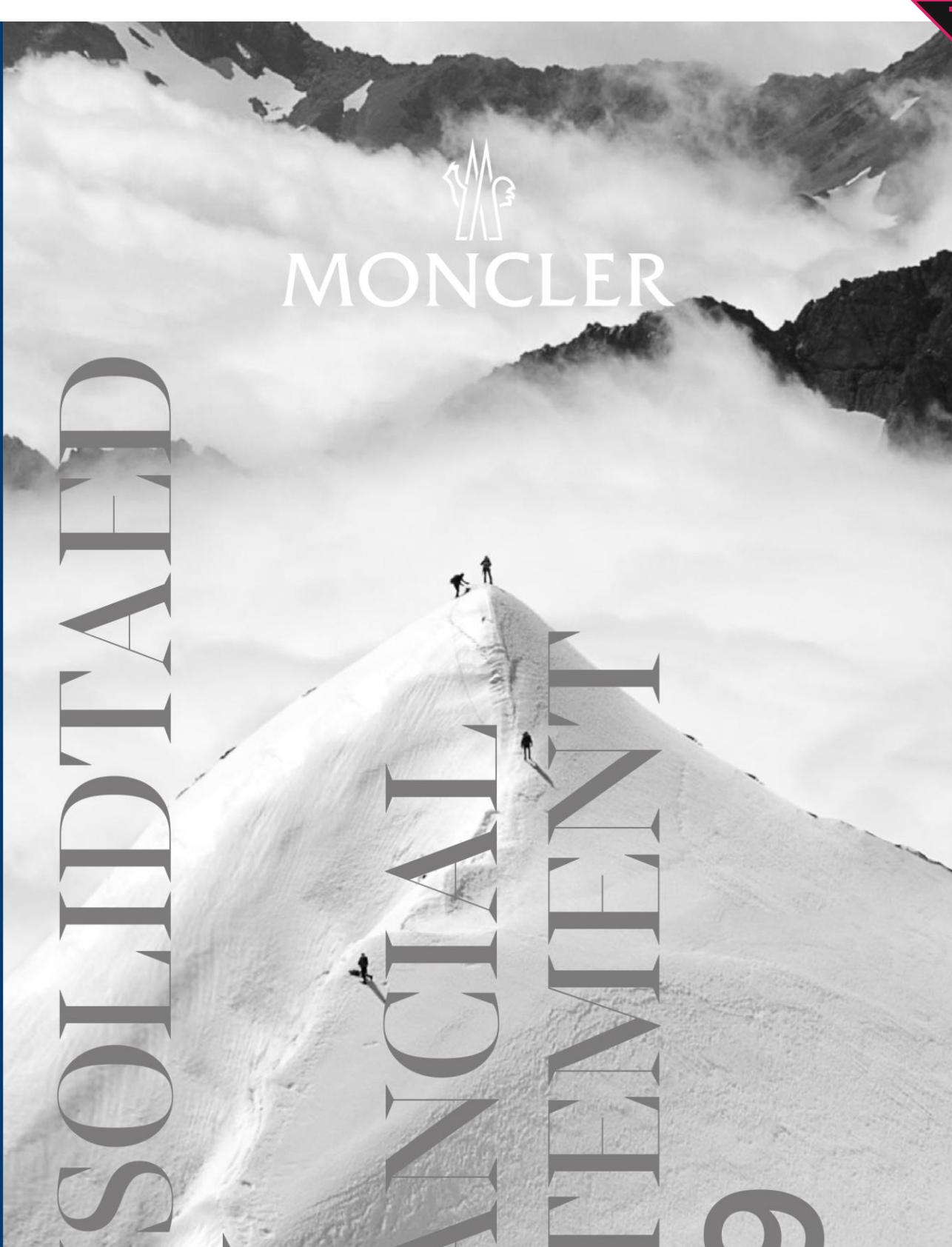




MONCLER

CONSOLIDATED  
NON FINANCIAL  
STATEMENT  
2019





# INDEX

LETTER TO STAKEHOLDERS  
THE RESULTS OF OUR EFFORTS

## 1. MONCLER

VALUES AND PURPOSE  
STRATEGY  
A HISTORY OF INNOVATION DEEPLY ROOTED  
IN TRADITION  
MARKET PRESENCE  
FINANCIAL PERFORMANCE  
Results  
Creating value for stakeholders

