



ASSESSMENT OF FUTURE IMPLICATIONS OF CLIMATE CHANGE

(UPDATED IN APRIL 2024)

Climate change represents a complex, urgent challenge that will have a major impact on the future of the planet and society. Increasing in temperatures are at the base of extreme natural events such as floods, tornadoes, forest fires, rising sea levels, droughts, decreased productivity and altered agricultural ecosystems, etc. These events are resulting in significant changes as well as in economic, environmental and social costs and threats, also having substantial impacts and repercussions on various industries and businesses.

Since 2021 Moncler Group has been voluntarily reporting on business risks and opportunities linked to climate change, assessed according to the recommendations of the **Financial Stability Board's Task Force on Climate-related Financial Disclosures** (TCFD) on i) Governance, ii) Strategy, iii) Risk Management, iv) Metrics and Targets.

i) Governance

The Moncler Group is committed to maintaining and strengthening its corporate governance system to support the Group's strategy to fight climate change. For this reason, specific tasks have been assigned to the Control, Risks, and Sustainability Committee and Board of Directors of Moncler S.p.A. guaranteeing that climate-related topics are duly taken into consideration during all important decision-making processes.

At management level, the Sustainability Department is responsible for proposing to the above corporate bodies the Group's sustainability strategy and for identifying and reporting promptly to senior management and handling together with the relevant divisions the sustainability risks, including those relating to climate change and biodiversity, as well as for identifying areas and projects for improvement, thereby contributing to the creation of long-term value.

Therefore, the Group has defined a specific governance for climate-related issues in line with TCFD recommendations.

In particular, to the Control, Risks, and Sustainability Committee (the **Committee**) has been assigned the task of supervising all the sustainability topics related to the Group's business operations, including climate-related issues, and Company's interactions with stakeholders, defining strategic sustainability guidelines, overseeing the relevant action plan (Sustainability Plan), and examining the Consolidated Non-Financial Statement. The Committee, is a board-level committee composed of three non-executive directors, in majority independent, with consulting and advisory functions towards the Board of Directors. The Committee is also involved in the decisions regarding the Internal Control and Risk Management System (**ICRMS**) including those concerning the ESG related risks that can become relevant for sustainability in the medium/long term (e.g., climate-related ones).

The Board of Directors of Moncler S.p.A. (the **BoD**) plays a central role in guiding and managing the Group and has exclusive competence over the most important economic and strategic decisions, over those functional to the monitoring and guidance of the business and on sustainability topics. The BoD also has a key role in the process of approving company strategies regarding sustainability matters, including climate change and energy transition, and social topics.

The BoD, after being advised by the Committee, examines and/or approves:

- (i) the guidelines for the ICRMS, so that the principal risks facing the issuer (including climate change) and its subsidiaries are correctly identified, and adequately measured, managed and monitored;
- (ii) the sustainability material topics (including climate change) related to the Group's activity and its dynamics of interaction with stakeholders;
- (iii) the strategic sustainability guidelines and related action plan (Sustainability Plan), which includes strategic initiatives and objectives, including those related to topics such as climate change, energy transition and biodiversity, aimed at creating long-term value for all stakeholders;
- (iv) the Consolidated Non-Financial Statement;
- (v) the portfolio of Moncler Group's top risks, including climate change, and the alignment with TCFD disclosure;
- (vi) the Remuneration Report, which integrates sustainability objectives (for both short and medium/long-term variable components) and the consequent alignment of top management remuneration with the Group's sustainability strategy, that includes objectives linked to reduction of GHG emissions and to carbon neutrality.

The BoD receives at least every six months an update on the status of projects of the Sustainability Plan, including those on climate-related topics.

Moreover, as an integral part of the report made by the Head of Internal Audit on the functioning and adequacy of the ICRMS, the results of Enterprise Risk Management (**ERM**), including climate related risks, are presented every six months to the Committee and the BoD.

ii) Strategy

Climate scenario analysis represents a critical tool for strategic planning and risk management as it allows to better understand the impact of climate change and how it could affect the Moncler Group's strategy and business.

