncler's concept of luxury.

The source of Moncler's originality lies within its archive, which has inspired the Brand's earliest creations that remain an important part of its collections to this day. Over the years, Moncler's collections have thrived on the energy brought about by a number of fashion designers. In 2006, the Brand launched its **Gamme Rouge** collection, which embodies the *haute couture* tradition and is currently designed by Giambattista Valli. In 2009, it was the turn of the **Gamme Bleu** collection designed by Thom Browne, representing the perfect blend between fine tailoring and Moncler's sporty nature. Finally, in 2010, the Brand created the **Grenoble** collection, inspired by the world of skiing and designed to revive the link between Moncler and its roots.

Moncler is now gradually expanding its product range beyond its core business, into complementary segments such as knitwear, footwear, leather goods, soft accessories, and sunglasses.

Moncler's team of fashion designers is subdivided by collection and works under the close supervision of Remo Ruffini, who sets design guidelines and ensures they are implemented consistently across all collections and product categories. The Style Department is assisted and supported by both the Merchandising and Product Development teams, which help create the collections and develop creative ideas.



QUALITY

Quality is at the heart of all our choices. Moncler pursues quality excellence at all times, without exception.

All Moncler products are conceived and manufactured under the direct and careful supervision of the Company. The Group manages the creative stage, the development of prototypes, and the purchase of raw materials (including accessory components) internally, while it closely oversees the manufacture of final products at its production site in Romania and outsourced to external suppliers.

The **quality** of the down, nylon, and all other fabrics, as well as that of the raw materials used, is **crucial** to guarantee the excellence of the final product. For this reason, Moncler selects its suppliers very carefully, and constantly subjects all materials to **strict tests** to identify their chemical composition and physical and mechanical features, which are essential to ensure the desired technical performance. Moncler requires all its production partners to perform in full compliance with the **most stringent international regulations relating to hazardous and potentially hazardous chemical substances**, including the European Union's REACH¹ regulation, China's GB² standards, and the JIS³. They are also required by contract to comply with the guidelines of the **Restricted Substances List (RSL)**, which outlines the most stringent standards for the use of certain substances, and is constantly updated as per the best international standards and regulatory developments. The proper implementation of RSL guidelines is verified through laboratory tests performed at independent specialised laboratories, at the request of the supplier and/or Moncler itself. Accessory components used in production undergo additional testing to ensure their **technical compatibility with fabrics and garment care** (i.e., their reaction with washing detergents). Fabrics are tested for their **physical-mechanical properties**, such as resistance to water, pilling, colour fast-

ness, seam slippage, tearing strength, breathability, etc. Moncler accepts no compromise when it comes to quality. If materials do not pass the required tests, the purchasing process is suspended until the supplier can demonstrate it is able to deliver a product that fully complies with all requirements.

Before selecting a production supplier, Moncler's quality assurance experts will first verify that the prospect has the technological capacity and is adequately equipped to produce garments that meet all standards required by the Brand, and that it can ensure consistent and reliable levels of quality. The experts will then perform weekly checks to verify the progress of the supply process and compliance with the required product quality standards. Before starting the production process, every model undergoes a series of fittings to verify every detail and consistency with design and model specifications, and to ensure maximum comfort and wearability. Prior to sale, all products undergo a final inspection to verify aesthetics, quality, size, and that they have the proper labels and tags. In this final stage, the anti-counterfeiting protocol is checked and activated using sophisticated last-generation technology.



-
1. Registration, Evaluation, Authorisation and restriction of Chemicals.
 2. National Standard of the People's Republic of China.
 3. Japanese Industrial Standards.

THE DOWN

Down is the keyword in the Moncler universe. Moncler's goose down contains at least 90% down clusters and features a high fill power, resulting in warm, soft, and lightweight garments delivering unique comfort.

Down is the most important thing to Moncler. Since the beginning of the Company's history, down has been at the heart of every Moncler jacket, gradually becoming the identity of the Brand itself. Many years of experience combined with continuous research and development have enabled the Company to gain unique expertise in this area, in terms of **knowledge** not only of down as a **raw material**, but also of outerwear **manufacturing processes**. Moncler requires all its suppliers to comply with the **highest quality standards**, which have always been - and indeed remain - a key aspect differentiating Moncler's products. But the Company's notion of "quality" goes even further: indeed, when purchasing raw materials, the origin of the down used and **respect for animal welfare** are as essential and important as the quality of the down itself.

The **technical quality** of Moncler's down is the result of a well-structured process that ensures that only the best white goose down is used to create the garments. Each batch of down undergoes a two-step inspection procedure to assess its compliance with **11 key quality parameters** (also related to health and cleanliness), set according to the **strictest international standards** and to **stringent Company requirements**. The procedure involves a series of sophisticated analyses carried out by an accredited independent body, followed by further tests at Moncler's own laboratory performed by highly-specialised down technicians. Approximately 800 tests were performed in 2016, in line with the previous year.

Down cluster content and fill power are the main indicators of down quality. Moncler's products contain **at least 90% down clusters** and only 10% feathers/small feathers. This high percentage of down cluster guarantees a high fill power, which is the amount of volume occupied by the down: the

higher the fill power, the better the down's performance in terms of lightness, thermal capacity, and insulating properties. Moncler's down boasts a **fill power equal to or greater than 710** (cubic inches per 30 grams of down), resulting in warm, soft, and lightweight products delivering unique comfort.

ANIMAL WELFARE AND TRACEABILITY

In order to ensure animal welfare, Moncler demands and verifies that all its down suppliers comply with the strict requirements of the **DIST Protocol (Down Integrity System and Traceability)**, first implemented in 2015, regulating farming standards, respect for the animal, down traceability, and down technical quality. Moncler only purchases down that is DIST-certified.

Among the key principles of the Protocol that must be respected across the entire supply chain:

- down must be derived exclusively from **farmed geese** and as a **by-product of the food chain**
- **no form of live-plucking or force-feeding** of animals is permitted.

Moncler's down supply chain is almost entirely vertically-integrated and includes various entities: white geese farms, abattoirs where the animals are slaughtered for meat production before the down is collected, and companies responsible for washing, cleaning, sorting, and processing the raw material. All down suppliers must scrupulously comply with Protocol





requirements to ensure raw material traceability, animal welfare, and the highest quality standards throughout the down supply chain.

The Protocol was the result of an open and constructive dialogue within the scope of a **multi-stakeholder forum** (established in 2014), taking into account the expectations of the various stakeholders involved. It provides a scientific approach to animal welfare and product traceability.

The forum is chaired by a Professor of Management at Ca' Foscari University, in Venice (Italy), who is an expert on sustainability issues. Its members include: Moncler officers; experts from the Department of Veterinary Medicine at the University of Milan (Italy), from the Polish National Institute of Animal Husbandry (Koluda Wielka), and from Compassion in World Farming, an NGO dedicated to the welfare of farm animals; and representatives from certification and consulting firms (Bureau Veritas, Control Union, IDFL, and KPMG).

In November 2016, the third multi-stakeholder forum took place to discuss Protocol updates to make it even more stringent; the new Protocol release was approved at the beginning of 2017.

The DIST Protocol assesses animal welfare using an **innovative approach**. In fact, alongside the **traditional approach** that focuses on the animal's environment (in terms of availability of food and water, space to pasture, etc.), it also provides for the careful **observation of the animal itself** (as per recent European Commission guidelines), through the so-called **Animal-Based Measures (ABMs)**⁴. The ABMs enable the direct assessment of the animals' conditions by observing how the geese respond to various factors within their environment (outcome approach). The DIST Protocol features nine Animal-Based Measures (welfare indicators) including, among others, those designed to identify unusual behaviour or aspects such as feather-pecking⁵, twisted or broken wings, feather irregularities, and abnormal beak colour. These phenomena occur when the welfare of the geese is compromised owing to a number of reasons, including high stocking density, poor diet, lack of pasture, and inappropriate animal management methods. Another important and innovative indicator introduced by the Protocol regards the human-animal interaction, which is assessed according to the responses to a specific test (HAR test, Estep and Hetts, 1992).

Moncler believes that, in order to have a significant impact on animal welfare and enable continuous improvement, it is important not to impose but rather **explain, share, and involve** its suppliers, so as to ensure a long-term joint commitment. Throughout 2017, the Company will share information material with them in an effort to support the dissemination of good farming practices across their respective supply chains.

Moncler is continuously committed to verifying Protocol compliance in the field. To ensure the utmost **impartiality**:

- audits are commissioned directly by Moncler and not by the supplier
- the certification process is carried out by a qualified independent body, whose auditors are trained by veterinaries and zootechnicians of the Department of Veterinary Medicine at the University of Milan (Italy)
- audit results are, in turn, verified by a second accredited external body.

In 2016, **119 independent audits** were conducted, many of which were attended by Moncler officers as well as experts

from the University of Milan's Department of Veterinary Medicine. Although the audits were performed on the suppliers' best farms, some of them did not pass the process and were therefore removed from Moncler's supply chain. Others were required to take corrective actions before obtaining certification. No instances of live-plucking or force-feeding were observed at any of the farms audited.

In addition to these audits to verify compliance with the DIST Protocol, other checks were carried out focusing on human and workers' rights. Some instances required the definition of specific improvement plans, the implementation of which will be verified via follow-up audits.

2016 was Moncler's second year of audits, which have led the Company to an even greater understanding of its supply chain and animal farming practices. The results brought about by the energy and resources invested in the process thus far are all the more remarkable since down is a by-product of the food chain, and therefore not the main source of profit – which instead is meat production. Moncler is also very much aware that these results, however significant, are not a finish line but rather a new starting point, and its duty is to continue to promote increasingly ambitious standards, also based on the constructive advice and insights offered by its stakeholders.

⁴ The Animal-Based Measures are indicators that rely on the direct observation of the animal to assess its actual conditions in relation to its ability to adapt to specific farming environments. These measures include physiological, pathological, and behavioural indicators.

⁵ Feather-pecking is an abnormal behaviour in avian species that occurs when one bird repeatedly pecks (sometimes tearing out) the feathers of another.

PARTNERS

Our suppliers are our strategic partners. We build long-lasting relationships with those who not only demonstrate technical and quality excellence and reliability, but also share our values and our social, ethical, and environmental principles.

SUPPLY CHAIN PROFILE

As at year-end 2016, approximately 412⁶ suppliers were involved in the manufacture of Moncler's products. They are grouped into four categories: raw materials, façon, finished products, and services.

Raw material suppliers mainly provide fabrics, down, leathers, accessory components (buttons, zips, ribbons, elastics, etc.), and furs. Fabrics are sourced primarily from Japan and Italy. Suppliers of accessory components are almost exclusively Italian. Furs are sourced primarily in Europe, while down is purchased from European and North American suppliers with supply chains in both Europe and Asia.

Façon manufacturers are specialist garment manufacturers with high technical know-how that Moncler supplies with raw materials and entrusts with the manufacture of its final products. The production process is carefully monitored by Moncler experts, who verify compliance with required standards through a strict methodology and weekly on-site inspections. This process applies to jackets, trousers, skirts, dresses, all knitwear, and, as of 2016, to part of adult cut-and-sew knitwear. Most of these suppliers are located in Eastern Europe, where a long manufacturing tradition guarantees high technical expertise and suitable production capacity.

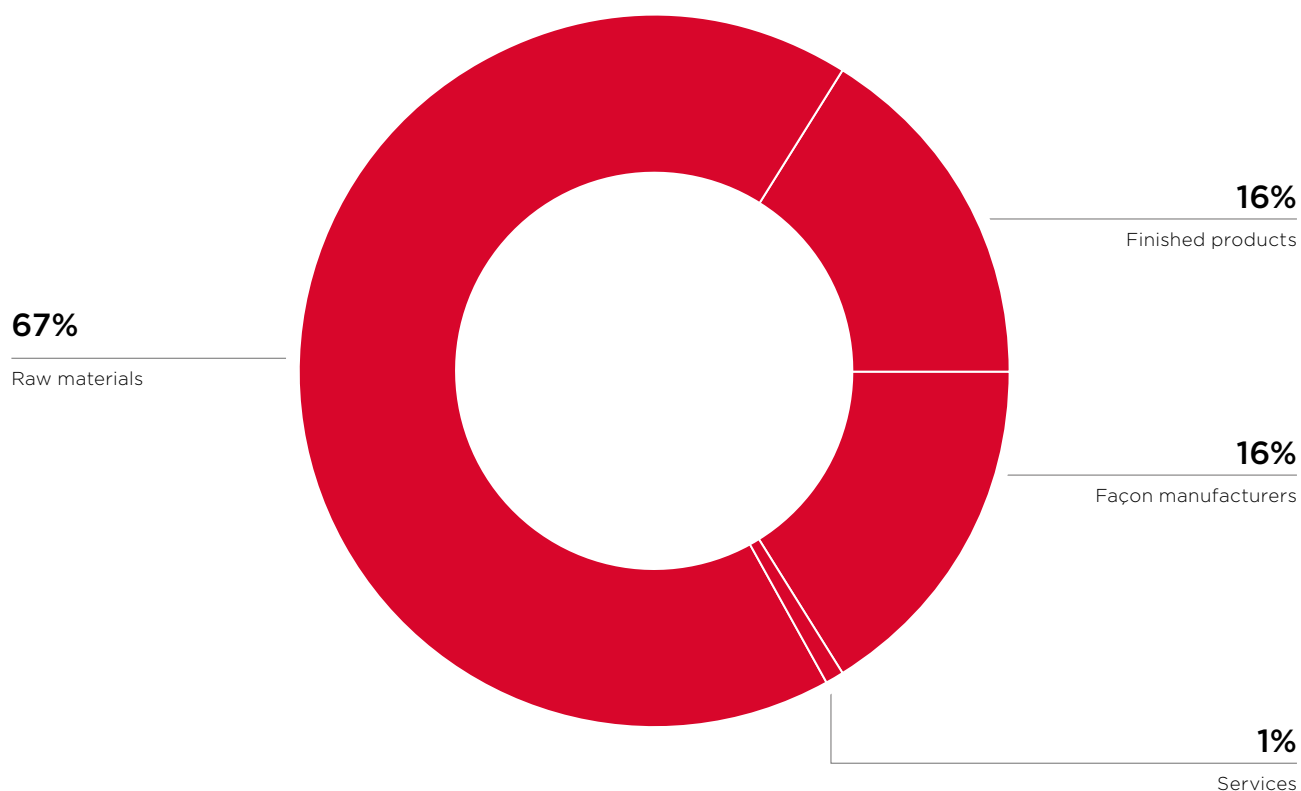
Finished product suppliers manufacture products on behalf of Moncler based on the technical designs received, sourcing the raw materials themselves as per Moncler standards, with the exception of strategic materials such as down, nylon, and logoed materials, which are provided directly by the Company. These suppliers and Moncler's experts interact at all stages of the manufacturing process, which is carefully supervised by the latter to ensure final products meet the high quality standards required. Cut-and-sew knitwear (especially T-shirts and polo shirts), hats, scarves, gloves, footwear, handbags, and small leather goods are mainly produced through these suppliers. Cut-and-sew product suppliers are vertically integrated; most are located in Europe, while a small part is in Turkey. Soft accessories suppliers (hats, gloves, and scarves) are mostly Italian with a high level of specific know-how, while footwear and handbags are produced by European suppliers, most of which are Italian.

