

MONCLER

GROUP

MODERN SLAVERY STATEMENT FOR FINANCIAL
YEAR 2022

Introduction

This document was approved by the Board of Directors of Moncler USA Inc on 27 June 2023 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 2022 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 elegance, but also a commitment to a supply chain that pays attention to and respects the rights of workers. 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 Milan Stock Exchange in 2013 and finalised the establishment of a production site in Romania in 2016, with the aim of vertically integrating part of its production and creating an 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 every major market worldwide through the retail distribution channel consisting of mono-brand directly operated stores (251 stores in 2022 for Moncler Brand and 72 stores in 2022 for Stone Island Brand), the online store and the e-concessions, and through a wholesale distribution channel consisting of multi-brand and mono-brand stores run by third parties within department stores (63 shop-in-shops in 2022 for Moncler Brand and 19 shop-in-shops in 2022 for Stone Island Brand). The Group operates locally through regional organisations: EMEA, Americas, Asia, and Rest of World.

At 31 December 2022 the Moncler Group had a total of 6,310 employees, up on 2021 (+19%, equal to 1,020 more people). This growth was mainly driven by the increase in headcount at the production site in Romania, the strengthening of the corporate structure and the opening of the Stone Island direct stores. The majority of the Moncler Group's workforce is concentrated in the EMEA Region (36%), where Moncler and Stone Island corporate sites are located, as well as the Moncler's production site in Romania, accounting for 57% 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 (21%), China and Japan (10%) and the United States (7%).

Supply chain profile

In 2022, approximately 662¹ suppliers were involved in manufacturing Moncler Group's products. They can be grouped into four categories: raw materials (60%), façon manufacturers (26%), 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.

The majority of Moncler Group's suppliers (90%²) are based in the EMEA area, above all in Italy (about 71% of the total). The Group's top 40 suppliers account for about 50% 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 to mitigate risk.

Supply chain due diligence process

The Group's business model entails for its products to be manufactured at the owned production sites as well as through façon manufacturers and finished-products suppliers

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

² Percentage calculated based on the number of suppliers

operating in Italy and abroad. In addition, both Moncler and Stone Island 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 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 through different means and procedures.

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 established a comprehensive, systemic due diligence approach, 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 policies to guarantee and safeguard transparency and responsibility throughout its value chain. Those policies are:

- The Codes of Ethics of the two Brands set out all the values the Group identifies with, shares, promotes and demands respect for, in the belief that behaviour inspired by principles of diligence, honesty and loyalty can be a major driver of economic and social growth. The two Codes reflect the main regulations and standards in force in Italy and internationally on corporate social responsibility and human rights, 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 International Labour Organization (ILO) conventions, and the Organisation for Economic Cooperation and Development (OECD) 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 sets out Moncler Group's requirements in the main fields of the responsible supply process. It is made up of six sections that set out binding rules on: Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, Corporate Ethics and Protection of Intellectual Property. The Group requires its suppliers and their subcontractors to adhere to the principles set forth in the Code of Conduct as binding.
- 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 Organization (ILO). The Policy has been drafted with technical inputs provided by the International Labour Organization (ILO).

- b. Risk assessment.** The Group's commitment to ensure the respect for human rights begins with the timely and prior identification of actual and potential risks of infringement of these rights. Risk analysis is performed through different tools on all entities involved in the value chain: internal activities and all Moncler Group's corporate sites, *operations and* current and potential business partnerships (e.g. mergers or acquisitions), suppliers, sub-contractors and their employees, including women, children, indigenous people and local communities, in any way connected or impacted - directly or indirectly - by the Group's activities. The identification of potential risks is performed and updated periodically, in order to ensure constant compliance or, where necessary, intervention actions, and to guarantee that all the potential and actual new risks are identified.
- c. Impact prevention and mitigation.** Based on an assessment of the actual or potential risk of human rights violations that may result from its activities or those of its partners, the Moncler Group has established specific due diligence processes to improve the effectiveness of its actions, aimed at preventing and mitigating negative impacts, both at its corporate sites and along the supply chain. In particular, concerning the due diligence processes applied to the supply chain, where the main risks of potential human rights violations usually lie, the Group's attention to ethical and social issues starts at the supplier selection phase. Prior to the establishment of a business partnership, the supplier is assessed not only on its capacity to carry out the required tasks, but also through a preliminary ethical, social, and environmental audit, carried out by a third-party and/or, for raw material suppliers, through the completion of a thorough questionnaire. If the screening outcome is positive, 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.