Aware of the relevance that climate change may have for its business, during 2021, the Head of Internal Audit responsible for risk management and for the Enterprise Risk Management (ERM) process, in collaboration with the Sustainability Department, carried out a scenario analysis aimed at assessing the main climate related risks with potential impacts on the main operating sites located in Italy and Romania and on specific geographical areas of the Moncler and Stone Island supply chain to define what mitigation actions should be implemented and prioritized. Both physical and transition risks were taken into consideration.

The analysis was defined over different scenarios in order to build a resilient strategy that is able to adapt to these potential changes and identify proper mitigation activities.

The analysis was performed over three different time horizons:

- 0-3 years (aligned with the industrial plan time horizon),
- 3-10 years (in order to predict and evaluate the first significant impact of climate change) and
- 10-30 years (aligned with the 2050 Net Zero target set by the Paris Agreement).

These time horizons were selected to assess how climate events can progressively evolve and potentially affect the business.

The analysis of the climate related risks and opportunities was also used to inform Moncler Group's Sustainability Plan, which also includes goals aimed at fighting climate change. In particular, it contains environmental impact reduction targets such as achieving energy efficiency and maintaining carbon neutrality

at its own sites, and making widespread use of “preferred”¹ materials and eliminating single-use virgin plastic from fossil origin.

Description of scenarios used in climate scenario analysis

Physical risks

The following climate-related scenarios were used:

- Representative Concentration Pathway (RCP) 2.6
- Representative Concentration Pathway (RCP) 4.5
- Representative Concentration Pathway (RCP) 8.5

The Representative Concentration Pathways (RCPs) describe different pathways of greenhouse gas (GHG) emissions and atmospheric concentrations, air pollutant emissions and land use. The RCPs include a stringent mitigation scenario (RCP2.6), two intermediate scenarios (RCP4.5 and RCP6.0), and one scenario with very high GHG emissions (RCP8.5).

The **RCP 2.6** represents a scenario in which governments, industries and institutions manage to drastically reduce GHG emissions through several far-reaching measures, such as legislation, global carbon taxes, and major shifts in consumption patterns and lifestyles. This would limit the average temperature increase to 1.5°C.

The **RCP 4.5** scenario presents an intermediate emissions scenario, aligned with the Paris Agreement. It represents an intermediate scenario in which emissions peak around 2040 then decline rapidly thereafter, and global mean surface temperature change likely exceeds 2.4°C.

The **RCP 8.5** represents a business-as-usual scenario with increasing greenhouse gas emissions and limited climate policies. In this scenario governments, industries and institutions fail to curb rising GHG emissions. In the long term (to 2100), this results in a global average temperature increase of at least 3-4°C. Impacts from extreme weather events are assumed to grow in magnitude.

Transition risks

The following climate-related scenarios were used:

- Stringent mitigation scenario (Representative Concentration Pathway 2.6 and 4.5)
- Stated Policies Scenario (STEPS) by the International Energy Agency (IEA)
- Sustainable Development Scenario (SDS) by the International Energy Agency (IEA)

The **RCP 2.6** and **RCP 4.5** scenarios are described above.

The **Stated Policies Scenario (STEPS)** reflects existing and planned government policies that have actually been put in place to reach energy-related objectives, taking account not just of existing policies and measures but also of those that are under development. The STEPS explores where the energy system might go without achieving the objective of containing the temperature increase within 2°C.

The **Sustainable Development Scenario (SDS)** is based on a surge in clean energy policies and investment that puts the energy system on track for key SDGs. As a “1.5°C” pathway, the SDS represents a scenario in which the main energy objectives of sustainable development, including full access to energy and the containment of the temperature increase up to 1.5°C by 2050.