Service suppliers assist Moncler in pattern making and quality control processes, and are mainly located near the Company itself. If possible, the Group avails itself of local suppliers situated near its main offices, which simplifies logistics and generates income and jobs across the local communities in which the Company operates. 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 Group's values and expectations, also in terms of environmental and social standards.

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



SUPPLIERS BY CATEGORY⁷



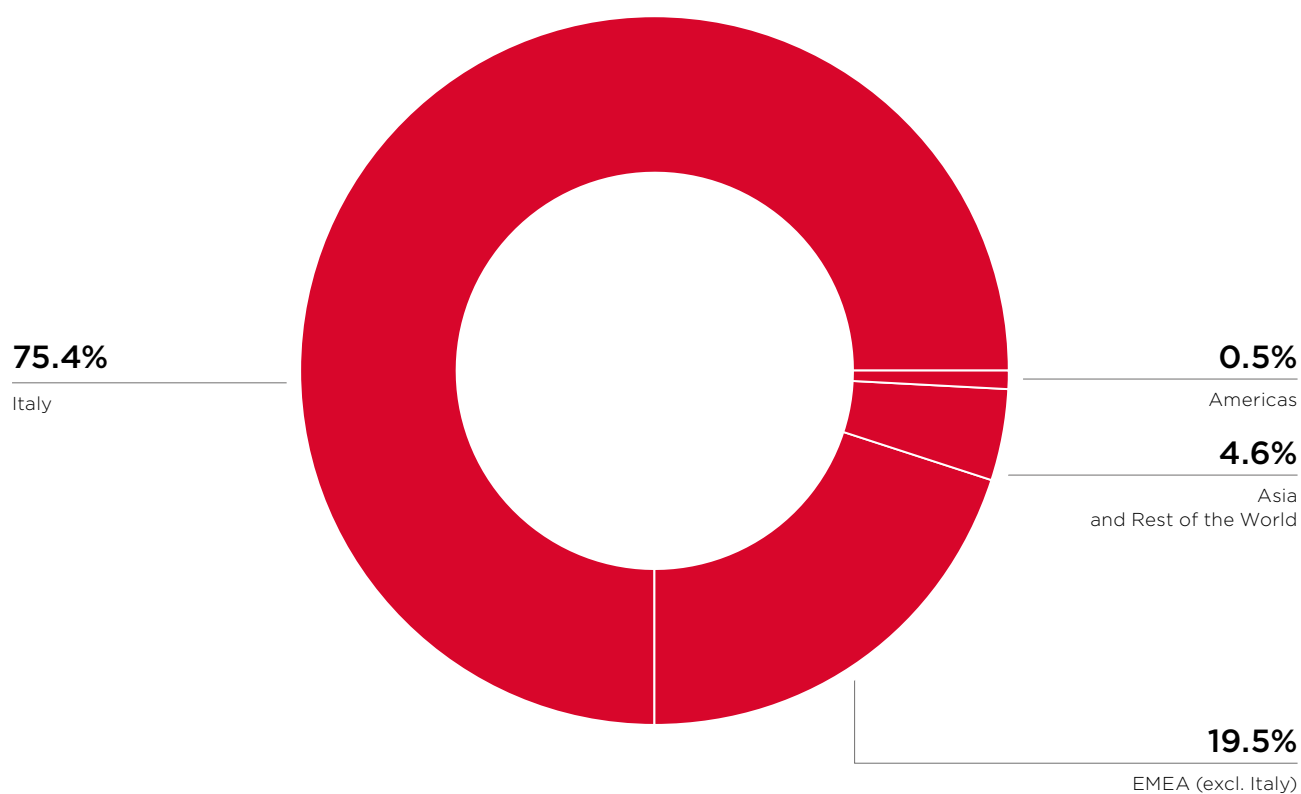
The majority of Moncler's suppliers (about 95%) are located⁸ in EMEA, primarily in Italy.

Moncler diversifies its purchasing expenditure across a number of partners so as to avoid dependency on any given supplier, which would pose a potential business risk. 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 so as to mitigate any consequences and thus ensure continuity.

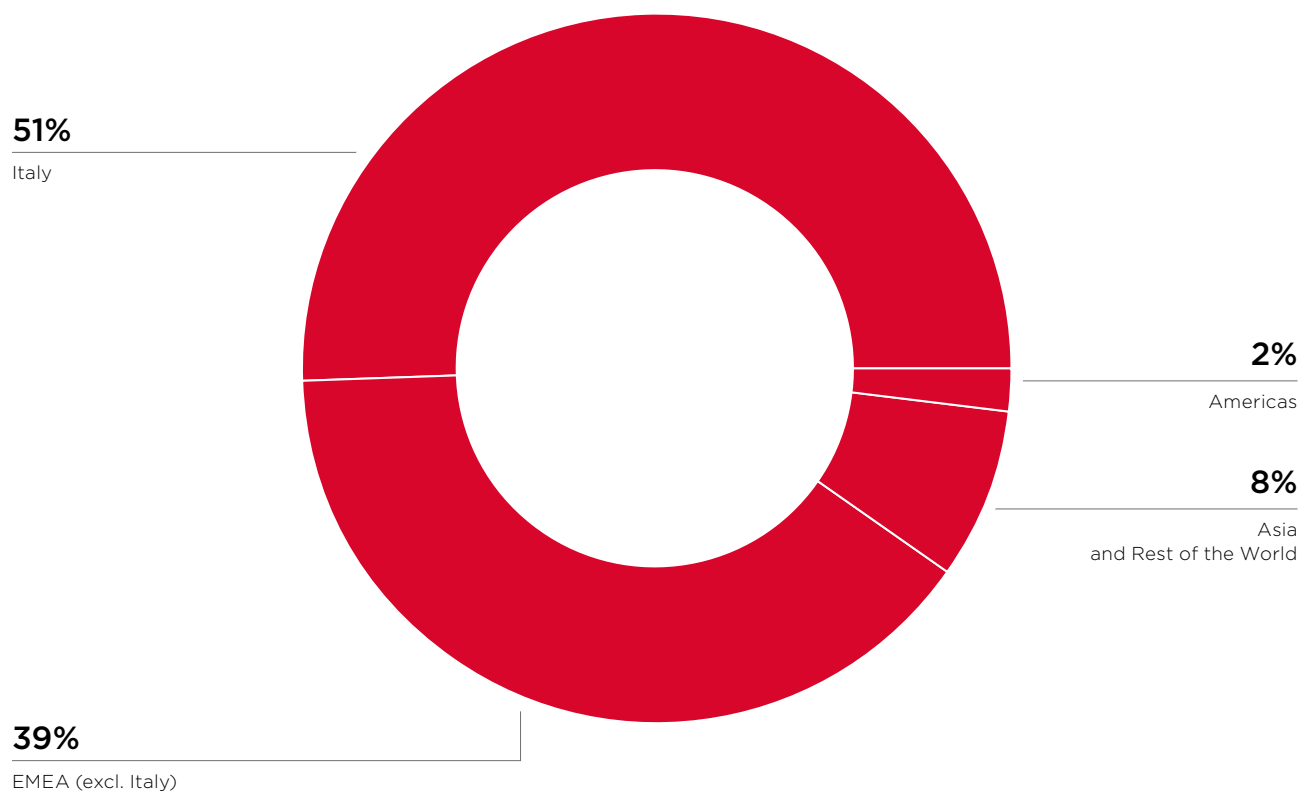
⁷. Percentage calculated on the total number of suppliers.

^{8, 9}. For façon manufacturers and finished product suppliers, the geographic location corresponds to the country the product was 'Made in'; for service and raw material suppliers, it corresponds to the country in which the supplier's head office is registered.

SUPPLIERS BY GEOGRAPHIC AREA⁹



VALUE OF ORDERS BY GEOGRAPHIC AREA



RESPONSIBLE SOURCING

At Moncler, excellence means quality, style, and elegance, but also commitment to promoting **respect for workers' rights**, **animal welfare**, and the **environment** across the supply chain.

Moncler's relationship with its suppliers goes beyond commercial aspects. It also encompasses the continuous sharing of best practices, so as to ensure responsible and sustainable business growth as per the principles of the Group's Code of Ethics, which all partners are contractually required to comply with¹⁰. See also page 57.

Moncler believes in the value of stable relationships built on trust and cooperation, and seeks long-term relationships with suppliers that not only guarantee reliability in their manufacturing performance, but also endorse the same values as the Group.

Moncler commissions regular audits to verify the supply chain's compliance with applicable laws and the principles of the Company's Code of Ethics. Audits are conducted by a **qualified and experienced independent body** to ensure maximum impartiality of judgement. Social and ethical audits focus 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 2016, the Company also carried out its first audits on environmental issues and wastewaters, focusing specifically on suppliers with internal production units.

The scope of the audits and the suppliers and subcontractors to involve in the auditing process are determined by the Internal Audit division based on a **risk analysis**, which takes into account various factors such as the amount of orders placed with the given supplier, the type of good or service provided, and geographic location. The risk analysis also considers other parameters, such as the supplier's number of employees and plants, and/or the use of subcontractors and their geographic location. The outcomes of previous audits are also an important selection criterion.

In 2016, a total of **55 social, ethical, and environmental audits** were performed (on both suppliers and subcontractors), covering 31% of Moncler's total value of orders. Additionally, **119 animal welfare audits** were carried out across the down supply chain, covering 100% of the value of down purchased during the year.

Moncler has a “zero tolerance” policy against major compliance breaches, which could indeed lead to immediate con-

tract 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, within a reasonable period, when deemed necessary. In this case, the Group verifies that measures are implemented by an agreed deadline through follow-up audits.

In 2016, most instances of non-compliance were related to aspects concerning employment contract management and occupational health and safety. All non-compliance cases were addressed through corrective actions agreed upon with the suppliers, which will be verified via follow-up audits. The audits performed in 2016 did not reveal any major supplier breach requiring contract termination.

Building on the progress made so far, Moncler is committed to further expand its social, ethical, and environmental audit programme in 2017, in particular by including its *façon* manufacturers (of jackets) alongside a significant sample of suppliers from the rest of the categories. The programme will be further complemented by the down certification process as per DIST Protocol, providing for the auditing of the entire down supply chain.

2016 marked a further milestone in promoting responsible behaviour among the Group's partners, with the official approval and distribution of the **Supplier Code of Conduct** and relevant guidelines, devised to steer and help Moncler's suppliers achieve operational compliance.

The Supplier Code of Conduct is consistent with the Universal Declaration of Human Rights and the main principles of the International Labour Organization (ILO), and sets forth the mandatory requirements to become or continue to be a supplier of the Moncler Group. The Code addresses Moncler's expectations regarding responsible purchasing, and consists of six sections describing the binding provisions related to: Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, and Corporate Ethics.

Targeted training on the Supplier Code of Conduct is expected to be delivered to Moncler's partners within the first months of 2017, both during a convention organised at the corporate offices in Trebaseleghe (Padua, Italy), and via the new supplier portal, which includes a dedicated online training section.

Moncler is also continuing to update its own vendor rating system by incorporating new indicators – including environmental ones. Each indicator will be weighted, contributing to

SUPPLY CHAIN AUDITS (No.)

	2016	2015	2014
Social and ethical audits	41	45	25
Animal welfare audits	119	120	-
Environmental audits	14	-	-
of which on wastewaters	3	-	-
Total	174	165	25

¹⁰. 90% of significant contracts require compliance with the Group's Code of Ethics.

the assessment of each supplier based on scores achieved in the different areas. The macro-areas of the **vendor rating** system are:

- Risk (country risk, financial risk, number of subcontractors, etc.)
- Service (technological capacity, innovation, timely delivery, etc.)
- Quality (defect rate in manufacturing, quality grievances reported to client service, etc.)
- Costs (price competitiveness, logistics costs, etc.)
- Ethics (working conditions, environmental practices, animal welfare, etc.).

SUPPLIER ENGAGEMENT AND DIALOGUE

Supplier relations are a strategic aspect for Moncler. As such, constant communication and interaction are essential to promoting profitable **collaborations** and mutually beneficial relationships.

The dialogue with suppliers is encouraged through regular institutional meetings and through daily interactions with the Moncler experts and inspectors tasked with overseeing the various activities involved in production. Indeed, Moncler's experts provide specialist support at all stages of production in order to share technical know-how and resolve any critical issues. Furthermore, a new web portal entirely dedicated to suppliers will be launched in 2017, giving them access to communications and documents – such as Moncler's Code of Ethics and the Supplier Code of Conduct, along with its relevant guidelines – and to a dedicated online training section.

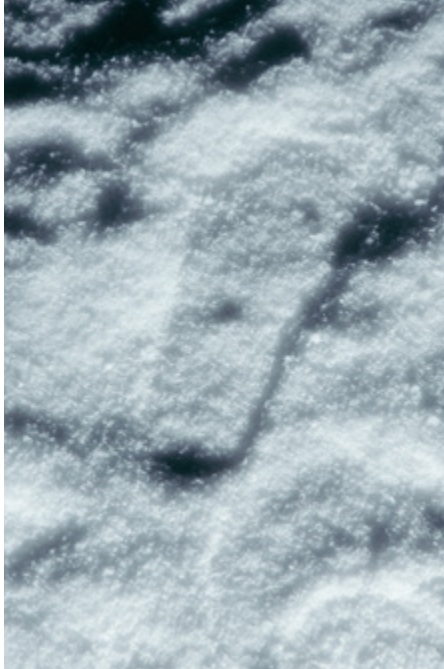
The experts in charge of the external workshops manufacturing jackets are regularly invited to visit Company offices to help analyse samples and share technical and production standards. Similarly, external knitwear workshop experts are invited at least once a year to train for one week alongside Moncler experts, focusing on procedures and on production and quality standards, with visits to the Group's quality control centres. In turn, Moncler experts visit the various third-party production sites as well. The shared know-how thus becomes an integral and essential component of the relationship between the Company and its suppliers.