After the signature of the contract, the supplier is subject to systematic awareness training and to on-site audits carried out by a qualified third-party with recognised experience.

The audits were centred on fundamental human and workers' rights, particularly on forced, bonded, trafficked labour, child labour, freedom of association, working hours, minimum wages and – last but not least – occupational health and safety. Additionally, also in 2022 the Moncler Group required all members of its supply chain to comply with national regulations, work authorizations, decrees, regulations, and guidelines on the subject of health protections and the containment of the COVID-19 pandemic.

Although in 2022 the planning of the ethical and social audits continued to suffer from the effects of the Covid-19 pandemic – which in some periods of the year and in some countries prevented auditors from visiting suppliers – the Group was able to stick to the pre-established audit plan. In 2020-2022, Moncler conducted 452 ethical and social audits (on both suppliers and subcontractors), accounting for approximately 100% of the volumes assigned to outerwear façon manufacturers, 90% of the volumes assigned to suppliers of other outerwear processes (dye houses, printing works, embroideries, etc.), 99% of footwear and bag suppliers, 83% of tanneries, 96% and 78% of the volumes assigned respectively to knitwear suppliers and soft accessories suppliers, and 53% of the 2022 turnover of pattern making and prototyping suppliers.

Stone Island, which has a three-year ethical and social audit plan aimed at ensuring the highest coverage of suppliers in its supply chain, also carried out 212 ethical and social audits during the same three-year period (on both suppliers and subcontractors), equal to around 87% of the value of orders assigned to finished products suppliers and 91% of the value of orders assigned to façon manufacturers.

During 2022 both Brands also conducted ethical and social audits on major raw materials suppliers representing 66% of total material purchases for Moncler and Stone Island. In particular, with regard to the down supply chain, Moncler has set the target of having 100% of down suppliers compliant with the new human rights and environmental module included in the DIST Protocol by 2023. In 2021 the additional checklist was formulated and tested with the new module to be applied during DIST audits, while in 2022 preliminary assessments were carried out at all Moncler down suppliers: 100% of suppliers turned out to be already in line with the requirements of the new checklist on human rights and environmental compliance. Stone Island has also begun to implement this process with its down suppliers.

In addition, ethical and social audits 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, sharing of best practices, and verification are fundamental - not only to limit situations of risk, but also, and above all, to generate culture and promote the responsible and 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.** Should any breaches of the human rights principles set out in this Policy occur, the Group is committed to implementing appropriate processes 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 managing properly and verify timely any illegal and disrespectful conduct – reported by employees or external parties – not in compliance with internal rules, regulations, procedures and values, and taking 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, the violation of the principles set forth in Group's policies constitutes a breach of contract and in line with the zero-tolerance approach for major breaches, may result in targeted intervention actions, application of penalties, and the termination of the contract. Where less serious violations are concerned, the Group supports its suppliers in achieving greater awareness and requires the implementation of corrective plans within the established deadlines and whose implementation will be assessed through dedicated 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 239 suppliers audited in 2022, at year-end more than 86% of them were in line with the Group's social and environmental standards (85% of critical suppliers). Collaboration was ended with around 7% of them (17 suppliers), and the remaining 7% turned out to have non-compliances at the end of 2022, as the audit activity took place just before the last months of the year and not all the projects aimed at remediating the non-compliances had already been closed.

In 2022, with particular reference to social aspects, 76 of the 239 sites were found to have non-compliances and the relative improvement plan was issued. The main areas of non-compliance were related to workplace health and safety (70%) and, in 30% of cases, aspects related to management of work relationships, including non-compliances involving working hours (11%), salaries and remuneration (10%), and management of employment contracts (9%). In such cases, 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 Italian Legislative Decree 254/2016 which contains information on environmental, social, and governance topics. This information is intended to deliver a clear understanding of the activities carried out by the Group, their impact, and the commitments for the future. 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.** Experts in charge of external production sites attend regular internal Company meetings, where they are informed about a range of topics important to the Moncler Group, including ethical, social and environmental issues. The presence of experts at the various third-party production sites means that the knowledge acquired at these meetings can be shared with suppliers and become an integral and essential component of the bond between the Company and its suppliers.

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. 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 (ITCILO) to develop ad hoc training and information courses on human rights issues for both

suppliers and employees of Moncler and Stone Island.

During 2022, 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.

Lastly, an online training programme on the contents of the Code of Ethics continued in 2022 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.

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 27 June 2023 and signed on its behalf by:

Tommaso De Vecchi
(Chairman of the Board of Directors)

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line, positioned to the right of the name and title.