## 2. RESPONSIBLE BUSINESS MANAGEMENT

GOVERNANCE MODEL  
Corporate Governance  
Code of Ethics  
RISK MANAGEMENT  
Enterprise Risk Management Model  
Environmental, social, and compliance risks  
CREATING SUSTAINABLE VALUE  
Sustainability governance  
Materiality matrix  
Dialogue with stakeholders  
SUSTAINABILITY PLAN  
Sustainability plan process

## 3. PEOPLE

EMPLOYEES IN NUMBERS  
Geographic areas and professional categories  
Age, length of service and education level  
Nationality of local management  
Employment contracts  
Turnover  
MANAGEMENT AND DEVELOPMENT  
Recruitment  
Training  
Remuneration  
Benefits  
Development  
Employee engagement  
DIVERSITY AND EQUAL OPPORTUNITIES  
OCCUPATIONAL HEALTH AND SAFETY  
Management system  
From prevention to control  
Training and information  
Health and wellbeing  
INDUSTRIAL RELATIONS

## 4. PARTNERS

SUPPLY CHAIN PROFILE  
Supply Chain Excellence  
RESPONSIBLE SOURCING  
Animal welfare and traceability  
DIALOGUE TO GROW TOGETHER

## 5. PRODUCT

STYLE  
CIRCULAR ECONOMY AND SUSTAINABLE  
INNOVATION  
QUALITY  
Product quality and safety  
Down quality

## 6. CLIENTS

### CLIENT EXPERIENCE

Wholesale Excellence

Training as a strategic asset

Listening to understand and meet client expectations

### FIGHT AGAINST COUNTERFEITING

### TRANSPARENT AND

### RESPONSIBLE COMMUNICATIONS

Marketing, advertising and product information

Experience at the centre of digitalization

## 8. COMMUNITIES

### SUPPORTING LOCAL COMMUNITIES

Support to scientific research

Initiatives for the social and economic development of communities

Support to the populations in emergency situations

## 7. ENVIRONMENT

### ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

### RESOURCE MANAGEMENT AND CONSUMPTION

Energy consumption and CO<sub>2</sub> emissions

Use of raw materials

Waste

Logistics system

## 9. APPENDIX

### GUIDE TO THE REPORT

### ADDITIONAL INFORMATION

### STATEMENT OF ASSURANCE

### GRI CONTENT INDEX

### GLOSSARY

### CONTACTS

# LETTER TO STAKEHOLDERS

What we do on an everyday basis and how we achieve our goals speaks volumes about us, it is what defines us. It tells of who we are and the contribution we are striving to make through our work. It shows whether in addition to financial success, we are also looking ambitiously towards the future of our society and the environment.

2019 was an important year that reflected our commitment to integrating sustainability into the way we work, not always an easy task. Our membership of the Fashion Pact is further evidence of our belief that global and urgent challenges require cohesive and wide-ranging commitments.

In September, Moncler was included as an Industry Leader in the prestigious Dow Jones Sustainability World and Europe indices, which rank only the best-in-class companies in terms of sustainability commitment.

This is a recognition for the around 4,600 people of Moncler who inspire the company daily to make a conscious contribution to the future, each within their own remit and through their way of working.

It is one of our values: Plan Beyond Tomorrow.

In 2019, we continued to invest in research and development, exploring more sustainable materials and bringing products to the market made with recycled fabrics and the first bio-based and carbon-neutral down jacket, created with plant-based and natural materials. We have continued with our process to reduce our CO<sub>2</sub> emissions, with initiatives aimed at spreading the culture of sustainability through our supply chain, as well as activities to monitor compliance with our environmental and social standards. Last but by no means least, we have strengthened our support for local communities hand in hand with voluntary activities carried out by our people with associations in various fields.

I believe all this is evidence that we are on the right path, but we are aware that much remains to be done.

In the pages of this document, we share with you our objectives for the future, divided into five strategic pillars. Our commitments include working towards a circular economy extending the life of products, combating climate change with the aim of becoming carbon neutral, promoting a responsible and traceable supply chain, focussing on our people and supporting local communities to provide value for all our stakeholders.

The world is currently facing huge and urgent challenges. These challenges require everyone to play their part, both as a company but also as individuals, with a determination to tirelessly seek answers and a tenacity in knowing that small steps lead to big results.

We have both a great opportunity and responsibility: to deliver a bright future for the next generation. It is a worthy goal and we will continue to devote our whole energy, humility and commitment to live up to it.

REMO RUFFINI

CHAIRMAN AND CEO

# THE RESULTS OF OUR EFFORTS

"WE JUDGE THE VALUE OF OUR RESULTS ALSO BY HOW WE ACHIEVE THEM, BECAUSE WE BELIEVE THAT LONG-TERM SUCCESS IS BUILT ON SHARED VALUE."