In February 2017, in an effort to further promote mutual knowledge, strengthen its relationship with the supply chain, elaborate on contractual and operational aspects, and involve its partners in its journey towards sustainability, Moncler will organise a meeting at its corporate offices in Trebaseleghe (Padua, Italy) with its national and international suppliers involved in the production of jackets. The issues will be addressed during the meeting and will include quality, brand protection, and responsible sourcing principles.

5

CLIENTS

- 116 CLIENT-CENTRICITY
- 120 THE FIGHT AGAINST
COUNTERFEITING
- 124 TRANSPARENT AND RESPONSIBLE
COMMUNICATIONS



WE ARE DETERMINED TO NEVER STOP AMAZING OUR CLIENTS WITH PRODUCTS OF GREAT QUALITY, AND DESIGNS THAT ARE BOTH UNIQUE AND ORIGINAL. WE ARE COMMITTED TO INNOVATE – ALWAYS – WHILE STAYING TRUE TO OUR TRADITION, AND TO PERFORM AS A RESPONSIBLE COMPANY, INVOLVING OUR CLIENTS AT ALL TIMES AND DELIVERING THE BEST SERVICE POSSIBLE. THIS IS THE ESSENCE OF MONCLER'S BUSINESS STRATEGY, AND THE KEY TO THE LONG-TERM SUCCESS OF THE BRAND.



CLIENT-CENTRICITY

At Moncler, clients take the centre stage.
Every interaction is an opportunity to receive and learn,
but also to share and engage.

In 2016, Moncler began to implement the interventions mapped out within the scope of its three-year **Retail Excellence** project, aiming to, among other things, redesign the client experience, reorganise both stores and sales staff, and redefine store procedures and operations. The essence of each intervention is to design through the eyes of the client, which is key to achieving the sole objective of the project: to enhance the **shopping experience** for clients, involving them more and more in Moncler's world.

In just the first nine months of the project, 9 of the 15 planned interventions were implemented and completed. The remaining ones are either being completed or started as per the project development plan. Internal store procedures were redefined and shared globally, and stock management and communication flows between corporate offices and stores were optimised from a client perspective, so as to ensure service continuity at international level while giving sales personnel more time to interact with their clients. Special attention was also given to after-sales services, with the development of a shared global policy and specific quality improvement plans, to be launched in 2017.

In an increasingly competitive market, lasting relationships with clients depend not only on product quality and design, but also on the ability to **earn their trust** and offer them a **truly unique experience**, one that is compelling and consistent irrespective of geographic area and/or channels of sale. Client interaction models were thus redesigned and enriched with more Brand details and stories, to create a deeper appreciation of the Company's quest for excellence and sophistication. Significant effort also went into realigning the internal organisation of stores, profiles, career paths, and in-

centive sales programs, to further define and develop the core competencies of retail personnel and strengthen their sense of belonging.

SALES PEOPLE: A STRATEGIC ASSET

In 2016, within the scope of the *Retail Excellence* project, the Company launched *Moncler Instant Sharing*, a major training program involving about 1,200 vendors worldwide and delivering approximately 12,000 training hours in 16 languages. The **training program** focuses on a new approach to sales, one that is more empathetic and personalised. An approach encouraging the type of attitude that enables a true, honest exchange between salesperson and client, based on shared emotions, experiences, and knowledge, so as to build the kind of **trust** and **complicity** that leads to clientele loyalty, and thus to the creation of a **Moncler client community**.

A competent boutique consultant, one who knows how to convey the uniqueness of the product and the values of the Brand, not only enriches the personal and emotional quality of the shopping experience, but also becomes a trusted advisor contributing substantially to client loyalty and retention, especially with regard to local clientele.

Nurturing the growth of **retail employees' skills and expertise** is a strategic lever and a means to differentiate the Brand. The continuous training provided to boutique personnel focuses on the understanding of the Brand, its history, products, style, materials, and production processes, and on





the interpersonal skills and style required to best engage with clients. More importantly, it emphasises the importance of listening and relating to clients, essential to providing a service that truly meets expectations.

TUNING IN ON CLIENT EXPECTATIONS

Listening to clients is a strategic choice when it comes to aligning the services offered with client expectations and with what really matters to them.

Aiming at offering the most unique client experience, the Company assists sales personnel in creating **personalised client relationships** through its *MonClient* program, providing for a specific approach and tools to enhance direct interactions with loyal clients. In 2016, over 350 salespeople in 52 stores received business cards and a Company mobile phone so as to provide timely and personalised client service, both during and after the shopping experience. The initiative is expected to be extended to cover almost all salespeople by the first half of 2017.

In order to better understand its clientele and provide tailored services, Moncler has created a worldwide database containing client information and details of their shopping habits (addresses, telephone numbers, frequency of purchases, type and value of items purchased, etc.). The database is managed to guarantee the protection of client identity and privacy. The analysis of this wealth of data contributes to customer service management and to the definition of client-specific initiatives, such as the mailing of catalogues and newsletters, previews of new collections, invitations to in-store events, and the organisation of personalised experiences (mainly offered to high-end clients).

As of 2017, Moncler will implement a project providing for the systematic collection of client feedback after each purchase through a brief questionnaire exploring different aspects of the shopping experience, including hospitality, personalisation, and service. The information thus collected will be analysed to develop new initiatives to further improve both *client experience* and relations.

In 2016, to further enhance service and meet client expectations, the Group launched a multi-year client care service.

THE FIGHT AGAINST COUNTERFEITING

Moncler constantly invests a great deal of resources to guarantee the value and authenticity of its products, to protect itself as much as its final clients.

Through an internal department specialised in Intellectual Property and Brand Protection, Moncler has outlined a **global strategy** (which is regularly updated) devised to manage its portfolio of trademarks, designs, patents, and domain names, which is crucial to the protection and enforcement of its intangible assets both on the web and in markets in **over 100 countries worldwide**.

The fight against counterfeiting across markets is pursued on multiple levels. Initiatives range from filing reports with customs to stop counterfeit merchandise at borders, to requesting targeted investigations and the seizure of goods, to collaborating with and training local law enforcement agencies (including but not limited to the Finance Police in Italy, the Administration of Industry and Commerce (AIC) in China, the trademark Special Judicial Police (SJP) in South Korea, and the Customs and Border Police (CBP) in the United States). In 2016, this translated into **28 training courses** held directly by the Intellectual Property and Brand Protection department or by its customs representatives, confirming the value of dialogue and of working directly with the authorities.

In 2016, Moncler's rigorous anti-counterfeiting programme led to the seizure of over **38,000 counterfeit finished** products and more than **440,000 counterfeit accessories** worldwide. Furthermore, five criminal judgements were obtained in Italy against counterfeiters of Moncler's brands, affirming at the same time the notoriety of the brands themselves.

During the year, Moncler also obtained four court orders (two in civil proceedings and two in criminal proceedings), with one handed down by the Supreme Court of Italy, finalising the judgement on the *Campana Vuota* brand logo (featuring

an the outline of a bell). These provisions laid down the reputation of the logo, confirming – for all intents and purposes – its **distinctiveness and market notoriety**, and complemented other orders issued in criminal proceedings in relation to the slavish counterfeiting of the *Campana Piena* brand logo (featuring a solid bell).

Moncler's commitment to protecting its intellectual property rights – to safeguard the Brand first of all, as well as the clientele – is also conveyed digitally. The Company actively counteracts the online sale of counterfeit products by continuously and extensively monitoring all of the main global e-commerce platforms (business-to-business, business-to-client, and client-to-client), social networks, search engines, and websites that sell counterfeit products or infringe Moncler's intellectual property rights in any way. In 2016, the Company's efforts led to the **shutdown of about 53,000 online auctions, 1,100 websites**, and over **11,300 ads/pages on social networks** featuring or promoting the sale of counterfeit Moncler products.

Furthermore, a crucial aspect of this online monitoring and enforcement activity lies in the creation of clusters of websites that appear to have different content but are, in fact, ascribable to the same site owners, which helps make countermeasures as targeted and effective as possible.

As a further step in fighting online counterfeiting, in June 2016, Moncler and other luxury brands signed a Memorandum of Understanding promoted by the European Commission, aimed at establishing a solid collaboration between the brands and European e-commerce platforms to monitor and fight the sale of counterfeit products.

Moreover, in 2016, the Group **audited** 14 suppliers among





those that use logoed material in their production processes, to verify compliance with the guidelines devised by Moncler to safeguard the Brand and ensure proper brand management.

Moncler also protects its brand by participating and collaborating as an active member of the main national and international associations against counterfeiting, including INDICAM in Italy, QBPC in China, UNIFAB Tokyo in Japan, and UNIFAB in France, as well as INTA and BASCAP at global level. See also page 64.

Moncler has adopted anti-counterfeiting systems on all its products since 2009, consistently upgrading to more sophisticated solutions to safeguard the client as much as possible. As part of its efforts towards continuous improvement and progress, also in terms of advanced technologies, all Moncler products from the Spring-Summer 2016 collection onwards come with a revolutionary and **complex anti-counterfeiting system** featuring the latest and most sophisticated RFID (Radio Frequency Identification) technologies available on the market. This new authentication-tracking system provides for the generation of a unique alphanumeric code, a QR code, and an NFC (Near Field Communication) tag. All Moncler products can be authenticated via the code.moncler.com website, managed directly by the Company, where clients can register and verify their purchase. Moncler also created a special service dedicated exclusively to counterfeiting issues to further assist its clients.

Where necessary, Moncler prepares expert reports for any deceived clients attempting to recover the amount paid for a counterfeit product from their electronic payment service providers.

With regard to new technologies, the Intellectual Property and Brand Protection department is currently investing resources in the **development of an app** conceived to further enhance the speed, completeness, and efficiency of anti-counterfeiting communications (both internally and with law enforcement agencies), proving once again how the constant search for innovation is one of Moncler's major strengths.

The commitment to spreading a culture of brand and intellectual property protection within the Company also translates into ad hoc information material and dedicated training sessions, which in 2016 were delivered to employees at the subsidiaries in America and Asia.

In 2016, the Intellectual Property and Brand Protection department was awarded as the **best team of the year** in the Fashion, Cosmetics & Luxury Goods category by the international magazine World Trademark Review – a further recognition of Moncler's commitment to the fight against counterfeiting.

TRANSPARENT AND RESPONSIBLE COMMUNICATIONS

Maximum transparency and clarity are Moncler's rallying cry underpinning all brand marketing and communication activities to promote its products.

MARKETING, ADVERTISING, AND PRODUCT INFORMATION

Although the Group does not currently adhere to any specific codes or voluntary standards in advertising, it has always taken a highly **responsible** approach to **marketing communications**. Moncler is fully aware of the influence it enjoys in around 70 countries in which the Brand is distributed. For this reason, all images and messages delivered through any communication channel are carefully vetted to ensure they accurately convey Company values, respect human dignity, are non-discriminatory, and do not depict violent behaviour or dangerous conduct. An even greater attention is given to marketing communications related to children's collections, which must guarantee absolute and constant respect for the fundamental principles underlying the protection of minors.

To this effect, Moncler fully complies with all applicable regulations in force in each country in which it operates. As evidence of this unrelenting commitment, Moncler's product marketing communications, advertising, and sponsorships have never once breached any regulations in force.

As part of the Group's commitment to enforce responsible communication with clients, great importance is also placed on product **labelling**, which must deliver clear, transparent, and accurate information. Moncler guarantees full compliance with all national and international labelling regulations in force. Accordingly, the Group works closely with its suppliers to obtain reliable information on the materials and processes involved in the various stages of production. All Moncler products feature a global label providing accurate information on the composition of all materials and components, wash-

ing and care instructions, and country of manufacture. All information is translated into 9 languages. In addition, custom labels are applied to products to be distributed to specific markets, such as China, Japan, and Korea. Products made with specific types of materials carry additional information, such as: the common name of the animal, in the case of leather; the common and scientific name of the animal, origin, and dyeing treatment (if any), in the case of furs; and the scientific name of the animal and percentages of down and feathers, in the case of down.

AN INCREASINGLY DIGITAL DIALOGUE

Moncler's communication strategy has been relying more and more on digital channels to stay close to and ensure constant interaction with the Brand's clients and aficionados.

Moncler is currently present across all digital channels: internet, social media, and mobile media.

Significant energy, in terms of human resources and investments, goes into social networking, not only as a means to convey the Brand's messages, but also as a relational and clienteling tool integrated into the Customer Relationship Management (CRM) platform.

This applies to main social media such as **Facebook**, **Twitter**, and **Instagram** (with 2.9 million, 1.3 million, and 700,000 followers, respectively, in 2016), where Moncler's engagement is growing at an impressive rate. But this is also true of mobile-oriented apps such as **WeChat** in APAC, where Moncler





launched an official account to deliver personalised client messages and Brand communications through the subscribing stores, and **Line** in Japan, where the Company opened an official account in December 2016, one of the first among luxury brands.

Moncler's strategy is evolving from a **multi-channel** to an **omni-channel approach**, aimed at strengthening not only the business but also client relationships. To this end, the Company avails itself of technologies to monitor and manage social media sentiment, transferring requests to client service or other relevant Company divisions tasked with addressing any sentiment signals gauged online. Detailed quarterly analyses are performed in each geographic area to assess digital users' Brand perceptions and the profiles of those interacting with Moncler online.

In July 2015, the Company's new website, www.moncler.com, was launched in 35 languages, with 5 home pages differentiated by geographic area. The website, totally mobile responsive, is a virtual forum in which shopping experience and brand equity are presented side by side, delivering an editorial approach and user experience that draw on the Company's physical store concept, as part of an increasingly integrated and omni-channel approach.

The Brand's success and the website's popularity are clearly reflected in the number of **online visitors**: 16 million in 2016 alone.

Moncler is one of the few luxury brands present on all mobile platforms available on the market. The Brand's attention to mobile media is also due to the fact that almost 80% of digital traffic related to Moncler comes from mobile devices, which explains the ongoing efforts in 2016 to fine-tune a number of m-commerce apps with a focus on sales, designed to run on different platforms and devices (iOS and Android tablets and smartphones and Windows phones). Corporate communications are also becoming increasingly digitalized, as evidenced by the tablet app – *Moncler IR* – specially designed for analysts and investors.

With regard to digital advertising, Moncler adopts programmatic ads and performance solutions focusing on online sales with the strong engagement of social network users.