¹ Materials that aim to deliver reduced impacts compared to the conventional equivalents used by the Moncler Group (for example recycled, organic, or certified according to specific standards).

iii) Risk identification & management

The Moncler Group adopts an Enterprise Risk Management (ERM) framework to ensure the a) identification, b) assessment and c) management of business risks.

The Group's ERM is an essential part of the strategic decision-making processes that identifies, assesses and responds to all risks and opportunities. During 2021 the ERM model was integrated with climate change risks, consistently with the recommendations of the TCFD.

The risk assessment is comprised of both qualitative and quantitative methodologies and takes into consideration the likelihood of the risk's occurrence, its impact and the mitigation actions, and identifies the risk owners responsible for managing the risk and for implementing or improving mitigation measures. The aim is to manage risks through specific prevention and control systems integrated in the corporate processes by avoiding or transferring the risk, reducing the probability of occurrence or, in the event of occurrence, containing its financial or strategic impacts on the Group's business.

The Group's Risk Management process is based on the Risk Appetite Framework, which represents the system of rules (risk appetite, risk tolerance, KRI) that the Group has defined in order to establish the overall level of risk that it is willing to assume in achieving its strategic objectives, including in its evaluations all risks that may be relevant in view of the medium-long term sustainability of the company's business.

The purpose of this document is therefore to effectively align the risk profile with the strategic objectives defined by the Board of Directors, based on stakeholder expectations, identifying the types of risks to which the Company is subject and defining the risk propensity for each of them.

First, the Risk Manager defines, for each level of risk appetite (adverse, cautious, flexible, open):

- the level of appetite (relevant, moderate, low) and the relative tolerance value (high, relevant, medium, no tolerance) for risks analysed by means of qualitative analysis techniques,;
- the maximum EBIT at risk and the relative tolerance value, based on the turnover forecasts of the strategic plan for risks analysed by means of quantitative analysis techniques.

The Risk Manager, therefore, leveraging the technical-specialist skills of the Risk Owners, supports the Director in charge of the Internal Control and Risk Management system in defining, for each risk area characteristic of the Group's business (Risk Areas: Financial; Compliance; Operational; Strategic), the

- risk classes associated with each area (e.g. Financial Area - risk types: Rate, Exchange, Liquidity, Financial Counterparties)
- risk appetite for each type (e.g. open, flexible, cautious, adverse);
- corporate strategy adopted to achieve strategic objectives.

The document is submitted to the Board of Directors for approval at the first available meeting, also through the Risk Control and Sustainability Committee.

Both physical and transition risks were assessed on selected locations that represent the Group's own operations and the most relevant Group's supply chains (main operating sites in Italy and Romania and specific geographical areas of the Moncler and Stone Island supply chain have been considered). In addition, the Group climate scenarios analysis also take into consideration risks and opportunities that could happen downstream the value chain (e.g. the qualitative assessment of the risk related to the change in client purchasing habits due to climate change).

The Group once a year, or more frequently if scenario changes, conducts, in-depth analyses to assess in detail the impact of these risks on the most representative geographical areas of its supply chain.

a) Identification and registration of climate risks

The identification of all risks, their assessment, and the efforts taken for their mitigation are recorded in a Risk Register. The Risk Register is updated in collaboration with the risk owners more than once a year, on the basis of an annual plan approved by the Board of Directors with the support of the Control, Risks and Sustainability

Committee, in order to guarantee the inclusion of any new risks and mitigation measures and/or to reflect any increases in the likelihood of occurrences or in the impacts.

As a first step, a hotspots analysis was conducted through an extensive literature review in order to map the potential climate-related material risks. The analysis was based on sectorial studies on climate change and overall climate risks studies that included trade associations and sectorial papers mapping the most relevant climate related physical and transition risks and opportunities potentially affecting the fashion luxury sector.