## Sustainability Industry Leader

of the Textile, Apparel & Luxury Goods sector in the Dow Jones Sustainability World and Europe indices

**100%**

of the purchased down was DIST certified

**100%**

of outerwear manufacturers audited on ethical aspects in the period 2017-2019

**1st**

BIO-based carbon neutral down jacket and launch of a range of recycled garments

**98%**

of stores with LED lighting<sup>(1)</sup>

**100%**

of electricity derived from renewable sources in Italy

**31%**

of employees under the age of 30

(1) Excluding the 15 shop-in-shops in which lighting is provided by the host department stores, where Moncler cannot take action.

**56%**

of management made up of women

**100%**

of employees covered by the OHSAS 18001 health and safety certification

**2.8 MILLION**

euros invested in local communities

1

# MONCLER

VALUES AND PURPOSE

STRATEGY

A HISTORY OF INNOVATION DEEPLY ROOTED IN  
TRADITION

MARKET PRESENCE

FINANCIAL PERFORMANCE

# VALUES AND PURPOSE

Moncler is by its nature an ever-changing Company, pushing towards reinvention and continuous development. Over time, its values have been taken on new meanings while always remaining true to themselves.

In 2019 Moncler committed great energy to analysing its evolutionary path and the values on which it is based. It was also a time of reflection on what the Company's purpose is, why Moncler exists.

From the involvement and the several meetings with all stakeholders, a very strong corporate culture and uniqueness emerged, characterised by the ability to discover the extraordinary that is hidden in each one of us and expressed in each of our "ordinary" actions.

What's unique is the commitment to setting ourselves increasingly challenging goals. A uniqueness enriched by a natural sense of freedom and independence from stereotypes and conventions, by the awareness that every action has an impact on society and environment and that it is everyone's duty to minimise the negative and maximise the positive, by the energy that the warmth of the relationships we build injects in us, by the madness – always rigorous – of pursuing ideas and projects that are out of the ordinary.

## MONCLER'S 5 VALUES

### PUSH FOR HIGHER PEAKS

We constantly strive for better, as individuals and as a team. Inspired by our continuous pursuit of excellence, we are always learning and committed to setting new standards. We are never done.

### BRING OTHER VOICES IN

We are one house, different voices, and we let everyone's talents shine. We celebrate all perspectives, leverage our multiplicity and speak to every generation. By letting many voices sing, we play a beautiful harmony.

### EMBRACE CRAZY

We are unconventional and unique. We foster our inner genius, our creative edge. We bring bold dreams, crazy and apparently unreachable ideas to life always with great rigor. We feed our energy, as we believe everything truly great was often born crazy.