The Company's digital communications projects are always evolving and under continuous development. As part of its efforts to break new digital ground, Moncler is currently exploring new opportunities in the fields of mobile-based proximity marketing, augmented reality, and digital signage.

6

ENVIRONMENT

132 RESOURCE MANAGEMENT
AND CONSUMPTION





**MONCLER BELIEVES IN
RESPECTING THE ENVIRONMENT,
AND ACTIVELY PROMOTES
AND CONTRIBUTES TO ITS
PROTECTION.**

**THIS COMMITMENT AFFECTS
ALL COMPANY ACTIVITIES,
AND DRIVES THE PURSUIT OF
TECHNOLOGIES AND SOLUTIONS
THAT ENABLE RESPONSIBLE
AND EFFICIENT USE OF NATURAL
RESOURCES, AND REDUCE
ENVIRONMENTAL IMPACT.**

**IT'S A COMMITMENT THAT
REQUIRES THE INVOLVEMENT
AND PARTICIPATION OF
EVERYONE AT THE COMPANY.**

RESOURCE MANAGEMENT AND CONSUMPTION

Moncler pays particular attention to environmental aspects in the conduct of its business, and is committed to preserving natural resources and combating climate change by taking steps to minimise its environmental impact.

With regard to direct environmental impacts, i.e., those caused by offices, stores, logistics centres, and the production site in Romania (scope 1 and scope 2), the Group concentrates its efforts mainly on:

- **monitoring** and assessing environmental impacts, on the basis of which the Company can identify and implement improvement measures that enable their mitigation, on the one hand, and contribute to achieving ISO 14001 certification, on the other, starting with the production site in Romania
- purchasing electricity from **renewable sources**
- adopting **efficient technologies** and **lighting systems** and **green ICT solutions**
- adopting **technologies that enable interaction** amongst employees, thus reducing business travel
- using resources efficiently and buying from **responsibly managed sources**
- **engaging employees** and **raising awareness** across the Company through guidelines and programmes aimed at reducing the consumption of paper, toners, and energy, and at promoting waste sorting.

Given the nature of Moncler's business model, in which production is mainly outsourced to external suppliers, its most significant environmental impacts are indirect. The Company uses its influence insofar as possible to promote sound environmental practices among its production and logistics suppliers, in an effort to limit the indirect impact generated by the production and distribution of its products.

ENERGY CONSUMPTION AND CO₂ EMISSIONS

In addition to heating, air conditioning, lighting, and computer equipment, Moncler's energy consumption is mainly related to the production activities at its site in Romania, where a gap analysis was performed in 2016 in order to implement the ISO 14001 Environmental Management System.

In 2016, Moncler signed a supply contract for the purchase of renewable energy in Italy, where it is committed to use 100% of energy from renewable sources by the end of 2017.

During the year, the Group also assessed the environmental impact of its employees' business travel. Based on a number of employees accounting for 50% of the total workforce, travel by air, train, and car in 2016 generated approximately 1,600 tonnes of CO₂ emissions.

DIRECT AND INDIRECT ENERGY CONSUMPTION (kWh)

	2016	2015	2014
Direct energy consumption	5,545,428.09	2,184,123.04	2,744,864.00
From non-renewable sources:			
Natural gas ¹	2,723,459.50	2,182,656.00	2,740,279.50
Diesel ²	2,697,831.52	1,467.04	4,584.50
Fuel ²	124,138.07	n/a	n/a
Indirect energy consumption³	18,437,765.51	8,273,353.50	5,167,803.85
Electricity from non-renewable sources	14,911,332.16	7,435,554.50	4,742,411.85
Electricity from renewable sources	3,526,433.35	837,799.00	425,392.00
Total energy consumption	23,983,193.60	10,457,476.54	7,912,667.85
Total energy consumption/number of employees	7,949.35	7,085.01	6,240.27

DIRECT AND INDIRECT CO₂ EMISSION (Tonnes of CO₂)

	2016	2015	2014
Direct emissions (scope 1)	1,437.74	403.00	506.74
From non-renewable sources			
Natural gas ¹	502.34	402.59	505.45
Diesel ²	904.11	0.41	1.29
Fuel ²	31.29	n/a	n/a
Indirect emissions (scope 2)	7,092.77	3,944.61	2,645.87
Electricity from non-renewable sources	7,092.77	3,944.61	2,645.87
Electricity from renewable sources	-	-	-
Total emissions⁴	8,530.51	4,347.61	3,152.61
Total emissions/number of employees	2.83	2.95	2.49

INITIATIVES TO MITIGATE ENERGY CONSUMPTION AND CO₂ EMISSIONS

The Group is currently implementing several initiatives across its shops and offices, and at the production site in Romania, to reduce energy consumption and CO₂ emissions. They range from gradually replacing traditional lighting systems with LED lights, to using green ICT technologies, to identifying new methods to use energy more efficiently, to mitigating the environmental impact of employees' business travel.

With regard to improving the efficiency of lighting systems, thanks to the investments made in 2016, **73%⁵ of stores worldwide** (100% in the United States and over 90% in Europe) are equipped with **Light-Emitting Diode** lights. Latest-generation LED technology delivers high-quality lighting and about **50-70% in energy savings** compared to the former lighting systems, with less residual heat. In terms of environmental

impact, LED lights have an average life of five years, versus the six months of traditional light bulbs, and are made almost entirely of recyclable materials. In 2016, Moncler invested over 800,000 euros in EMEA to replace traditional lighting systems with LED lights. The goal is to replace all discharge and incandescent lamps worldwide by 2017.

To further minimise environmental impacts, stores were also equipped with modern, energy-efficient heating and cooling systems. In 2016, in order to develop a better understanding of the initiatives that could feasibly reduce the environmental impact of stores, sustainability requirements started to be integrated in the store design process. Indeed, in addition to style, aesthetics, sophistication, and practicality, Moncler is paying more and more attention to sustainability aspects in the design and realization of its stores. While it is fundamental that stores feature good lighting, layout, climate control, and functionality, the Group is aware that these

1. Figures include direct consumption in Italy and Romania only, which account for about 82% of the total cost of natural gas.

2. As of 2016, the monitoring of consumption and emissions includes the car fleets in Italy and Romania. The 2015 and 2014 data were not available (n/a).

3. The increase in indirect consumption compared to 2015 is due to the significant expansion of the scope of monitoring, which includes almost every office and store in the Moncler Group.

4. The coefficients used to calculate emissions were published by: DEFRA (Department for Environment, Food & Rural Affairs) in 2015, and the Department for Business, Energy & Industrial Strategy (BEIS) in 2016.

5. Excluding the 11 shop-in-shops in which lighting is provided by the host department store, where Moncler cannot take action.

aspects need to be managed as soundly as possible to limit their impact on the environment. Moncler relies on the market's best specialists to design its stores, choosing to work with companies offering innovative solutions that also take account of environmental protection.

Moncler's commitment to protecting the environment can also be seen in other spheres: on the one hand, in the actions taken to minimise the environmental impact of its Information and Communication Technology (ICT) systems, identifying increasingly efficient and innovative solutions that are then incorporated into global guidelines for the purchase of **green ICT equipment**; on the other, in the way the Company exploits the potential of new technologies enabling remote exchanges and interactions, which help **reduce the impact of business travel** on both the environment and the quality of life of employees.

Indeed, Moncler promotes remote working arrangements based on the guiding principle of 'taking work to the worker', and not vice versa. It does so through a range of hardware and software: from basic tools - such as emails, instant messaging, and conference calls - to sophisticated ones - such as special apps for tablets and smartphones, and innovative video conferencing and telepresence systems. **Video conferencing and telepresence platforms** offer unprecedented audio-visual quality, and boast features that can replicate the dynamics of a face-to-face meeting.

To date, Moncler has **14 conference rooms** equipped with modern **video conferencing** or **telepresence** technology, 3 more compared to 2015 (thanks to the set-up of new facilities at the offices in Korea, Romania, and Tokyo). In theory, in 2016, these systems **prevented over 17 million kilometres** of business travelling, estimated to be equal to **approximately 2,500 tonnes of CO₂ emissions**⁶. In 2015, a pilot project was launched enabling video conferencing directly from tablets using a dedicated app; in 2016 the app was made available (on request) to all employees.

Moncler is also careful when it comes to the selection of eco-efficient ICT components and equipment. The Group mainly uses multi-functional devices that print, copy, and scan all-in-one, which reduces energy consumption and simplifies maintenance. Existing devices are progressively being replaced with lower energy consumption units.

Since 2013, the Group has been replacing all hardware components and monitors in Italy with new **Energy Star**-certified devices. Energy Star is a voluntary energy efficiency programme, one of the most well-known worldwide. Developed jointly by the United States' Environmental Protection Agency and Department of Energy, Energy Star was devised to reduce costs and help protect the environment through the adoption of energy-efficient products and practices. Products carrying the Energy Star label guarantee excellent energy performance.

In recent years, the Group has also continued to reduce, replace, consolidate, and virtualise its servers, which has led to considerable benefits in terms of energy consumption and related CO₂ emissions. In particular, the **extension of virtualisation technologies** led to smaller, low-consumption servers, designed to both minimise the amount of energy required to cool the machines, and optimise the use of space and overall performance.

In June 2014, IBM PureFlex Blade servers were installed at the corporate headquarters in Trebaseleghe (Padua, Italy), leading to a **reduction of over 50% in annual kWh consumption**, and saving approximately **26.3 tonnes in annual CO₂ emissions** compared to the technology replaced, while delivering equal capacity. These servers were further replaced in 2016, with new high-performance Lenovo x3650M5 and IBM Power8 servers that boosted Moncler's technological capacity and ability to meet the new and increasing demands of information technology, while consuming the same energy. The new server technology is paired with sophisticated software for data storage virtualisation, which ensures excellent computational capacity and the highest level of machine consolidation, which translates into less energy waste. In 2016, one of the two server rooms at the corporate offices in Trebaseleghe was transferred to an external data centre, which enhanced security levels and service continuity while reducing overall energy requirements (for air-conditioning). The remaining server room was extended, although it continues to house the energy-efficient rack cabinets with integrated cooling systems installed the year before.

As at 2016, Moncler had **255 virtual servers** (10 more compared to 2015, all created at the corporate offices in Trebaseleghe). The servers at the data centre in Tokyo, which were already hosting a number of virtual servers, were upgraded so as to host additional ones required to manage the new Korea Region. Lastly, the hosts in the server rooms at the logistics hubs in Piacenza and Milan (Italy), hosting the current virtual servers, were upgraded (in terms of RAM) to enable the creation of new ones. The server room at the site in Bacau (Romania) is expected to be upgraded in 2017, with the installation of an IBM PureFlex Blade server that will enable the virtualisation of all current physical servers.

6. The reduction in emissions achieved by using video/telepresence conferencing technologies was estimated by:

- taking into consideration only video/tele conference calls lasting more than 20 minutes
- assuming an average number of four participants in each video/tele conference call
- estimating the flights avoided per each international video/tele conference call. CO₂ estimates were calculated on the basis of the distance in kilometres between the cities linked via video/tele conferencing, assuming two people flying in economy class
- estimating the road trips (by diesel-powered car) avoided per each national video/tele conference call. CO₂ estimates were calculated on the basis of the distance in kilometres between the cities linked via video/tele conferencing
- considering only one calling point and one receiving point for calls involving more than two countries (e.g., Italy, Japan, and the United States)
- calculating the emissions saved based on the coefficients provided by the Department for Business, Energy & Industrial Strategy (BEIS).



USE OF RAW MATERIALS

The main raw materials used by Moncler are fabrics, yarns, and down. The Company works continuously with its suppliers, requiring that production processes be structured so as to **optimise material usage** and cutting, thereby avoiding waste.

The same attention is given to paper and cardboard used for office purposes or product packaging, with improvement projects focusing on origin certification, the percentages of recycled content, and, where possible, usage limitations and waste sorting for recycling.

An awareness initiative was implemented globally to promote the use of paper from responsible sources - i.e., those that ensure sustainable forestry practices. Thanks to this joint effort, 98% of the paper used in offices and shops in 2016 came from responsible sources (versus 64% in 2015). Furthermore, still in 2016, almost all logoed material used worldwide was made of Elemental Chlorine Free (ECF) paper from responsible sources, 93% of which were ISO 14001-certified. With regard to packaging, the boxes used for the shipment of products sold online were redesigned. The new models introduced in 2016 are entirely made of ECF paper/cardboard from certified sources and feature over 65% in recycled content. The boxes are also more than 90% recyclable. In 2016, Moncler's new eco-friendly shopping bags were distributed to all boutiques, featuring cotton components, paper that is 100% from responsible sources and 40% made from recycled material, and reinforcement cardboard that is 100% from responsible sources and 90% made from recycled material.

In 2016, in an effort to raise employee awareness of the environmental impacts of day-to-day activities and to promote sustainable behaviours, the corporate offices in Italy introduced the use of personalised codes for all copying/printing activities. The goal is to enhance employees' sense of responsibility and to **rationalise the number of printed documents**, so as to cut toner and paper consumption. Furthermore, in 2016, a 16-hour/2-day **training session** on "Paper and Printing": authorisations and environmental implications was held for employees at the Italian corporate offices in Trebaseleghe (Padua) and Milan.

PAPER

	Tonnes	Renewable	Recyclable	% from responsible sources	% EFC
Printer paper	26.2	100%	yes	96%	96%
Logoed material ⁷	69.0	98%	yes	99%	100%
Total	95.2	99%	yes	98%	99%

PACKAGING

	Tonnes	Renewable	Recyclable	% from responsible sources
Delivery boxes	1,048.75	100%	yes	92%
Packaging boxes ⁸	43.44	100%	in part ⁹	66%
Tissue paper	10.46	100%	yes	100%
Shopping bags	98.24	100%	yes	100%

7. Including, but not limited to, business cards, envelopes, 'with compliments' cards, repair receipt books, notebooks, catalogues, folders, stationary, and client data sheets.

8. Packaging boxes include e-commerce as well as other boxes, such as those for gifts, eyewear, shoes, etc. As regards the new boxes used to ship products sold online, they are 100% made of paper/cardboard from certified sources.

9. Packaging boxes are equipped with a magnet, which is non-recyclable.

WASTE

The main waste generated by Moncler consists of packaging materials, office waste, and production waste (fabrics).

The Group's offices and shops are equipped with containers for waste sorting, and employees are trained on the importance of following good practices to ensure proper waste disposal and recycling/reuse. Waste sorting applies to: paper, cardboard, wood, plastic and computer equipment.