As a first result, a list of potentially material climate-related risks and opportunities have been identified and classified into the following categories: acute and chronic physical risks, operational compliance (e.g. carbon pricing mechanism, product labelling), market and technology (e.g. changes in consumer demand), brand and reputation (e.g. stakeholders expectations and requirements).

The list of identified climate risks and opportunities has been discussed with the Internal Audit Department, the Risk Management Function, the Product Compliance & Sustainable Supply Chain Function and the Sustainability Department. Then, the Group completed a qualitative and quantitative deep dive assessment on a first set of selected relevant risks and opportunities.

b) Assessment

The financial impact assessment of climate related risks was performed through a tool of an internationally recognized provider. The tool's methodology and outputs are fully aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Both on physical and transition risks, the tool performs a context-specific assessment of each asset by relying on GPS coordinates of the different key sites under analysis.

Regarding **physical risks**, the assessment was performed on the basis of the climate scenarios identified by the Intergovernmental Panel on Climate Change (IPCC) (RCP2.6, RCP 4.5 and RCP 8.5) and the analysis was performed over a short term (0-3 years), medium term (3-10 years) and long term (10-30 years), to assess how climate events can evolve and affect the business, which allows to align the impacts with the expected length of service of the sites included in the analysis.

With respect to **transition risks and opportunities**, the analysis was carried out on the basis of the SDS and STEPS scenario and, in particular for carbon pricing, RCP 2.6 and RCP 4.5 were also considered. In line with what has been done for physical risks, the analysis of transition risks was also performed over the same time horizons.

According to TCFD recommendations, the risks and opportunities identified have then been quantified in terms of financial implications, considering the following dimensions:

- Hazard² - changes in environmental or economic conditions associated with climate change. These are expressed as level of hazard exposure of an asset over time, relative to a historical baseline;
- Vulnerability - responses of an asset or entity to changes in the climate-related hazards. These are sensitive to the levels of the hazard metrics;
- Impact - financial measures of impacts induced by the hazards via the vulnerabilities. This is based on the combination of the degree of vulnerability (at a given hazard level) and the valuation of an asset.

The climate scenario results are then integrated into the ERM's quantitative assessment that estimates the likelihood of occurrence and impact and classifies the risks by the level of importance based on the substantive financial impact. The most relevant risks are monitored by the Control Risk and Sustainability Committee.

c) Management

² Each hazard is associated with a specific metric, which defines how the hazard is measured and expressed (e.g. the carbon price growth estimates derived from the Shared Socioeconomic Pathways have been used for assessing the impacts related to the adoption of energy and climate policies aimed at mitigating climate risk).

Following the identification and risk assessment, together with risk owners, risk mitigation plans are identified and can be of four different types:

- Avoidance
- Reduction
- Transfer
- Acceptance

The table below summarizes the main adaptation and mitigation actions for each of the climate related risk identified (with different levels of impact and likelihood) and evaluated as well as the key measures that the Group puts in place to realize climate related opportunities.

Risk	Description and impact	Mitigation actions
Intensification of extreme and chronic climatic phenomena	The progressive intensification of extreme and chronic climatic phenomena (heavy rainfall, tornadoes, heat or cold waves, storms, fires, drought phenomena, etc.) could potentially impact the physical operational sites of the Group and its supply chain, resulting in possible disruption or reduction of production levels (business continuity) or a potential increase in production costs.	• The Group has adopted insurance coverage aimed at limiting the economic impact of any damage caused by extreme climatic events. • For new corporate sites, the Group carried out a detailed assessment of physical climate related risks (e.g. the area's exposure to hydrogeological and geomorphological risks). Based on the results of the risk assessment, the Group adjusted the project design to minimise its exposure to the identified risks. • The Group has defined specific action plans to deal quickly and effectively with any emergency situations relating to its logistics services or its supply chain in order to guarantee business continuity. • The Group has adopted a procurement strategy aimed at diversifying its supply chain as much as possible both in geographical terms and in terms of independence from individual suppliers.
Increase in the cost/decrease in the availability of raw materials	Climate change such as rising temperatures and droughts could impact the production capacity of some natural raw materials. This could affect both availability and purchase price.	• The Group has adopted a strategy to diversify its supply chain so that it can effectively manage any fluctuations in the price/availability of raw materials in certain geographic areas, while establishing long-term relationships and agreements that result in beneficial business relationships. • The Group has set strategic objectives on the use of lower-impact materials compared to the conventional options used by the Group, considering that those deriving from organic or regenerative agriculture are more resilient to climate change and their cultivation has a lower environmental impact: ○ 50% cotton from organic/regenerative agriculture or recycled by 2025; ○ 70% wool certified under specific standards such as Responsible Wool Standard by 2025; • The Group is always looking for new and innovative solutions on materials. • The Group carries out specific analyses to quantify the potential financial impact of an