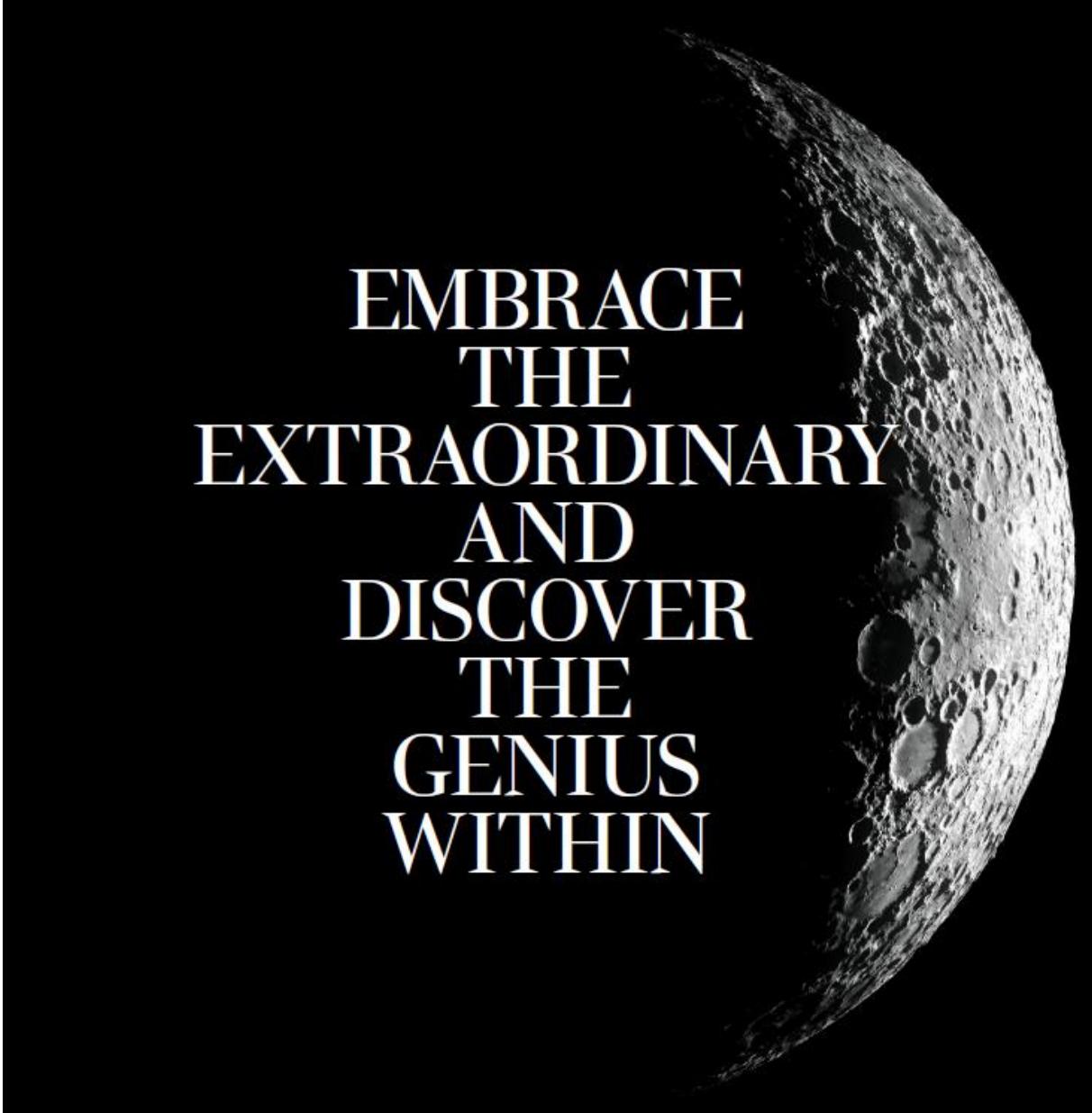
### KEEP WARM

We were born to keep people warm. We bring the warmth of human connection into everything we do, from the things we make, to the relationships we build. We celebrate people's achievements big and small, with empathy and trust.

## PLAN BEYOND TOMORROW

We are inspired by a brighter future and value our results by how we achieve them. We are committed to addressing sustainability challenges with a forward-thinking view and we keep on looking for solutions where they are yet to be found.

## MONCLER'S PURPOSE



EMBRACE  
THE  
EXTRAORDINARY  
AND  
DISCOVER  
THE  
GENIUS  
WITHIN

# STRATEGY

Genius, rigour, multiplicity, capability to innovate while remaining true to itself and urge to seek for the extraordinary in the “ordinary” have always been the creed of the Group. Moncler leverages change to grow stronger as it continues to explore both known and new avenues, seeking constant dialogue with an ever-broader client base, and has in its flexibility the capacity to pursue its goals in an ever-changing environment.

Moncler strategy is underpinned by five pillars.

## BUILD A GLOBAL BRAND ABLE TO CONTINUOUSLY EVOLVE WHILE KEEPING ITS UNIQUE POSITIONING

In recent years, Moncler’s growth strategy has been inspired by two key principles: to become a global Brand with no filters with the market and to continuously evolve while remaining true to itself. Since 2003, under the guidance of Remo Ruffini, Moncler has followed a clear and evolutive path that, in 2018, led to the introduction of a new historical chapter *Moncler Genius - One House, Different Voices*, not only a creative and communication project but also a new business model that involved all business divisions at 360° contaminating the Group's strategy.

## FOLLOW A SUSTAINABLE GROWTH PATH TO CREATE VALUE FOR ALL STAKEHOLDERS

Moncler has been progressively strengthening its commitment to long-term sustainable and responsible growth, fully integrated into the Group’s strategy and aligned with its core values, as a mean to further meet stakeholder expectations and create shared value. Plan beyond tomorrow is one of the Group’s core values and a pillar of its development strategy.

## SEEK FOR A SELECTIVE PRODUCTS’ RANGE EXPANSION

Thanks to its strong tradition and credibility built over the years, Moncler has consolidated its position as a worldwide leader in the high-end down jacket segment. The Group is now selectively expanding into complementary categories able to become part of its core business. “*To create special products with a specialist’s approach*” is the motto that drives and steers Moncler’s present and future.

