

MONCLER

GROUP

**CALIFORNIA
MODERN SLAVERY STATEMENT FOR FINANCIAL
YEAR 2023**

Introduction

This document was approved by the Board of Directors of Moncler USA Inc on 11 June 2024 and describes the measures taken to ensure that no form of modern slavery, forced labour or human trafficking exists within the Company or at any point on its supply chain, as required by the *California Transparency in Supply Chains Act* of 2010. The contents of this statement refer to the financial year ended 31 December 2023 and details the measures taken by the Company and by its parent company Moncler S.p.A. in respect of the wider Moncler Group (as defined below).

Moncler USA Inc is a subsidiary of Moncler S.p.A., the parent company of the Moncler Group (hereinafter referred to as the "Group" or "Moncler Group") which has always been committed to conducting its business with professionalism, adopting ethical and virtuous conduct and totally condemning any form of human rights abuse. In particular, the Moncler Group is committed to fighting modern slavery in all its manifestations, both within its organisation and along its supply chain, in line with the principles set out in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

At the Moncler Group, excellence means quality, style and innovation, but also a commitment to promote a supply chain that is attentive and respectful of workers' rights, of animal welfare, and of the environment. The Group believes in the value of stable relationships, based on trust and cooperation, and prefers long-term relationships with suppliers that are reliable producers and share Moncler Group's values.

Company profile

The Moncler brand, born in 1952 in Monestier-de-Clermont, a small village in the mountains near Grenoble, with a focus on sports clothing for the mountain, since 2003 took on an even more distinctive and exclusive style, evolving from a line of products used purely for sport purposes to versatile lines that clients of all gender, age, identity and culture can wear on any occasion and where outerwear, while being the brand's identifying category, is gradually and naturally integrated with complementary products. Moncler pursues a philosophy aimed at creating products that are unique, of the highest quality, versatile and constantly evolving while always remaining true to the brand's DNA guided by the motto "born in the mountains, living in the city".

Moncler was listed on the Italian Stock Exchange operated by Borsa Italiana S.p.A. in 2013 and completed the set-up process at the production site in Romania in 2016, with the aim of vertically integrating part of its production and creating an industrial and technological R&D hub for down jackets.

Born on 1 April 2021, Moncler Group, with its two brands – Moncler and Stone Island – represents the expression of a new concept of luxury, which embraces the search for experientiality, inclusivity, a sense of belonging to a community and the mixing of diverse meanings and worlds including those of art, culture, music and sport.

Alongside maintaining their identities, the brands, united by the "beyond fashion, beyond luxury" philosophy, strengthen their ability to interpret the evolving cultural codes of the new generations.

Moncler Group is present in all major markets through the direct-to-customer channel

consisting of directly operated stores¹ (269 stores in 2023 for Moncler Brand and 81 stores in 2023 for Stone Island Brand), the online store and the e-concessions, and through the wholesale channel, represented by multi-brand doors, shop-in-shops in luxury department stores, airport locations and online luxury multi-brand retailers (57 wholesale shop-in-shops in 2023 for Moncler Brand and 15 shop-in-shops in 2023 for Stone Island Brand). The Group operates locally through regional organisations: EMEA, Americas, Asia, and Rest of World.

At 31 December 2023 the Moncler Group had a total of 7,510 employees, up on 2022 (+19%, equal to 1,200 more people). This growth was mainly driven by the opening of new direct stores, the expansion of production sites and the strengthening of the corporate structure. The majority of the Moncler Group's workforce is concentrated in the EMEA Region (37%), where Moncler and Stone Island corporate sites are located, as well as the Moncler's production site in Romania, accounting for 61% of the entire Region's population.

At the individual country level, the countries where most employees are based, in addition to Italy (29%), are: Romania (23%), China² (10%), Japan (9%) and the United States (6%).

Supply chain profile

In 2023, 634 suppliers were involved in the production of Moncler Group's products³ and they are divided into four general categories: raw materials (57%), façon manufacturers (29%), finished products (13%) and services (1%).

Over the years, the Group has rationalised its supply chain, in an effort to gain greater control over supply and develop stronger and more profitable synergies and partnerships with those who share the Group's values and expectations, also in terms of ethical and social standards. Specifically, starting from 2019, as part of the broad "Supply Chain Excellence" programme to innovate and reorganise management of its supply chain, Moncler developed a range of projects to reach operating excellence in terms of quality, speed, sustainability, reliability, flexibility and efficiency.