		increase in the price of natural raw materials due to chronic and acute climatic events (drought, higher average temperatures). In 2023, for example, an analysis was carried out on cotton.
Introduction of legislation to curb climate change	The adoption of energy and climate policies to limit emissions could potentially have an impact on business in terms of taxation on generated emissions.	- As recommended by the guidelines of the Science Based Targets initiative, the Group committed to reduce by 2030: - absolute scope 1 and scope 2 CO₂e emissions by 70% from a 2021 base year; - scope 3 CO₂e emissions per unit of product sold by 52% from a 2021 base year. Lastly, the Group is committed to achieving net zero emissions by 2050. - In line with the Science Based Targets commitment, the Group has formulated a strategy and has already invested in operating activities: 100% renewable energy (e.g. through the purchase of energy from renewable sources, renewable energy certificates (RECs) and guarantees of origin (GOs)) at corporate sites worldwide in 2023; 90% of low environmental impact vehicles in the Group's company car fleet worldwide by 2024 (approximately 85% in 2023); - energy efficiency initiatives: - over the years, traditional lighting systems have been replaced with LED lights and thermal insulation systems have been adopted to ensure greater energy efficiency; - application of Building Management Systems (BMS) at Moncler stores for more efficient management of energy consumption; - progressive replacement of air conditioning and gas heating systems with more efficient systems; - where necessary,

		replacement of obsolete office windows to ensure thermal insulation. • The Group is working with its supply chain to promote certification of energy/environmental management system, the use of energy from renewable sources and the production of materials with lower-impact compared to the conventional options to reach over 50% of "preferred" yarns and fabrics in 2025 collections.
Change in client purchasing dynamics	The increasing sensitivity of end and wholesale clients towards companies with strong social and environmental commitments, as well as products with lower environmental impact, could directly reflect on purchasing preferences. The impact of rising average temperatures in relation to direct sales of Moncler's core products (down jackets) is not currently quantifiable. In fact, despite the increase in average seasonal temperatures and the potentially shorter winter seasons forecasted by 2050, there is also evidence of the increase in extreme weather events, as demonstrated by studies by the MIT (Massachusetts Institute of Technology), NSF (National Science Foundation) and GIST (Gwangju Institute of Science and Technology). When combined, these factors appear to be difficult to evaluate in terms of potential impact.	• The Group pays particular attention to create value for its clients and establish relationship of trust; to this end, a Strategic Sustainability Plan has been defined and achievement of its objectives is periodically and transparently reported in the Group's public documentation, which describes the Group's commitment to sustainable development and underlines how environmental and social responsibility are increasingly an integral part of the business model, focusing on five strategic priorities: climate change and biodiversity, the circular economy, responsible sourcing, valuing diversity and supporting local communities. • Over the years, Moncler's product range has been expanded to include, in addition to other categories, such as t-shirts, sweatshirts, knitwear, shoes and other accessories, also light jackets (100 grams) that can be used at warmer temperatures.