## SUPPORT THE DEVELOPMENT OF DISTRIBUTION CHANNELS WITH AN OMNICHANNEL APPROACH

Engaging directly with clients through every channel and touch point, involving them, understanding their expectations – even when unspoken – and create the human warmth that has always characterised the Brand in its physical and virtual stores, are the cornerstones of the relationship that Moncler strives to develop with its clients to never stop surprising them. Today Moncler is pursuing a strategy of integrated development of its distribution channels, both physical and digital.

## STRENGHTEN THE DIGITAL CULTURE

Moncler considers digital channel as a crucial and indispensable tool for brand communications and business growth at global level, in an omni-channel perspective. The cornerstone of Moncler's strategy is to ensure that digital culture permeates each and every division and is consolidated throughout the Group.

For some years now, the Group has created a digital responsible not only for the e-commerce but also for digital marketing, digital experience and digital intelligence to develop the online business and boost the Brand's presence on all major social media.

# A HISTORY OF INNOVATION DEEPLY ROOTED IN TRADITION

The Moncler brand was created in 1952 in Monestier-de-Clermont, a small village in the mountains near Grenoble, with a focus on sports clothing for the mountain.

In 1954, Moncler made the first ever nylon down jacket. In the same year, Moncler products were chosen by the Italian expedition to K2 and in 1955 by the French expedition to Makalù.

In 1968, the Brand gained additional visibility as Moncler became the official supplier of the French Alpine skiing team at the Winter Olympics in Grenoble.

In the 80s, Moncler products started to be used on a daily basis also in the cities and became a true fashion phenomenon among younger clients.

Beginning in 2003, Remo Ruffini invested in the Group, a process of repositioning of the Brand was initiated through which Moncler products take on an ever more distinctive and exclusive style. Under the leadership of Remo Ruffini, Moncler has pursued a clear, but simple philosophy: to create unique products of the highest quality, versatile and constantly evolving while always remaining true to the Brand's DNA.

The motto "born in the mountains, living in the city" shows how the Moncler brand has evolved 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 that are always consistent with the DNA and the uniqueness of the Brand.

Tradition, uniqueness, quality, consistency and energy have always been the distinctive features of the Moncler brand that over the years has been able to evolve, while remaining consistent with its heritage, in a continuous search for a constant dialogue with its many consumers in the world. It is from this constant research that in 2018 a new project was born, *Moncler Genius - One House, Different Voices*: a hub for creative minds able to reinterpret the Moncler brand, always consistent with its history and its DNA, adopting a new way of doing business.

## 2019

For the first time, Moncler is included in the **Dow Jones Sustainability World** and **Europe** indices, as the **Industry Leader** of the Textile, Apparel & Luxury Goods sector and receives the **S&P Global Gold Award** and **Industry Mover Award**

Moncler launches the new "**Born to Protect**" **Sustainability Plan** and joins the **Fashion Pact**

Moncler implements the "**Path**" **Project** to define the corporate purpose and values

Moncler launches a **BIO-based carbon neutral down jacket** on the market designed with plant-based and natural materials and a range of products made with recycled materials for the Moncler Grenoble line

Moncler organises its first **Hackathon**, a real 24-hour digital marathon with 450 employees from all over the world coming together in an event dedicated to accelerating and generating innovation

Moncler extends **OHSAS 18001** certification globally

## 2018

Moncler launches the new creative project **Moncler Genius - One House Different Voices**, a hub of eight exceptional minds operating in unison while cultivating their singularity to reinterpret the essence of the Moncler brand

Moncler extends **OHSAS 18001** certification to all offices and stores in Europe and the United States and **ISO 14001** certification to the Italian corporate offices and logistics hub in Castel San Giovanni (Piacenza, Italy)

Moncler receives the **RobecoSAM Industry Mover Sustainability Award** in the Textiles, Apparel & Luxury Goods sector and is included in some **ECPI** indices focused on both financial and ESG aspects

## 2017

Moncler's production site in Romania is certified as per the **OHSAS 18001** and **ISO 14001** international standards

Moncler updates the Group **Code of Ethics** in line with best practices

## 2016

Moncler **completes the set-up process at the production site in Romania**, to create an industrial-technological R&D hub for down jackets and vertically integrate part of its production.

The Group's turnover **exceeds 1 billion euros**

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

## 2015

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

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

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

## 2014

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

## 2013

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

## 2007

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

In the following years, 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)

## 2003

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

## 1980's

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

## 1968

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

## 1954

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

## 1952

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

# MARKET PRESENCE

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOSs)<sup>(1)</sup> and the online store, 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 (*e-tailers*).