Most suppliers (approximately 90%) are based⁴ in the EMEA Region, primarily in Italy (about 70% of the total). With regard to concentration, the top 40 suppliers account for more than 50% of the value of orders. The Group is careful to promptly identify critical situations that could cause potential supply disruptions and mitigate the related risk.

¹ Including free standing stores, concessions, travel retail stores and factory outlets.

² China country includes the employees of the Chinese mainland, Hong Kong SAR, Macau SAR, and Taiwan Region.

³ Excluding suppliers with sales order of less than 1,000 euros per year.

⁴ For façon manufacturers and finished product suppliers, the geographic location is the country the product was 'made in'; for service and raw material suppliers, it is the country where the supplier's head office is registered. Percentages calculated on the number of suppliers.

Supply chain due diligence process

The Group's business model entails for its products to be manufactured at the production site owned by Moncler in Romania, the "smart factory" in Trebaseleghe (Padua) as well as through *façon* manufacturers and finished-products suppliers operating in Italy and abroad. Moncler and Stone Island also purchase raw materials and services from a large number of suppliers worldwide. The diversity of partners and the geographical location of the Group's operations have led to significant investments in preventing and monitoring, also through a traceability process, the existence of any risks related to human rights violations along the supply chain, with a particular focus on *façon* manufacturers, specialised workshops and major logistics operators.

To ensure the ongoing application of the human rights principles set out in Group's policies for each area of application, the Moncler Group has developed a comprehensive, systemic due diligence process that is constantly strengthened and updated in view of emerging regulations and which comprises various steps: embed responsible business conduct principles into policies and management systems; identify and assess risks and actual and potential adverse impacts; cease, prevent and mitigate adverse impacts; provide for, or cooperate in remediation; track implementation and results, and communicate how impacts are addressed and training.

a. The Group's policy system. The Moncler Group has adopted specific internal policies to ensure and promote transparent, responsible management of its value chain. Those policies include:

- The **Codes of Ethics** currently adopted by Moncler and Stone Island encompass the set of values that both Brands recognise, share and promote, in the knowledge that conduct inspired by principles of diligence, honesty and loyalty is an important driver of economic and social development. Employees and partners are required to act with honesty, passion and integrity and to build relationships with stakeholders based on mutual trust, so that growth is guided by the principle of shared value. The Codes are periodically updated in order to align them with the international best practices and to integrate them with emerging sustainability issues. Both Codes are inspired by the main existing national and international regulations on corporate social responsibility, corporate governance, human rights and the environment, such as the United Nations Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the decent work standards set out in the ILO (International Labour Organisation) conventions, and the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises. Above all, the Codes state that all suppliers are contractually obliged to respect, and compel their subcontractors to respect, the principles and rules of behaviour within it. Violating the Codes constitutes a breach of contract and can lead to specific sanctions, including termination of the contract, depending on the severity of the violation.
- The **Supplier Code of Conduct**, adopted in 2016, revised in 2020 and extended to the Stone Island brand in 2021 is inspired by the Universal Declaration of Human Rights and the ILO Conventions, and sets out the Group's expectations for the main areas of responsible business. It consists of six sections (Labour and Human Rights, Health and Safety, the Environment, Animal Health and Welfare, Product and Service Safety and Quality and Business Ethics) and contains the mandatory requirements that suppliers must follow in order to begin or continue working with the Group.

- The **Human Rights Policy**, adopted in February 2023, sets out the principles underlying the commitment of the Group to respect and promote fundamental human rights, and to prevent and mitigate any potential negative impacts of its activities through an approach based on risk assessment criteria, inspired by national and international standards and best practices, at every level of its supply chain. The Policy and principles set out herein also represent the Moncler Group's contribution to the achievement of the United Nations Sustainable Development Goals (SDGs) – a commitment also proven by the Group's membership of the United Nations Global Compact. The Human Rights policy has been prepared with technical inputs provided by the International Labour Organisation (ILO). The Policy has been drafted with technical inputs provided by the International Labour Organisation (ILO).