Opportunity	Description and impact	Adaptation and mitigation actions to realise the opportunity
Increase in resource efficiency	The efficient use of resources, such as electricity, at the Group's sites and operations may lead to a reduction in the energy used and the emissions generated, with a consequent reduction in operating costs.	• The Group has implemented, and continues to implement, various efficiency measures: ◦ environmental certification: the Moncler and Stone Island corporate offices are ISO 14001 certified, with the exception of the Stone Island office opened in Milan in 2023, for which the certification process was started; the logistics hub in Castel San Giovanni (Piacenza) has obtained BREEAM certification. In addition, all new corporate sites will be LEED certified. Compliance with certification and standard criteria results in increased efficiency of the buildings and of continuous improvement; ◦ energy efficiency initiatives: over the years, traditional lighting systems have been replaced with LED lights and thermal insulation systems have been adopted to ensure greater energy efficiency. The latest-generation LEDs ensure an estimated energy savings of up to 80% compared to conventional lighting systems, while also generating less residual heat. To date 99% ³ of Moncler stores worldwide (100% in the United States, Korea, Japan and Europe) have LED lighting systems. In addition, Moncler extended the use of Building Management Systems (BMS) to stores for more efficient management of energy consumption.
Change in client purchasing dynamics	Increasing awareness of clients with respect to climate change topics has been registered, especially among younger generations. Clients are paying increasing attention to the environmental	• The Group has already been working since 2021 to progressively integrate lower-impact materials compared to the conventional options in its collections to reach over 50% of "preferred" yarns and fabrics in 2025 collections.

³ Excluding the shop-in-shops where lighting systems are provided by the host department stores (18 at global level), and on which, therefore, Moncler cannot take action. However, by the end of 2023, such shop-in-shops were equipped with LED lighting systems.

	impact of the fashion industry and showing growing interest in lower-impact products and more responsible companies.	
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The results of the financial impact assessment are reported in the Group's CDP Climate Questionnaire (further information can be found in the "Sustainability/Documents" Section at Moncler Group's website www.monclergroup.com).

iv) Metrics & Targets

Moncler Group has been reporting its Scope 1, 2 and 3 GHG emissions within its Consolidated Non-Financial Statement (further information can be found in the "Act on Climate & Nature" chapter of the 2023 Consolidated Non-Financial Statement) and the data were independently audited with a limited assurance based on ISAE3000 standard. Moreover, since 2021, Moncler Group has been voluntarily reporting its climate performances through the CDP Climate Questionnaire, which incorporates recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

Moncler Group's Sustainability Plan 2020-2025 is a promise to the future that builds on the founding purpose of protection following five main strategic drivers. One of them is indeed the climate change: the prevention and mitigation of the risks associated to the rise of global temperatures.

Following the integration of Stone Island and internalization of Moncler's e-commerce channel, in 2022 the Group redefined its CO₂ reduction targets to ensure the inclusion of all sources of CO₂ emissions and to reflect the actual size and impact of the business.

In particular, the Moncler Group has committed to reduce by 2030 absolute scope 1 and scope 2 CO₂e emissions by 70% (in line with the "1.5°" ambition) and scope 3 CO₂e emissions by 52% (in line with the "Well-Below 2°" ambition) per unit sold from a 2021 base year. In addition, the Moncler Group has committed to achieving net zero⁴ emissions throughout the value chain by 2050. These objectives were approved by the Science-Based Targets initiative and considered consistent with the contribution required by companies to limit the maximum increase in global temperatures compared to pre-industrial levels.

The Group is committed to continue to follow the TCFD recommendations with the aim of improving the quality of the metrics used to measure the climate-related financial impact based on the risks and opportunities analysed.

⁴ Net zero emissions are achieved when anthropogenic CO₂ emissions are balanced globally by anthropogenic CO₂ removals over a specified period, through neutralisation mechanisms. In particular, to contribute to the achievement of net zero emissions, companies have to reduce emissions and neutralise residual emissions.