Moncler's strategy is aimed at the control of the distribution channel, not only retail but also wholesale and digital where it operates through a direct organisation.

In recent years, the business has grown mainly through the development of the retail channel which, in 2019, accounted for 77% of consolidated revenues, thanks to organic growth, the opening of new stores and, more recently, the expansion of existing stores' surface. The online store *moncler.com*, now active in all the Group's main markets, is also becoming more and more important. See also pages 107-108.

The wholesale channel remains strategically important for Moncler. Over the years the Group has introduced a highly selective distribution policy, gradually reducing the number of doors and tightly controlling client order quantities, so that the Brand is now only present in the leading luxury multi-brand shops and department stores around the world. The recent opening of mono-brand stores (shop-in-shops) mainly within prestigious department stores and in some important international airports, in combination with the development of the online channel through multi-brand stores specialised in high-end products (*e-tailers*), have also contributed to the recent growth of this distribution channel.

As at 31 December 2019, Moncler's mono-brand distribution network consisted of 209 retail directly operated stores (DOS) and 64 wholesale shop-in-shops (SiS).

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

#### MONO-BRAND RETAIL NETWORK (No.)

	31/12/2019	31/12/2018	Net Openings FY 2019
Italy	19	20	-1
EMEA (excl. Italy)	56	55	1
Asia and Rest of the World	104	91	13
Americas	30	27	3
<b>Retail mono-brand stores</b>	<b>209</b>	<b>193</b>	<b>16</b>
<b>Wholesale mono-brand stores</b>	<b>64</b>	<b>55</b>	<b>9</b>

#### CONSOLIDATED REVENUES BY GEOGRAPHIC AREA (MILLION EUROS)

	Revenues <sup>(2)</sup>	%	Change vs. 2018 (at current exchange rates)	Change vs. 2018 (at constant exchange rates)
Italy	185.0	11	+10%	+10%
EMEA (excl. Italy)	463.5	29	+14%	+14%
Asia and Rest of the World	715.2	44	+16%	+13%
Americas	263.9	16	+16%	+11%
<b>Total</b>	<b>1,627.7</b>	<b>100</b>	<b>+15%</b>	<b>+13%</b>

(2) Data rounded to the last digit shown.

During 2019 the Company opened 16 directly operated stores (DOSs), in the most renowned luxury streets and malls, including:

- two new flagships in Asia, in Singapore and in Osaka (Japan);
- the consolidation of the airport locations network with the opening of 2 DOS in Istanbul (Turkey) and in Beijing (China);
- some selected openings in the United States and in Europe, including the first US conversion from wholesale to retail of the Bloomingdale's NY store and a new ski resort in Val D'Isere (France).

Moreover, during the year, some of the existing retail stores were relocated in new spaces with a larger surface. The major relocations projects were the Copenhagen (Denmark), Munich (Germany) and Kobe (Japan) flagship stores and the enlargement of the store in Venice (Italy).

Throughout the year, 9 wholesale mono-brand stores were also opened, including:

- the opening of 6 stores inside international airports;
- the opening of wholesale mono-brand stores in some new locations in Asia at highly intensive tourism flow.

During the course of 2019, Moncler launched its first directly managed e-commerce site in Korea, an important strategic project to evaluate the Group's ability to manage directly the online business.

Moncler's ability to distribute its products to such a large number of destinations is based on the careful attention it pays to the way in which logistics activities are managed. In this sphere too Moncler is attentive to optimising processes and containing both environmental effects and costs. More specifically, since years, Moncler has adjusted the packaging it uses for shipping finished goods, thereby reducing the total volume consumed and optimising the space taken up on the means of transport employed.

# FINANCIAL PERFORMANCE

DOUBLE-DIGIT GROWTH CONTINUED IN ALL REGIONS AND DISTRIBUTION CHANNELS, ECONOMIC AND FINANCIAL INDICATORS FURTHER IMPROVED. REVENUES AT 1,628 MILLION EUROS (+ 13% AT CONSTANT EXCHANGE RATES), EBIT AT 475 MILLION EUROS (+ 15%), NET CASH AT 663 MILLION EUROS

## RESULTS

In 2019, Moncler achieved revenues of 1,627.7 million euros, compared to 1,420.1 million euros in 2018, an increase of 13% at constant exchange rates and 15% at current exchange rates. Double-digit growth also continued in the fourth quarter, despite external events affecting performance in some important markets.