WASTE GENERATION¹⁰ (Tonnes)

	2016	2015	2014
Non-hazardous waste	456.0	463.3	424.6
Paper and cardboard	246.5	267.4	275.9
Mixed packaging	133.0	133.7	141.0
Wood	16.8	18.6	7.7
Plastic	0.9	-	-
Fabrics	58.7	43.6	-
Toner	0.03	-	-
Glass	0.1	-	-
Hazardous waste	-	-	-
Total waste generated	456.0	463.3	424.6

WASTE DISPOSAL¹⁰ (Tonnes)

	2016	2015	2014
Recycling	264.2	286.0	283.6
Incineration	51.0	41.3	-
Landfill	140.8	136.0	141.0
Total waste generated	456.0	463.3	424.6

10. 2015 and 2014 data refers to the scope of Italian offices and logistics hub, and do not include waste managed directly by local municipalities. 2016 data also includes the production site in Romania.

LOGISTICS

The transportation of products from production chains to retail markets is a crucial part of the Group's business and a key element of its competitiveness; but it is also a significant source of Moncler's environmental impact. To this end, the Company does its best to implement logistics solutions that ensure not only operational efficiency and compliance with deadlines, but also respect for the environment.

The Group's logistics system is two-fold, featuring an industrial level covering production processes, and a commercial level covering product distribution.

Moncler's **industrial logistics** are organised around a single hub, located in Castel San Giovanni (Piacenza, Italy), which receives raw materials from suppliers and then forwards them to façon manufacturers (who, in turn, send finished garments back to the central warehouse).

On the other hand, the Company's **commercial logistics** involve multiple hubs managed centrally by the main hub in Castel San Giovanni. These hubs receive finished products from suppliers and then forward them to their final destination (third-party clients and mono-brand boutiques).

The Group has long used customised information systems to support its logistics activities, designed to ensure high levels of standardisation, integration, flexibility, efficiency, and reliability.

Moncler supports and encourages its logistics partners to adopt sustainable systems and transport methods. Various initiatives have been implemented over the years to help minimise environmental impacts and costs, and others are currently under assessment.

Four main drivers underpin Moncler's commitment towards a **sustainable logistics system**:

- identification of efficient routes in order to reduce distances travelled
- optimisation of flows in order to minimise movements
- space-efficient packaging so as to ship the same product volumes in less space
- use of transport vehicles with low environmental impact.

The Group has reorganized its logistics systems in recent years, focusing on the network as well as on operating procedures and processes, achieving tangible benefits in terms of efficiency and optimisation of logistics flows.

Moncler has also redesigned the packaging used to transport finished goods, which has considerably reduced the volumes of goods transported, and thus the number of transport vehicles employed, thereby mitigating the environmental impact caused by air-polluting emissions.

With regard to transport vehicles, Moncler is aware of the environmental impact of the different means of transport it employs. Subject to market requirements, the Group makes a conscious effort to limit, where possible, the use of air freight in favour of shipments by sea, so as to further reduce the environmental impact of its operations.

Thanks to the collaboration of its logistics partners, the Group started monitoring the CO₂ emissions generated during the **road transport of its finished products** from the logistics hub in Castel San Giovanni to stores in Europe. In 2016, the emissions generated by the Company's key logistic partners were estimated at **approximately 177 tonnes of CO₂**.



7

COMMUNITY

144

SUPPORTING
THE COMMUNITY





MONCLER IS COMMITTED TO BUILDING A COLLABORATIVE AND OPEN DIALOGUE WITH LOCAL ORGANISATIONS AND COMMUNITIES, SUPPORTING THEM THROUGH A VARIETY OF INITIATIVES.

THIS APPROACH STEMS FROM THE KNOWLEDGE THAT A COMPANY CAN ONLY THRIVE BY BEING IN HARMONY WITH, AND BY RESPECTING, ITS OWN COMMUNITY.

SUPPORTING THE COMMUNITY

Over the years, Moncler has promoted and sponsored many initiatives in support of local communities and charitable organisations, through cash contributions, the donation of goods (garments), and organisational support to national and international projects.

These initiatives relate mainly to: **scientific research** and disease prevention, **social development** of the communities, and **emergency relief**.

Additional activities are implemented to support the local communities in Moncler's main areas of operation, in collaboration with both the authorities and the population. This is made possible by the constant interaction and dialogue between the heads of the Company's main offices and local representatives and administrations, which helps Moncler understand community needs and expectations, recognise the impact of its operations on the community itself, and ensure social consensus.

In 2016, Moncler invested **over 2 million¹ euros** on local community initiatives, an increase of more than 130% compared to 2015.

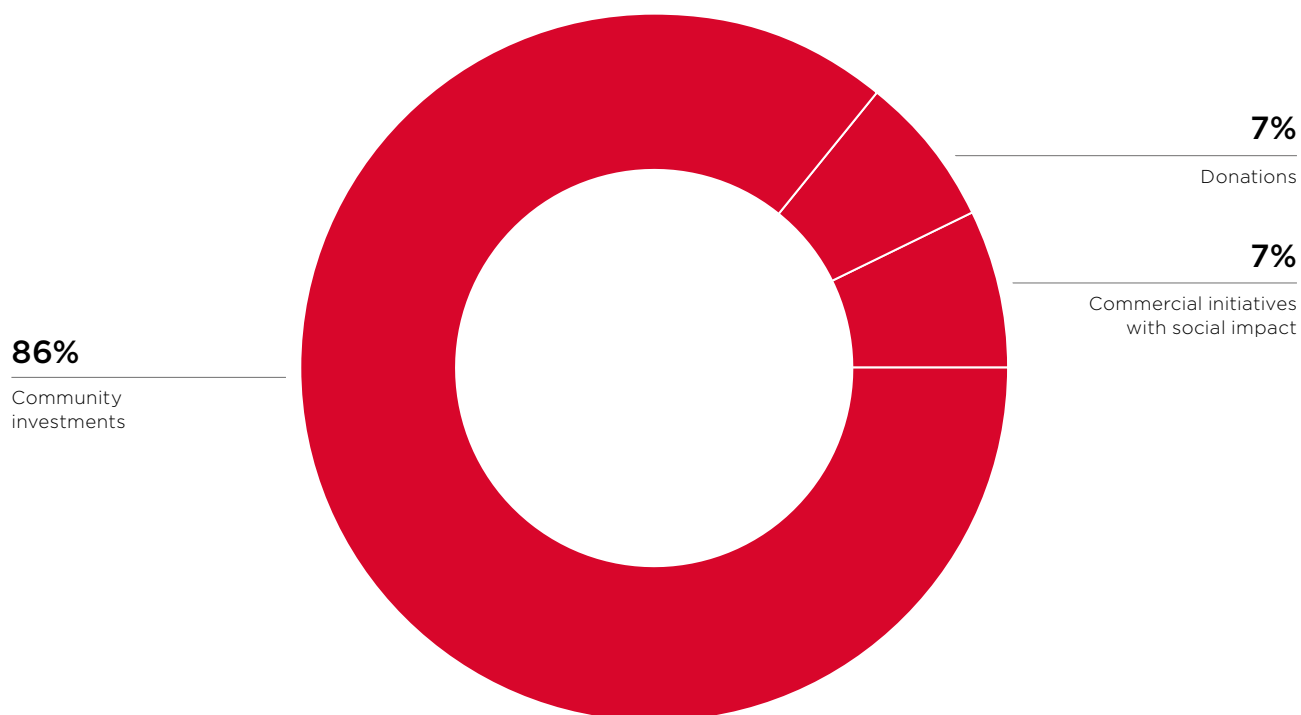
1. The figure includes both cash contributions and the donation of goods.



TYPE OF CONTRIBUTION

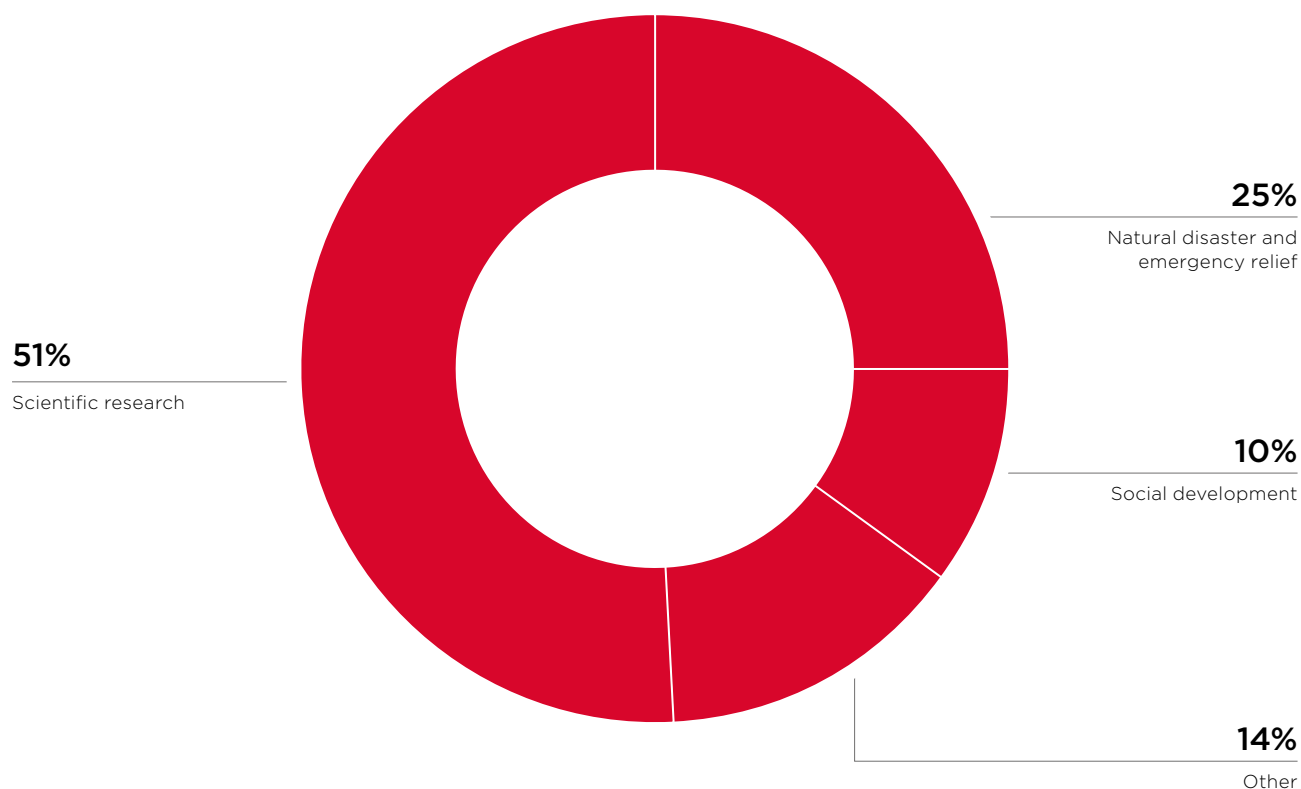


TYPE OF INITIATIVE



2. Monetary value of the volunteer hours donated by employees during regular working hours and the costs incurred to manage activities.

AREAS OF INTERVENTION



CONTRIBUTION BY GEOGRAPHIC AREA



SUPPORT TO SCIENTIFIC RESEARCH

The Group has always believed in research and innovation as key drivers for continuous development and improvement, a belief that goes beyond Company boundaries. Indeed, Moncler's commitment to promoting research includes the medical-scientific sector, which the Company actively supports through funding and grants.

In 2016, over 1 million euros was earmarked for research grants and loans to support researchers at the Umberto Veronesi Foundation and the IEO (*Istituto Europeo di Oncologia* - European Institute of Oncology), and for donations to a number of associations and foundations involved in medical research or, more in general, in supporting the ill, including the AIRC (*Associazione Italiana per la Ricerca sul Cancro* - Italian cancer research association), the IRCCS Foundation (*Istituto Nazionale dei Tumori* - National tumour institute), the amfAR Foundation (for AIDS Research), and AIL (*Associazione Italiana contro le Leucemie* - Italian Association against Leukaemia).

UMBERTO VERONESI FOUNDATION

The Umberto Veronesi Foundation was established in 2003 to support **scientific research** of excellence. Its promoters include 11 Nobel Prize winners, who form the Foundation's Honorary Committee.

The Foundation supports scientific research through grants for young physicians and researchers involved in the most advanced fields of oncology, cardiology, and neuroscience. Furthermore, it actively disseminates scientific information through conferences, projects with schools, awareness campaigns, and publications.

In 2013, the Foundation launched the Pink is Good project to support breast cancer research and raise prevention awareness across the community. Moncler has strongly supported this project since its inception, by donating part of the revenues generated by its main Italian retail stores during one day in October every year, and by handing out information brochures to clients to raise prevention awareness.

In 2016, Moncler supported the Foundation's efforts into men's health prevention by awarding a research grant to a scientist at the "Sapienza" University of Rome (Italy), who is currently studying breast cancer in men. The Company's support also resulted in the awarding of another research grant, to a researcher at the Humanitas Research Hospital in Rozzano (Italy) engaged in the study of pleural mesothelioma, a cancer caused by the inhalation of asbestos fibres.

Lastly, during the year, Moncler supported the Umberto Veronesi Foundation's commitment to paediatric oncology by contributing to the Gold for Kids project, which aims at: raising awareness of the delicate issue of paediatric and adolescent cancers, promoting research, and contributing to the development of innovative treatment protocols capable of delivering cutting edge therapies and the highest chance of recovery. In particular, Moncler agreed to fund the 5-year SAR-GEN protocol focusing on bone and soft tissue sarcomas, which account for 10-15% of paediatric cancers.

amfAR FOUNDATION

amfAR is one of the world's leading non-profit organisations dedicated to **ending the global AIDS epidemic** through innovative research.

Since 1985, the organization has provided support for AIDS research while also combating the epidemic through international HIV prevention, education, and advocacy programmes.

Moncler has collaborated with amfAR since 2013 by supporting its Countdown to a Cure for AIDS research initiative, aimed at finding a broadly applicable cure for HIV by 2020.

During the 2016 Cannes Film Festival, the 23rd edition of amfAR's *Cinema against AIDS* benefit gala included a fashion show and the auction of garments from the most prestigious international fashion brands to raise funds for research. Moncler participated by auctioning garments from the Gamme Rouge collection and by sponsoring the gala's after-party.

INITIATIVES FOR THE SOCIAL AND ECONOMIC DEVELOPMENT OF LOCAL COMMUNITIES

Moncler is committed to contributing to the welfare of the communities in which it operates, not only by promoting individual projects, but also by endorsing, in more ways than one, organisations working in the social sphere with a focus on supporting young people and spreading a culture of respect for the environment.