The Group procedure that governs the selection of all new suppliers was updated in 2021. The evaluation of a new supplier involves an on-site visit by the quality team to assess the supplier's alignment with the Group's quality standards. After this technical analysis, the evaluation process for new façon manufactures and new finished products suppliers involves an ethical, social and environmental audit by a third party. For raw material suppliers, the process requires the completion of an environmental and social evaluation questionnaire supported by documentary evidence and then a third-party on-site audit, that is carried out in line with the provisions of the audit plan. The Group thus commits to not include in its supply chain companies that do not comply with the Moncler and Stone Islands' quality standards and basic ethical, social and environmental principles. The procedure then provides, in the contractual phase, for the formal acceptance by the potential supplier of the Code of Ethics and the Supplier Code of Conduct principles and of the other Group policies. By signing these documents, suppliers agree to take responsibility for the prevention of forced, bonded and trafficked labour in their supply chain and both they and all their affiliates, contractors or sub-contractors undertake to be fully compliant with all applicable laws and regulations, including all relevant principles and provisions on human rights and against any form of modern slavery and human trafficking.

- Risk assessment.** The commitment to upholding the principles and guidelines that inspire the Group's operations starts with the early, preventive identification of actual or potential risks of violations of these principles throughout the supply chain. The risk analysis is carried out using various tools at all the entities of the value chain: all Moncler Group offices, existing and potential business relationships (e.g., mergers or acquisitions), suppliers, sub-suppliers and their employees, including women, children, indigenous peoples and local communities, in any way connected to or affected by, directly or indirectly, the Group's activities.

Starting from 2023 the Group, with technical support from a specialised international partner, conduct specific assessments of the risk of human rights violations throughout its supply chain. The analysis carried out at country level in 2023 covered all stages of the production process. As a result of this project, the potential risk profile for each of the main human rights was mapped, including decent wages, health and safety at work, discrimination in the workplace, child labour, forced labour, trafficking in human beings, migrant workers, freedom of association and collective bargaining.

The theoretical risk assessment analysis confirmed that the services and production processes carried out by the Group in directly managed locations do not present a significant risk profile of potential human rights violations, while those managed by the

Group's direct suppliers are characterised by diversified levels of risk. In particular, the stages of the supply chain related to cotton cultivation and intermediate processing of finished products could potentially be characterised by higher risk profiles compared to other stages. For this reason, the Group has for years implemented structured monitoring and prevention processes aimed at mitigating these risks throughout the entire supply chain. Among the human rights analyzed within the supply chain, ensuring decent wages has emerged as one potentially at risk. Indeed, for years the Group has been committed to monitoring this issue through specific analyses on the living wage. Lastly, country-level analysis has highlighted the presence of higher potential risks in Southeast Asian countries, where the Group's supply chain has very limited presence. This risk-based approach is essential for the prevention and mitigation of negative impacts on human rights. This includes prioritizing audits based on criteria that take into account the potential risk level of human rights violations, as well as selecting new suppliers considering the risk of human rights violations as one of the evaluation criteria.

- c. **Impact prevention and mitigation.** The integration of the analyses carried out during the risk assessment allows the Group to obtain a complete, in-depth risk map and is the basis for defining the actions to prevent and mitigate adverse impacts throughout the supply chain. In particular, concerning the due diligence processes applied to the supply chain, where the main risks of potential human rights violations lie, the main tool implemented by the Group to prevent and mitigate impacts throughout the supply chain is the periodic and systematic ethical, social and environmental auditing of suppliers with which the Group already has a working relationship, in order to verify compliance with applicable laws and the principles contained in the Group's Codes.

In order to ensure maximum impartiality, audits are regularly conducted by qualified, experienced third parties. The audits focus on verifying respect for fundamental human and worker rights, with particular attention to issues of forced labour, child labour, freedom of association, working hours, guaranteed minimum wage and health and safety. The Group's proprietary checklist, used to perform audits, is regularly updated to take account of changes in reference standards and local and international regulations. In 2023, an updated and revised version was used with the technical support of the International Labour Organisation (ILO), including even stricter requirements than in previous versions.

The Group has a three-year audit plan that ensures all *façon* manufacturers and finished product are audited at least once every three years.

In 2021-2023, Moncler conducted 564 ethical, social and environmental audits (on both suppliers and subcontractors), accounting for approximately 100% of the volumes assigned to outerwear *façon* manufacturers, 81% of the volumes assigned to suppliers of other outerwear processes (dye houses, printing works, embroideries, etc.), 99% of footwear and bag suppliers, 39% of tanneries, 97% and 94% of the volumes assigned respectively to knitwear suppliers and soft accessories suppliers, and 96% of the 2022 turnover of pattern making and prototyping suppliers.