The retail channel reported revenues of 1,256.9 million euros compared with 1,086.5 million euros in 2018, an increase of 13% at constant exchange rates, thanks to good organic growth and the development of the directly operated stores (DOSSs) network.

The wholesale channel recorded revenues of 370.8 million euros compared to 333.6 million euros in 2018, an increase of 10% at constant exchange rates, driven by the expansion of the network of mono-brand wholesale stores including in main airports, and by e-tailers.

EBITDA<sup>(3)</sup> amounted to 574.8 million euros, up from 500.2 million euros in 2018, with a 35.3% margin on sales compared to 35.2% in 2018, mainly driven by an improvement in the gross margin.

EBIT amounted to 475.4 million euros, up 15% from 414.1 million euros in 2018, with a further improvement of 35.3% margin on sales compared to 35.2% in 2018.

In 2019, financial expenses were equal to 0.9 million euros, compared to 1.9 million euros in 2018. This result includes 0.5 million euros of negative exchange differences (equal to 1.3 million euros in 2018).

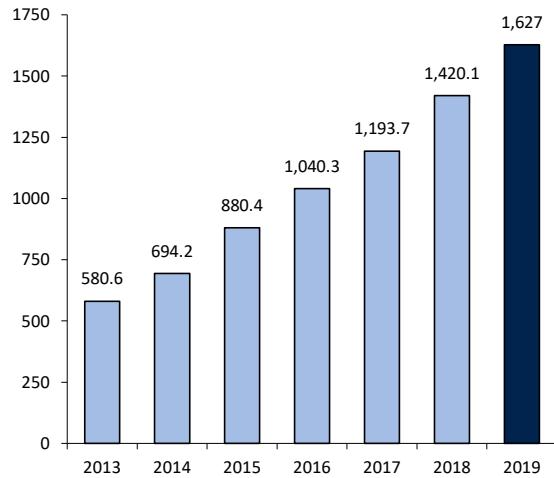
In 2019, capital expenditure amounted to 120.8 million euros, an increase compared to 91.5 million euros in 2018. This increase was related to the development of the retail network, the expansion/relocation of some important stores, IT investments and the expansion/automation of the Italian logistics hub.

<sup>(3)</sup> Adjusted EBITDA: operating income before depreciation, amortisation, and costs related to share incentive plans.

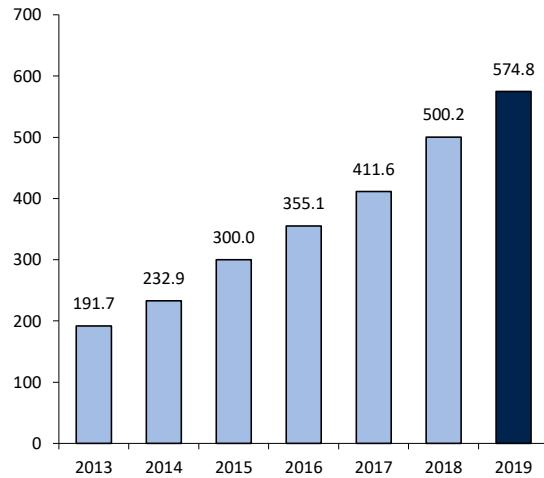
## FINANCIAL HIGHLIGHTS <sup>(4)</sup>

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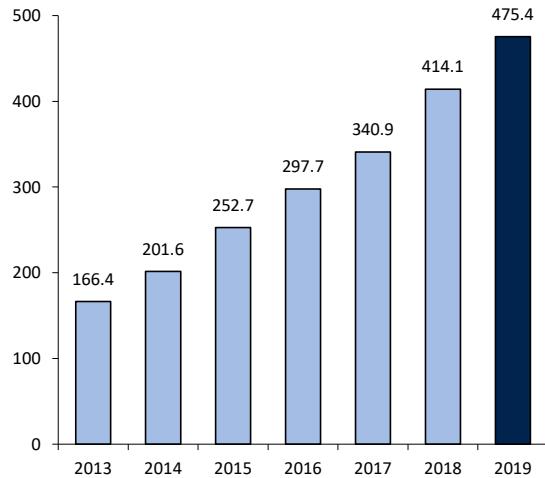
Revenues (million euros)