One of the issues closest to the heart of Moncler is that which is related to **young people** and their future. For many years now, the Company has supported new generations in difficulty by ensuring access to medical treatment, adequate levels of education, and a clear growth path, and it does so by collaborating with associations and foundations such as: Francesca Rava – N.P.H. Italia Onlus, San Patrignano Recovery Community, De Marchi Foundation, Together To Go, Dynamo Camp, World of Children Award, I Bambini delle Fate Onlus, A.E.M. (un Avenir pour les Enfants du Monde), Action Innocence, Keep a Child Alive, Amici di Cometa Onlus, and Robin Hood Foundation.

Moncler also supports projects focusing on the protection and preservation of the environment, such as the Keep Karakorum Clean and Keep K2 Clean initiatives promoted by the Ev-K2-CNR Association to protect mountain areas.

Furthermore, in 2016, the Group financed a project to restore the landscape, environment, and rural buildings in the natural area of Mount Fontana Secca e Col de Spadaròt Quero Vas in Belluno (Italy). The project is promoted by the FAI (*Fondo Ambiente Italiano* - National Trust of Italy), which Moncler has supported since 2015.

FRANCESCA RAVA FOUNDATION - N.P.H. ITALIA ONLUS

The Francesca Rava Foundation helps **disadvantaged children** in Italy and across the globe through child sponsorships, targeted projects, awareness campaigns on children's rights, and volunteer work. In Italy, the Foundation represents the international humanitarian organisation N.P.H. (*Nuestros Pequeños Hermanos* - Our little brothers and sisters), which has helped save orphaned and abandoned children since 1954 by welcoming them into its own orphanage homes and hospitals.

Moncler has stood behind the Foundation since 2010 by supporting the N.P.H. Saint Damien paediatric hospital in Haiti (which assists 80,000 children per year), through the purchase of oxygen generators that supply enough medical gas to cover hundreds of beds in the facility's general ward and intensive care unit, as well as the four operating rooms.

Ev-K2-CNR ASSOCIATION

Ev-K2-CNR is a private non-profit association that promotes collaborative development projects and scientific research focusing on fragile mountain ecosystems.

The association collaborates with international organisations, among others, such as WWF (World Wildlife Fund), UNEP

(United Nations Environment Programme), and WMO (World Meteorological Organization). Its activities are centred on the study and monitoring of climate change, the protection of biodiversity, and **sustainable development in mountain areas**.

For several years, the association has been promoting projects in the mountain areas of Hindu Kush, Karakorum, and Himalaya, as well as in Nepal, Pakistan, Tibet, India, and Bhutan; it also has a laboratory-observatory at 5,050 metres of altitude on the Nepalese side of Mount Everest.

United by the same passion and respect for the mountains, Ev-K2-CNR and Moncler have collaborated since 2014 in promoting environmental interventions and education programmes, such as Keep Karakorum Clean and Keep K2 Clean. These initiatives, also developed within the scope of the K2 expedition and in collaboration with local institutions, have led to waste clean-ups at base camps, which were restored to their natural conditions, and to the creation of a mountain rescue post.

Furthermore, several environmental education activities were launched, with the support of the authorities of Central Karakorum National Park and of the province of Gilgit-Baltistan (Pakistan), to raise awareness among Pakistani operators of the importance of preserving parks and glaciers, with initiatives ranging from the implementation of waste sorting systems to the set-up of a waste recycling centre.

Other environmental education campaigns were launched in schools across the region.



NATURAL DISASTER RELIEF

Moncler is committed to helping **populations affected by natural disasters**. In 2016, the Company partnered with the Francesca Rava Foundation to launch the *Warmly Moncler* project following the devastating earthquake that hit central Italy in October. Thanks to the initiative, more than 2,000 down jackets were donated to students and teachers from schools affected by the earthquake in the towns of Norcia, Cascia, and Arquata. The jackets were per-

sonally distributed by 25 Moncler employees, who volunteered for two days directly on the field alongside the Foundation's volunteers. Additionally, through the Francesca Rava Foundation, Moncler funded the construction of the new elementary school in Cascia, which was completely destroyed by the earthquake. Construction works are expected to begin in 2017.

8

APPENDIX

154	GUIDE TO THE REPORT
155	ADDITIONAL INFORMATION
161	STATEMENT OF ASSURANCE
164	INDEX OF GRI-CONTENT
174	GLOSSARY
176	CONTACTS



GUIDE TO THE REPORT

The Sustainability Report (hereinafter the Report) is the means used by Moncler to share its strategies and approach to social and environmental issues with stakeholders, and to illustrate the results achieved by pursuing activities focused on sustainability and on creating long-term value.

The Report is published annually, and is prepared 'in accordance' with the core option provided by the Sustainability Reporting Guidelines (version G4) issued in 2013 by the Global Reporting Initiative (GRI) – to date, the most widely used and recognised standard at international level for sustainability reporting. To facilitate the search for information, a GRI-G4 Content Index is provided on the following pages, indicating where the qualitative and quantitative disclosures required by GRI-G4 guidelines can be found in this Report and in other Group publications. The preparation process of the Sustainability Report involved the heads of various Company divisions, who contributed to identifying the issues to be explored and projects to be described herein, and to the reporting of performance indicators. All information and data disclosed in this Report refer to the year ended December 31, 2016.

In order to enable data comparability over time, figures were also provided (where available) for the previous year. The Sustainability Report adopts the same scope of reporting as the Annual Report at December 31, 2016, which is also the source of the economic and financial data and information provided herein. Any differences in the scope of reporting were duly reported.

In order to ensure maximum reliability and accuracy of the data and information disclosed in the Report, preference was given to the inclusion of measurable indicators. The use of estimates, where necessary, was duly indicated in specific

notes. The Sustainability Report was also submitted to KPMG S.p.A. for a limited assurance engagement. The Independent Limited Assurance Report is annexed herewith on page 161.

The Company intends to further improve its sustainability reporting by gradually expanding the reporting scope and the number of social and environmental indicators measured, and by enhancing its engagement and dialogue with stakeholders. The 2016 Sustainability Report was presented to the Board of Directors and the Annual Shareholders' Meeting. The Report consists of eight sections. The first two present Moncler's vision, business approach, and key aspects of its interpretation of corporate responsibility in terms of governance and control system, risk management, and the creation of value. The subsequent sections report on the Group's performance in various areas of sustainability, and its approach to the issues that are most relevant to both Moncler and its stakeholders. The data and information disclosed in this Sustainability Report was gathered and processed by the Sustainability Unit, in collaboration with officers from the Group's various organisational units and companies.

ADDITIONAL INFORMATION

EMPLOYEES BY GEOGRAPHIC AREA AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Italy	741	29.7%	70.3%	669	30.5%	69.5%	614	28.7%	71.3%
EMEA (excl. Italy)	1,281	20.9%	79.1%	664	27.1%	72.9%	353	36.3%	63.7%
Americas	314	44.6%	55.4%	257	44.4%	55.6%	201	47.8%	52.2%
Asia and Rest of the World	880	33.1%	66.9%	834	33.0%	67.0%	587	35.8%	64.2%
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Senior Executives and Executives	50	56.0%	44.0%	41	65.9%	34.1%	31	64.5%	35.5%
Manager	184	48.4%	51.6%	240	42.5%	57.5%	167	46.7%	53.3%
Professional	293	29.0%	71.0%	211	29.4%	70.6%	228	32.0%	68.0%
White-collars	1,865	32.3%	67.7%	1,633	32.6%	67.4%	1,301	32.4%	67.6%
Workers	824	14.0%	86.0%	299	16.4%	83.6%	28	60.7%	39.3%
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

EMPLOYEES BY AGE GROUP AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
<30	926	35.7%	64.3%	867	36.8%	63.2%	588	42.7%	57.3%
31-40	1,241	29.2%	70.8%	898	29.8%	70.2%	722	29.6%	70.4%
41-50	700	21.0%	79.0%	472	27.3%	72.7%	325	30.2%	69.8%
>50	349	22.6%	77.4%	187	30.5%	69.5%	120	39.2%	60.8%
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

EMPLOYEES BY LEVEL OF EDUCATION AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
University degree or equivalent	1,144	30.7%	69.3%	955	29.2%	70.8%	691	31.8%	68.2%
High school	1,025	33.6%	66.4%	754	37.5%	62.5%	605	37.5%	62.5%
Middle and elementary school	898	18.5%	81.5%	494	25.1%	74.9%	206	36.9%	63.1%
Not mapped	149	38.9%	61.1%	221	39.4%	60.6%	253	34.4%	65.6%
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

EMPLOYEES BY LENGTH OF SERVICE AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Up to 5 years	2,908	28.5%	71.5%	2,101	32.4%	67.6%	1,497	35.1%	64.9%
6 to 10 years	145	24.8%	75.2%	174	25.9%	74.1%	248	33.1%	66.9%
11 to 20 years	160	33.1%	66.9%	148	32.4%	67.6%	9	11.1%	88.9%
21 to 30 years	3	-	100.0%	1	-	100.0%	1	100.0%	-
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

EMPLOYEES BY CONTRACT TYPE AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Permanent contract	2,542	28.5%	71.5%	1,733	32.3%	67.7%	1,229	36.7%	63.3%
Temporary contract	674	28.8%	71.2%	691	30.8%	69.2%	526	30.2%	69.8%
Total	3,216	28.6%	71.4%	2,424	31.9%	68.1%	1,755	34.8%	65.2%

PERMANENT EMPLOYEES BY CONTRACT TYPE AND GENDER

	2016			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full-time	2,371	28.5%	71.5%	1,595	32.3%	67.7%	1,113	37.5%	62.5%
Part-time	171	29.2%	70.8%	138	32.6%	67.4%	116	29.3%	70.7%
Total	2,542	28.5%	71.5%	1,733	32.3%	67.7%	1,229	36.7%	63.3%

NEW HIRES AND DEPARTING EMPLOYEES BY GENDER

	2016			2015		
	Total	Men	Women	Total	Men	Women
New hires	1,259	425	834	1,591	432	1,159
Departing employees	1,034	340	694	891	254	637

NEW HIRES AND DEPARTING EMPLOYEES BY AGE GROUP

	2016					2015				
	Total	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50
New hires	1,259	590	465	130	74	1,591	685	556	250	100
Departing employees	1,034	500	322	129	83	891	432	297	110	52

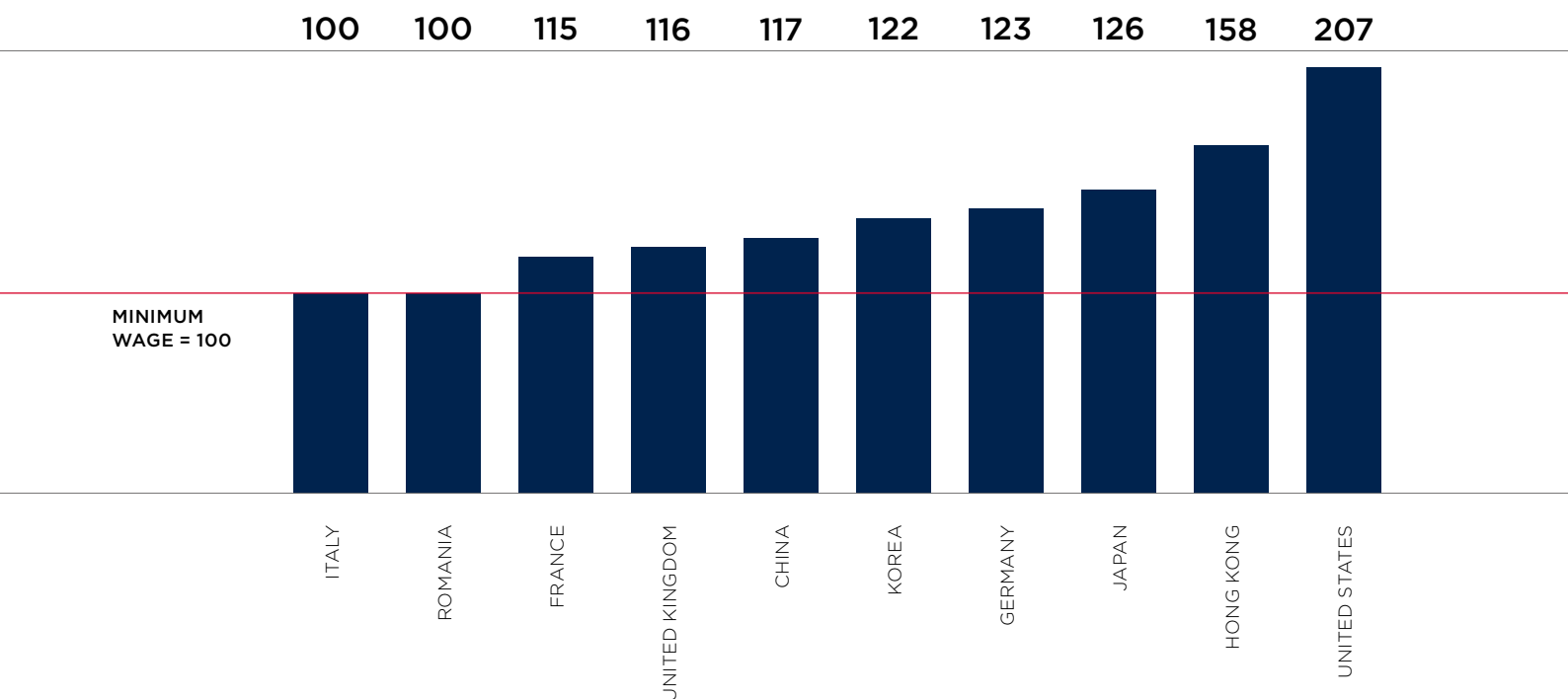
EMPLOYEES ENGAGED IN ANTI-CORRUPTION TRAINING AND INFORMATION ACTIVITIES (NO.)