Stone Island, which has a three-year ethical, social and environmental audit plan aimed at ensuring the highest coverage of suppliers in its supply chain, also carried out 281⁵ ethical, social and environmental audits during the same three-year period (on both suppliers and subcontractors), equal to around 99% of the value of orders assigned to

⁵ The figure includes 37 ethical, social and environmental audits carried out by Stone Island prior to the closing of the acquisition by Moncler S.p.A. of the entire share capital of Sportswear Company S.p.A., the company that owns the Stone Island brand.

finished products suppliers and 98% of the value of orders assigned to *façon* manufacturers.

Moreover, during 2023 both Brands also conducted ethical, social and environmental audits on major raw materials suppliers representing 79% of total material purchases for Moncler and 93% for Stone Island. In particular, with regard to the down supply chain, 100% of Moncler's suppliers were also found to comply with the new human rights and environmental compliance modules officially included in the DIST (Down Integrity System & Traceability) protocol, which regulates farming standards, respect for animals, down traceability, and down technical quality. Those environmental and social modules were also applied to Stone Island's down supplier verification processes.

In addition, ethical, social and environmental audits also continued to be carried out on strategic service suppliers: logistic platforms, external quality control platforms, providers of services at Group offices and stores for which no significant non-compliances were identified.

Lastly, Moncler is also updating its vendor rating system by including new social and environmental indicators with the aim of providing an overall assessment of the supplier that takes due account of sustainability aspects. Each indicator will be weighted, contributing to the assessment of each supplier based on scores achieved in five different macro-areas: sustainability and compliance, quality, deliveries and service level, cost, and innovation.

Knowledge, traceability, sharing of best practices, and verification are in fact fundamental, not only to limit situations of risk, but also, and above all, to generate culture and promote the responsible, sustainable development of the business to the benefit of the entire supply chain.

With regard to the due diligence processes applied to internal corporate sites, and therefore aimed at verifying the respect for human rights at work, in the relationships with employees, clients and communities, the Group implements different operational tools (e.g. surveys, internal communication channels and whistleblowing platforms) and conducts periodic audits aimed at monitoring the application of the principles set out in Group's policies and the appropriate management of any report and violation.

This allows the Group to effectively supervise the value chain over actual and potential fundamental human rights violations, such as forced and child labor, human trafficking, unfair and unhealthy working conditions. In compliance with Moncler Group's values, the company also aims to take action against any form of discrimination taking place along the value chain, as well as guaranteeing equal remuneration and freedom of association and collective bargaining.

- d. **Remedy of human rights violations.** In case violations of applicable laws or principles contained in the Group's Codes and Policies are identified during audit activities, the Group commits to implementing appropriate actions to remedy any negative impacts on workers, clients and communities it may have caused, either directly and indirectly. The Moncler Group is also committed to collaborate with competent national and international entities and institutions, as well as with its suppliers and partners, to ensure the adequate resolution of those issues. Furthermore, the Group also expects its suppliers and business partners to take responsibility for implementing appropriate processes to mitigate and remedy any negative impact resulting from a human rights violation incurred in the performance of their activities.

For both Moncler and Stone Island, a whistleblowing system is in place at the Group level, with the aim of accurately manage and quickly detect any illegal and disrespectful conduct – reported by employees or external parties – with regard to internal rules, regulations, procedures and values, and take appropriate steps, while ensuring the anonymity of the whistleblower. The whistleblowing system can be used by suppliers and their employees to report any unlawful behaviour or failure to respect regulations or the principles in the Codes of Ethics of the two Brands.

With respect to its supply chain, notwithstanding the zero-tolerance approach for major breaches, for which the Group reserves the right to terminate immediately the existing contractual relationship with the supplier, both Brands are committed to support their supply chain raising awareness and driving continuous improvement, requiring the implementation of corrective actions where needed. Following each audit, an improvement plan is issued and its implementation is then verified. The Group undertakes to proactively support all suppliers in implementing the agreed corrective actions. In order to verify that corrective measures are effectively implemented by the agreed deadline, the Group carries out both on-site and documentary follow-up audits. As regards internal operations, the Group undertakes to promptly analyse all reports collected through internal controls, surveys, or whistleblowing channels, possibly requiring the support of external consultants. In relation to the seriousness of the incident, immediate measures are put in place, up to termination of the contract with the employee, or with the collaborator if found to have behaved inappropriately.