	Employees notified of anti-corruption policy and procedures			Employees trained on anti-corruption issues		
	2016	2015	2014	2016	2015	2014
Total	100	343	202	89	337	181

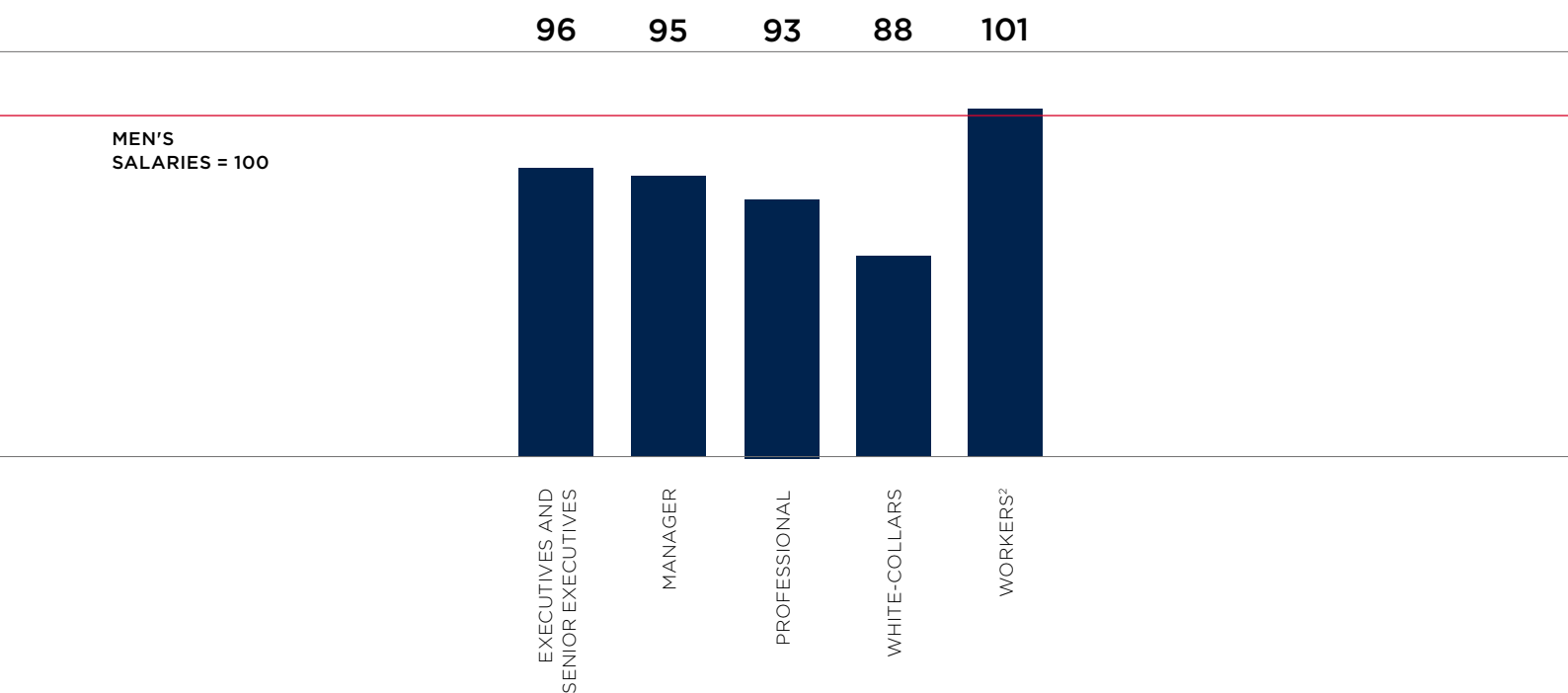
EMPLOYEES BY COUNTRY

	2016		2015	
	No.	%	No.	%
Italy	741	23.0	669	27.6
Romania	862	26.8	287	11.8
Japan	334	10.4	327	13.5
United States	278	8.6	217	9.0
China	258	8.0	263	10.8
France	136	4.2	127	5.2
Korea	127	3.9	97	4.0
Hong Kong	108	3.4	101	4.2
United Kingdom	85	2.6	62	2.6
Germany	47	1.5	45	1.9
Switzerland	45	1.4	39	1.6
Canada	28	0.9	32	1.3
Austria	28	0.9	29	1.2
Taiwan	24	0.7	25	1.0
Other countries	115	3.6	104	4.3
Total	3,216	100	2,424	100

COMPARISON BETWEEN ENTRY-LEVEL SALARY AND MINIMUM WAGE¹



RATIO BETWEEN WOMEN'S AND MEN'S SALARY LEVELS



1. Figures refer to the countries where around 93% of the Company workforce is employed.

2. Since most of the workers are women (86%) and are located in Romania, while most of the male workers are located in Italy, the comparison between men's and women's salaries would be misleading. For this reason, the analysis was conducted only within the Romanian perimeter.

ACCIDENTS BY GEOGRAPHIC AREA AND GENDER

	2016 ³			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
In the workplace	18	6	12	3	1	2	4	1	3
Italy	2	1	1	1	1	-	2	1	1
EMEA (excl. Italy)	5	1	4	2	-	2	1	-	1
Americas	7	3	4	-	-	-	1	-	1
Asia and Rest of World	4	1	3	-	-	-	-	-	-
Commuting to/ from work	9	4	5	11	1	10	5	1	4
Italy	5	1	4	8	1	7	3	-	3
EMEA (excl. Italy)	3	2	1	3	-	3	-	-	-
Americas	-	-	-	-	-	-	-	-	-
Asia and Rest of World	1	1	-	-	-	-	2	1	1
Total	27	10	17	14	2	12	9	2	7

ACCIDENTS AND DAYS LOST DUE TO INJURIES

	2016 ³			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Accidents (no.)	27	10	17	14	2	12	9	2	7
in the workplace	18	6	12	3	1	2	4	1	3
commuting to/ from work	9	4	5	11	1	10	5	1	4
Days lost due to injuries	377	190	187	353	34	319	104	20	84
in the workplace	121	73	48	23	7	16	34	10	24
commuting to/ from work	256	117	139	330	27	303	70	10	60

ACCIDENT INDICATORS (IN THE WORKPLACE AND COMMUTING TO/FROM WORK) BY GENDER

	2016 ³			2015			2014		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Incidence rate ⁴	8.40	10.88	7.40	5.78	2.59	7.27	5.70	4.92	6.11
Severity rate ⁵	0.10	0.15	0.08	0.10	0.03	0.15	0.04	0.02	0.05
Frequency rate ⁶	7.18	7.65	6.93	4.16	1.59	5.69	3.80	3.36	4.02

3. Data refers to a scope of assessment covering about 74% of the Group's global workforce.

4. Incidence rate: (number of accidents/total number of employees) x 1,000.

5. Severity rate: (number of days lost due to injuries/total hours worked) x 1,000.

6. Frequency rate: (number of injuries/total hours worked) x 1,000,000.

PARENTAL LEAVE

Moncler grants parental leaves to all its employees in accordance with applicable laws and local regulations.

The Group also helps both men and women balance their professional and private lives by offering flexible working hours that can be tailored to personal needs.

In 2016, 89 Group employees, accounting for 4% of the eligible female workforce and 0.6% of the eligible male workforce, took some form of parental leave. Around 60% of them returned to work after the leave period. Of those who returned to work in 2015, approximately 78% were still working for the Company 12 months later.

COMPLIANCE

The Moncler Group strives towards the highest principles of transparency, integrity and loyalty in its operations, complying with applicable laws in force in the countries in which it operates and focusing constantly on creating a relationship of trust with its clients.

Confirmation of this is reflected in the fact that in 2016 no Final Decision was handed down against the Moncler Group in any of the following areas:

- unfair competition and antitrust
- health and safety of products
- product labelling
- marketing communications, including advertising, promotions and sponsorships
- disputes impacting the community
- the environment
- intellectual property rights
- privacy.

There was one case in the above areas regarding unfair competition, still pending in appeal after an initial ruling was handed down in favour of the Group. Overall, litigation against the Group, in terms of type of issue and number of cases, is not particularly significant.

7. Final Decision: court rulings, arbitration awards and other measures not challenged or unchallengeable, handed down in 2016.



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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the sustainability report

To the board of directors of
Moncler S.p.A.

We have carried out a limited assurance engagement of the sustainability report for the year ended 31 December 2016 of the Moncler Group (the "Group").

Directors' responsibility for the sustainability report

The parent's directors are responsible for the preparation of the sustainability report in accordance with the *G4 Sustainability Reporting Guidelines*, issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Guide to the report" section of the sustainability report, as well as for that part of internal controls that they consider necessary for the preparation of a sustainability report that is free from material misstatement, due to fraud or unintentional conduct or events. They are also responsible for defining the Group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant matters to report.

Auditors' independence and quality control

We have complied with independence requirements as well as the other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, based on the fundamental requirements of integrity, objectivity, competence and due care, confidentiality and professional behaviour.

We apply the *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, we maintain a quality control system which includes documented policies and procedures on the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent auditors' responsibility

Our responsibility is to express an opinion based on our procedures. We carried out our work in accordance with the criteria established by *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised)*, issued by

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Asolo Bari Bergamo
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Caltanissetta Caserta Genova
Lecce Milano Napoli Novara
Padova Palermo Pavia Perugia
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Società per azioni
Capitale sociale
Euro 9.525.000,00 i.v.
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20124 Milano MI ITALIA/Italy.

the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform procedures to obtain limited assurance about whether the report is free from material misstatement.

These procedures were carried out on the basis of our professional judgement and include inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, documental analyses, recalculations, findings and other evidence gathering procedures, as appropriate.

These procedures were related to the compliance with the principle for defining report content and quality, as articulated in the *G4 Sustainability Reporting Guidelines*. In particular, we carried out the following procedures:

- comparing the information and data presented in the "Creating value for stakeholders" section of the sustainability report to the corresponding financial information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2016, on which we issued our report dated 29 March 2017 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the Group's strategy and activities;
- analysing the reporting of significant matters process, specifically how these matters are identified and prioritised for the each stakeholder category and how the process outcome is validated internally;
- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following:
 - interviews and discussions with management personnel of Moncler S.p.A. and personnel of Industries S.p.A., to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
 - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Directors' responsibility for the sustainability report" paragraph;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Moncler S.p.A. on the compliance of the sustainability report with the guidelines indicated



in the "Directors' responsibility for the sustainability report" paragraph and on the reliability and completeness of the information and data contained therein.

As required by the "G4 Sustainability Reporting Guidelines", the data and information covered by our procedures are set out in the "GRI Content Index" table of the sustainability report.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, therefore, it does not offer assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the sustainability report for the year ended 31 December 2016 of the Moncler Group has not been prepared, in all material respects, in accordance with the G4 Sustainability Reporting Guidelines, issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Guide to the report" section of the sustainability report.

Treviso, 6 April 2017

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

INDEX OF GRI CONTENT

The following index is provided to facilitate the search for content related to specific GRI-G4 indicators. The index has two parts. The first refers to the indicators reported ‘in accordance’ with the GRI core option on the basis of the 2016 materiality analysis. See also page 61. The second part refers to other GRI-G4 indicators that complete Moncler’s performance profile. A table linking the material issues and the GRI index is also provided.

KPMG S.p.A. has carried out a limited assurance engagement on Moncler’s 2016 Sustainability Report, providing its overall conclusions thereafter. As regards the scope of activities, please refer to the Statement on the Sustainability Report released by the independent auditor, on pages 161-163.

LEGEND

AR = Annual Report 2016
EC = Code of Ethics
CGR = Corporate Governance Report 2016
PRP = Procedure Governing Transactions with Related Parties
SR = Sustainability Report 2016

INDEX OF GRI CONTENT 'IN ACCORDANCE' – CORE OPTION*GRI – GENERAL STANDARD DISCLOSURES***STRATEGY AND ANALYSIS**

G4-1

SR p. 10

✓

ORGANISATIONAL PROFILE

G4-3

SR pp. 26, 154

✓

G4-4

SR pp. 26, 98, 100, 102-105

✓

G4-5

SR p. 176

✓

G4-6

SR pp. 26, 28-29, 70-71, 109, 157

✓

G4-7

SR pp. 54-55, 176

✓

G4-8

SR pp. 26, 28-29

✓

G4-9

SR pp. 26, 28-29, 32, 36-37, 38-39, 70-71, 108-109

✓

G4-10

SR pp. 70-71, 74, 155-157

✓

G4-11

SR p. 90

✓

G4-12

SR pp. 106, 108-109

✓

G4-13

SR pp. 25, 70, 74, 132-133; AR pp. 63-64

✓

G4-14

SR pp. 58, 100, 134

✓

G4-15

SR pp. 54, 80

✓

G4-16

SR p. 64

✓

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17

SR p. 154

✓

G4-18

SR p. 154

✓

G4-19

SR p. 61

✓

G4-20

SR p. 173

✓

G4-21

SR p. 173

✓

G4-22

SR p. 154

✓

G4-23

SR pp. 70, 74, 133, 136

✓

STAKEHOLDER ENGAGEMENT

G4-24

SR pp. 62-63

✓

G4-25

SR pp. 62-63

✓

G4-26

SR pp. 62-63

✓

G4-27

SR pp. 62-63

✓

REPORT PROFILE

G4-28

SR p. 154

✓

G4-29

SR p. 154

✓

G4-30

SR p. 154

✓

G4-31

SR p. 176

✓

G4-32

SR pp. 164-172

✓

G4-33

SR pp. 161-163

✓

GOVERNANCE

G4-34

SR pp. 54-55, 60

✓

ETHICS AND INTEGRITY

G4-56

SR pp. 18-21, 54, 57-58

✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
<i>GRI - SPECIFIC STANDARD DISCLOSURES</i>		
CATEGORY: ECONOMIC		
ECONOMIC PERFORMANCE		
G4-DMA	SR pp. 32, 144-147, 149	✓
G4-EC1	SR pp. 32, 38-39, 144-147	✓
PROCUREMENT PRACTICES		
G4-DMA	SR pp. 106, 108-111	✓
G4-EC9	SR pp. 108-109	✓
CATEGORY: ENVIRONMENTAL		
MATERIALS		
G4-DMA	SR pp. 132, 136	✓
G4-EN1	SR p. 136	✓
G4-EN2	SR p. 136	✓
ENERGY		
G4-DMA	SR pp. 132-134	✓
G4-EN6	SR pp. 133-134	✓
SUPPLIER ENVIRONMENTAL ASSESSMENT		
G4-DMA	SR pp. 49-50, 110-111	✓
G4-EN33	SR pp. 49-50, 110-111	✓
CATEGORY: SOCIAL — LABOUR PRACTICES AND DECENT WORK		
EMPLOYMENT		
G4-DMA	SR pp. 69, 70, 74, 82	✓
G4-LA1	The turnover rate is currently unavailable by Region. SR pp. 74, 157	✓
G4-LA2	SR p. 82	✓
TRAINING AND EDUCATION		
G4-DMA	SR pp. 78-79, 82	✓
G4-LA11	SR p. 82	✓
DIVERSITY AND EQUAL OPPORTUNITY		
G4-DMA	SR pp. 84-85	✓
G4-LA12	SR pp. 55, 70-74, 84-85, 155-159	✓
EQUAL REMUNERATION FOR WOMEN AND MEN		
G4-DMA	SR pp. 80, 84-85	✓
G4-LA13	SR p. 158	✓
SUPPLIER ASSESSMENT FOR LABOUR PRACTICES		
G4-DMA	SR pp. 49, 110-111	✓
G4-LA15	SR pp. 49, 110-111	✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4-DMA	SR pp. 49, 110-111	✓
G4-HR11	SR pp. 49, 110-111	✓
CATEGORY: SOCIAL — <i>SOCIETY</i>		
LOCAL COMMUNITIES		
G4-DMA	SR p. 144, 150	✓
G4-SO1	SR p. 150	✓
CATEGORY: SOCIAL — <i>PRODUCT RESPONSIBILITY</i>		
CUSTOMER HEALTH AND SAFETY		
G4-DMA	SR pp. 100, 160	✓
G4-PR1	SR pp. 100, 102	✓
G4-PR2	SR p. 160	✓
PRODUCT AND SERVICE LABELLING		
G4-DMA	SR pp. 116, 119	✓
G4-PR5	SR p. 119	✓
MARKETING COMMUNICATIONS		
G4-DMA	SR pp. 124, 160	✓
G4-PR7	SR p. 160	✓

ADDITIONAL GRI G4 INDICATORS*GRI – GENERAL STANDARD DISCLOSURES***STRATEGY AND ANALYSIS**

G4-2	SR pp. 44-52, 58	✓
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GOVERNANCE

G4-35	SR p. 60	✓
G4-36	SR p. 60	✓
G4-37	SR p. 60	✓
G4-38	SR pp. 54-55, 60; CGR pp. 13-20, 52-54	✓
G4-39	SR pp. 54-55; CGR p. 29	✓
G4-40	CGR pp. 13-15	✓
G4-41	CE pp. 7, 16; PRP	✓
G4-42	SR p. 60	✓
G4-43	SR pp. 58, 60	✓
G4-45	SR pp. 44, 58	✓
G4-46	SR p. 58	✓
G4-47	SR p. 58	✓
G4-48	SR pp. 61, 154	✓
G4-49	SR pp. 57, 154	✓
G4-53	SR p. 80	✓

ETHICS AND INTEGRITY

G4-57	SR pp. 46, 57-58; CE pp. 12, 13	✓
G4-58	SR pp. 46, 57-58	✓

*GRI – SPECIFIC STANDARD DISCLOSURES***CATEGORY: ECONOMIC****ECONOMIC PERFORMANCE**

G4-EC2	Partial disclosure of indicator. The opportunity of expanding the scope of analysis will be considered in the future. SR pp. 132-134	✓
G4-EC3	SR p. 82; AR p. 89	✓
G4-EC4	SR p. 64	✓

MARKET PRESENCE

G4-DMA	SR pp. 74, 80	✓
G4-EC5	SR pp. 80, 158	✓
G4-EC6	SR p. 74	✓

INDIRECT ECONOMIC IMPACTS

G4-DMA	SR pp. 144, 146-147, 149-150	✓
G4-EC7	SR pp. 146-147, 149-150	✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
CATEGORY: ENVIRONMENTAL		
ENERGY		
G4-DMA	SR pp. 132-134	✓
G4-EN3	SR p. 133	✓
G4-EN5	SR p. 133	✓
G4-EN7	SR pp. 133-134	✓
WATER		
G4-EN9	The Group's main source of water supply is represented by water mains.	✓
G4-EN10	Water consumption mainly relates to sanitary plumbing. The water used is neither recycled nor reused.	✓
BIODIVERSITY		
G4-EN11	Moncler does not own or manage facilities or operating sites that are located in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas. Accordingly, indicators G4-EN12, EN13, EN14, EN26 are not applicable.	✓
EMISSIONS		
G4-DMA	SR pp. 132-134	✓
G4-EN15	SR p. 133	✓
G4-EN16	SR p. 133	✓
G4-EN17	SR p. 138	✓
G4-EN18	SR p. 133	✓
G4-EN19	SR pp. 133-134	✓
G4-EN20	During the reporting period, gas dispersions were negligible in Italy, equal to about 3.3 kg of hydrochlorofluorocarbons (HCFCs) and related to integrations performed on two air-conditioning units at the offices in Via Solari (Milan).	✓
G4-EN21	Given Moncler's business model, there are no known significant emissions at the moment.	✓
EFFLUENTS AND WASTE		
G4-DMA	SR p. 137	✓
G4-EN22	Water discharges are comparable to those of residential dwellings and are therefore drained into the sewage system.	✓
G4-EN23	SR p. 137	✓
G4-EN24	During the reporting period, there were no significant spills of polluting substances.	✓
G4-EN25	Moncler did not transport, import, export or treat any kind of waste deemed hazardous under the terms of the Basel Convention.	✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
PRODUCTS AND SERVICES		
G4-DMA	SR pp. 50-51, 133	✓
G4-EN27	SR pp. 50-51, 133	✓
COMPLIANCE		
G4-DMA	SR p. 160	✓
G4-EN29	During the reporting period, there were no fines or monetary sanctions for non-compliance with applicable environmental laws and/or regulations. SR p. 160	✓
TRANSPORT		
G4-DMA	SR pp. 133-134, 138	✓
G4-EN30	SR pp. 133-134, 138	✓
OVERALL		
G4-DMA	SR pp. 133-134	✓
G4-EN31	SR pp. 133-134	✓
ENVIRONMENTAL GRIEVANCE MECHANISMS		
G4-DMA	SR pp. 57-58	✓
G4-EN34	During the reporting period, there were no grievances filed related to environmental impacts, addressed and resolved through formal grievance mechanisms.	✓
CATEGORY: SOCIAL — LABOUR PRACTICES AND DECENT WORK		
EMPLOYMENT		
G4-DMA	SR p. 160	✓
G4-LA3	SR p. 160	✓
LABOUR/MANAGEMENT RELATIONS		
G4-DMA	SR p. 90	✓
G4-LA4	SR p. 90	✓
OCCUPATIONAL HEALTH AND SAFETY		
G4-DMA	SR pp. 86-89	✓
G4-LA5	There are no formal committees in this area. SR pp. 86-87	✓
G4-LA7	SR p. 87	✓
G4-LA8	SR p. 87	✓
TRAINING AND EDUCATION		
G4-DMA	SR pp. 78-79	✓
G4-LA9	SR p. 78	✓
LABOUR PRACTICES GRIEVANCE MECHANISMS		
G4-DMA	SR pp. 57-58	✓
G4-LA16	During the reporting period, 10 grievances were filed related to labour practices, of which 7 resolved through formal grievance mechanisms and 3 still being addressed.	✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
CATEGORY: SOCIAL — HUMAN RIGHTS		
INVESTMENT AND PROCUREMENT PRACTICES		
G4-DMA	SR pp. 78, 110-111	✓
G4-HR1	SR pp. 110-111	✓
G4-HR2	SR pp. 78, 157	✓
NON-DISCRIMINATION		
G4-DMA	SR p. 84	✓
G4-HR3	SR pp. 57-58, 84	✓
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-DMA	SR pp. 90, 110-111	✓
G4-HR4	SR pp. 49-50, 110-111	✓
CHILD LABOUR		
G4-DMA	SR p. 110-111	✓
G4-HR5	SR pp. 49-50, 110-111	✓
FORCED OR COMPULSORY LABOUR		
G4-DMA	SR pp. 110-111	✓
G4-HR6	SR pp. 49-50, 110-111	✓
INDIGENOUS RIGHTS		
G4-HR8	Considering the geographic areas in which it operates, Moncler believes there is no risk of violating the rights of indigenous populations.	✓
HUMAN RIGHTS ASSESSMENT		
G4-DMA	SR pp. 110-111	✓
G4-HR9	SR pp. 49-50, 110-111	✓
HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4-DMA	SR pp. 57-58	✓
G4-HR12	SR pp. 57-58	✓
CATEGORY: SOCIAL — SOCIETY		
LOCAL COMMUNITIES		
G4-DMA	SR pp. 144, 149-150	✓
G4-SO2	Considering Moncler's activities to date, no operations are deemed to have a significant actual or potential negative impact on local communities.	✓
ANTI-CORRUPTION		
G4-DMA	SR pp. 57-58, 157	✓
G4-SO3	SR pp. 57-58	✓
G4-SO4	SR p. 157	✓
G4-SO5	During the reporting period, there were no instances of corruption.	✓

	PAGE NUMBER (OR DIRECT LINK)	EXTERNAL ASSURANCE
PUBLIC POLICY		
G4-DMA	SR p. 64	✓
G4-SO6	SR p. 64	✓
ANTI-COMPETITIVE BEHAVIOUR		
G4-DMA	SR p. 160	✓
G4-SO7	SR p. 160	✓
COMPLIANCE		
G4-DMA	SR p. 160	✓
G4-SO8	SR p. 160	✓
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY		
G4-DMA	SR pp. 49-50	✓
G4-SO10	SR pp. 49-50	✓
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4-DMA	SR p. 160	✓
G4-SO11	SR p. 160	✓
CATEGORY: SOCIAL — <i>PRODUCT RESPONSIBILITY</i>		
PRODUCT AND SERVICE LABELLING		
G4-DMA	SR pp. 124, 160	✓
G4-PR3	SR p. 124	✓
G4-PR4	SR p. 160	✓
MARKETING COMMUNICATIONS		
G4-DMA	SR pp. 102-105, 160	✓
G4-PR6	SR pp. 102-105	✓
G4-PR7	SR p. 160	✓
CUSTOMER PRIVACY		
G4-DMA	SR p. 160	✓
G4-PR8	SR p. 160	✓
COMPLIANCE		
G4-DMA	SR p. 160	✓
G4-PR9	SR p. 160	✓

TABLE LINKING MATERIAL ISSUES AND THE GRI INDEX

MATERIAL ISSUE	LINK TO ASPECTS OF THE GRI-G4	INTERNAL IMPACTS	EXTERNAL IMPACTS
Brand reputation	(*)		Clients
Product quality and safety	Customer health and safety (G4-PR1; G4-PR2)		Clients Suppliers
Responsible Sourcing	Supplier assessment for labour practices (G4-LA15) Supplier assessment for human rights (G4-HR11)		Clients Suppliers
Client relations and client satisfaction	Product and service labelling (G4-PR5)	Internal stakeholders	Clients
Performance assessment and career development	Training and education (G4-LA11)	Internal stakeholders	
Fostering a culture of sustainability	(*)	Internal stakeholders	Clients Environment Suppliers Community
Animal welfare	Supplier assessment for labour practices (G4-LA15)		Clients Suppliers
Dialogue, engagement and training of suppliers	Procurement practices (G4-EC9) Supplier assessment for environmental impacts (G4-EN33)		Suppliers
Employer branding	Employment (G4-LA1)	Internal stakeholders	
Employee welfare	Employment (G4-LA2)	Internal stakeholders	
Support for local communities	Economic performance (G4-EC1) Local communities (G4-SO1)		Community
Employee engagement	(*)		
Equal opportunities	Diversity and equal opportunity (G4-LA12) Equal remuneration for women and men (G4-LA13)	Internal stakeholders	
Environmentally-friendly packaging	Materials (G4-EN1, G4-EN2)		Environment
Sustainable store format	Energy (G4-EN6)		Environment

(*) With regard to this area (not directly connected to an aspect under the GRI-G4 Guidelines), in the document Moncler reports the management approach adopted and the associated indicators.

GLOSSARY

AUDIT

Systematic and documented assessment (by an independent body) to verify compliance with the requirements of a given law/standard of reference.

CONCESSION

Directly managed mono-brand retail space located on the premises of a department store.

DEPARTMENT STORE

General store, large or medium-sized, divided internally into specialist departments.

DOS

Directly Operated Stores, including Free Standing Stores, Travel Retail Stores, Concessions, and Outlets.

EMAS

Voluntary environmental management tool developed by the European Commission for companies and other organisations to evaluate their environmental performance, and to provide the public and other interested parties with information on their environmental management.

EMEA

Europe, Middle East, and Africa.

DIRECT EMISSIONS (SCOPE 1)

Air polluting emissions originating from combustion processes involving equipment controlled or owned by the organisation.

INDIRECT EMISSIONS (SCOPE 2)

Air polluting emissions originating from combustion processes external to the organisation, over which the latter has no control.

FAÇON MANUFACTURER

Third-party supplier carrying out the 'cut-make-trim' phase (façon) of production according to the so-called industrialised method.

FLAGSHIP STORE

Mono-brand retail store that, by size and/or location, conveys the philosophy and image of the Brand.

Free Standing Store: retail store located directly on a street, i.e., not in a mall or shopping centre.

ISO 14001

Voluntary standard developed by the International Organization for Standardization (ISO), defining the requirements of environmental management systems.

KPI (KEY PERFORMANCE INDICATOR)

Measurable value that monitors the effectiveness of a process.

OHSAS 18001

Voluntary standard published by the British Standards Institution, defining the requirements of occupational health and safety management systems.

OUTLET

Retail store that sells products and collections from previous years and seasons at discount prices.

MONO-BRAND STORE

Retail store that exclusively sells clothing, accessories, and products of a specific brand.

MULTI-BRAND STORE

Retail store that sells different brands of clothing, accessories, and products.

RETAIL

Distribution channel for the sale of products or goods managed directly by the Group through Directly Operated Stores (DOS) or its own e-commerce website (www.moncler.com).

SHOP-IN-SHOP

Mono-brand wholesale space located on the premises of a department store.

SHOWROOM

Space used to display and sell an apparel company's products to wholesale clients.

SRI (SOCIOALLY RESPONSIBLE INVESTOR)

Financial operator who integrates standard financials with environmental, social, and governance considerations.

STAKEHOLDER

Person or subject with a legitimate interest in the activities of an organisation, and who affects or is affected by the organisation's decisions.

TRAVEL RETAIL STORE

Point of sale located in places with heavy traffic of potential clients, such as airports and train stations.

WHOLESALE

Distribution channel for the sale of products or goods to distributors (industrial, commercial, institutional, and other professional entities), through which the Group sells its products. The channel consists of both mono-brand and multi-brand stores.

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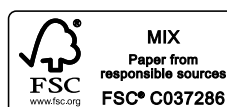
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ECF (Elemental Chlorine Free)
Heavy Metal Absence
Acid Free