With regard to the 389 suppliers audited in 2023, at year-end more than 89% of them were in line with the Group's social and environmental standards. Relationship was terminated with around 4% of them (14 suppliers), and the remaining 7% turned out to have non-compliances at the end of 2023, as the audit activity took place just before the last months of the year and not all the actions aimed at remediating the non-compliances had been closed.

In 2023, with particular reference to social aspects, 190 of the 389 sites audited were found to have non-compliances and the relative improvement plan was issued. The main areas of non-compliance were related to occupational health and safety (73%) and, in 25% of cases, aspects relating to management of employment relationships, including non-compliances relating to salaries and remuneration (12%), working hours (8%), employment contract management (5%), and, in only 2% of cases, human rights issues. (9%). For the least critical non-compliances, it was agreed with suppliers to implement a resolution plan promptly, while in the most critical cases, collaboration with the supplier was always ended.

- e. **Reporting.** The Moncler Group annually publishes the Non-Financial Statement, drawn up in compliance with Article 4 of Legislative Decree 254/2016 which contains information on environmental and social, personnel, human rights and anti-corruption issues. . This information is intended to deliver a clear understanding of the activities carried out by the Group and their impact, and the Group's performance and results achieved. In particular, the Group integrates the document with a disclosure of the activities related to the due diligence processes, of their implementation status and results, and how identified impacts are addressed.
- f. **Training.** The Group is attentive to dialogue with its suppliers and to share best practices both on technical aspects related to business activities and on aspects aimed at promoting responsible behaviour. Dialogue is established through various channels, ranging from

daily meetings to institutional events. Interactions with technicians and inspectors from Moncler and Stone Island to oversee various production activities take place daily. Meetings with company experts aim to provide specialised support at all stages of production processes to transfer technical knowledge and resolve any critical issues. The technical team for outerwear garments has been reinforced over the years to ensure a more extensive presence at façon manufacturers in Italy and abroad, increasing the already numerous checks on quality and progress of work across the line of production. Periodically, Group technicians attend company meetings in order to analyse the sample collection, share industrialization standards, results achieved in the previous season, and goals for the upcoming one.

To offer an additional tool for dialogue and to facilitate the exchange of information and documentation, a web portal entirely dedicated to suppliers has been active since 2017 and was extended to Stone Island suppliers in 2022. Through the portal, the supplier can directly access communications and documents, including the Code of Ethics, Supplier Code of Conduct and related guidelines. In particular, a training course on the Code of Ethics was added to the portal in 2022. The training course includes an ad hoc section on human rights principles and must be completed by all suppliers who register on the portal. Given the importance of the issue, the Group has launched an important collaboration with the International Training Centre of the International Labour Organisation (ITC-ILLO) to develop ad hoc training and information courses on human rights issues for both suppliers and employees of Moncler and Stone Island. The training, launched in 2023, has been made available to all suppliers and employees of the Group, with specific involvement from the Supply Chain and Procurement departments. The course, which will be updated annually, has also been translated into all the languages relevant to the Group, to ensure it can be used by all interested parties. Furthermore, training and capacity-building activities on the living wage topic and on the relevance of energy efficiency mechanisms and promotion of renewable energy along the supply chain have continued, involving a total of 24 suppliers throughout the year.

During 2023, awareness-raising activities on ethical, social and environmental issues continued with some suppliers and subcontractors (both façon manufacturers and raw materials suppliers), and the Company guidelines on compliance and sustainability continued to be spread by sharing technical, chemical and performance specifications, both during daily activity and through *ad hoc* video conferences.

In 2023 also the online training programme on the contents of the Code of Ethics continued for all Moncler employees, including temporary and part-time employees, in order to ensure a proper understanding and virtuous behaviour consistent with the requirements of the Code of Ethics, while Italian Stone Island employees are trained on these issues through a specific module dedicated to the Code within the 231 Model course.

Lastly, the Supply Chain and Procurement departments are regularly involved in training activities where the results of the assessments of the risk of human rights violations along their supply chain are shared and during which the steps of the procedure to be followed for the various types of suppliers were reviewed. During these sessions, suggestions for improvement were collected in order to make the process increasingly effective.

Commitments for the future

The Moncler Group is committed at all times to running its business responsibly and condemns

all forms of modern slavery. The Group will continue to work pro-actively to find new ways and tools to encourage respect for human rights, even outside the company, by sharing its values and principles throughout its supply chain.

Approved by the Board of Directors of Moncler USA Inc on 11 June 2024 and signed on its behalf by:

Tommaso de Vecchi
(President and Director)

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a series of loops and a final flourish.