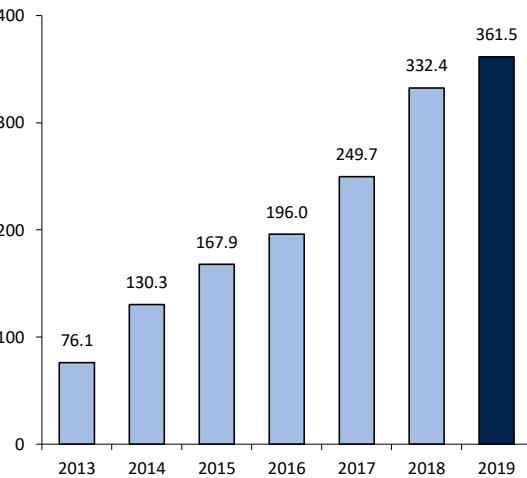
EBITDA *Adjusted*<sup>5</sup> (million euros)



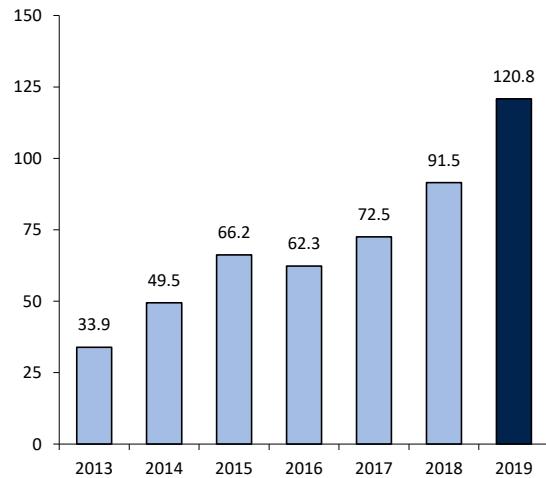
EBIT (million euros)



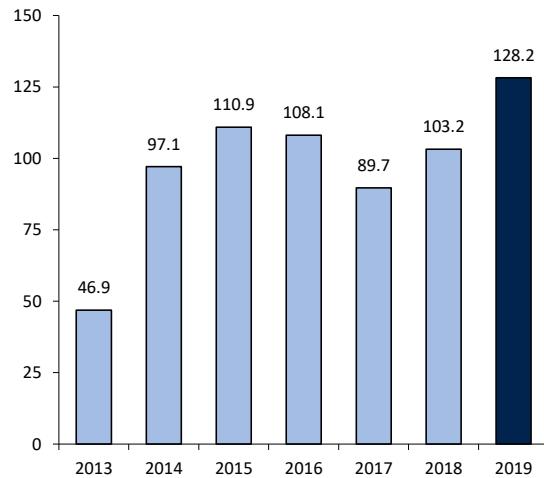
Net Income (million euros)



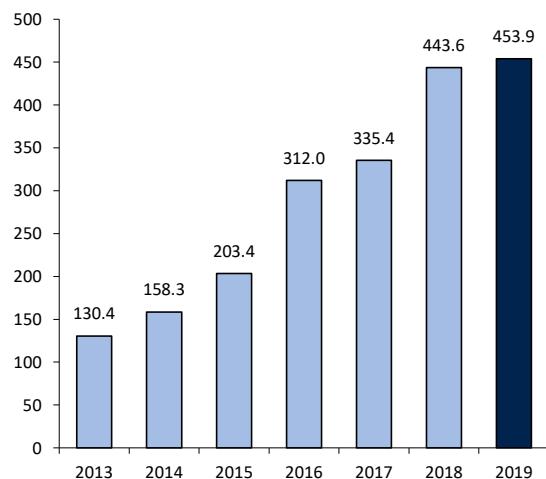
Capital Expenditure <sup>(6)</sup> (million euros)



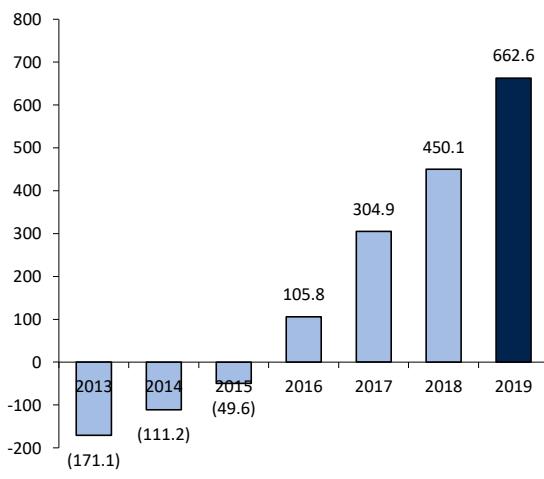
Net Working Capital (million euros)



Free Cash Flow (million euros)



Net Financial Position (million euros)



(4) All data excluding IFRS 16 impacts and rounded figures to the last digit represented.

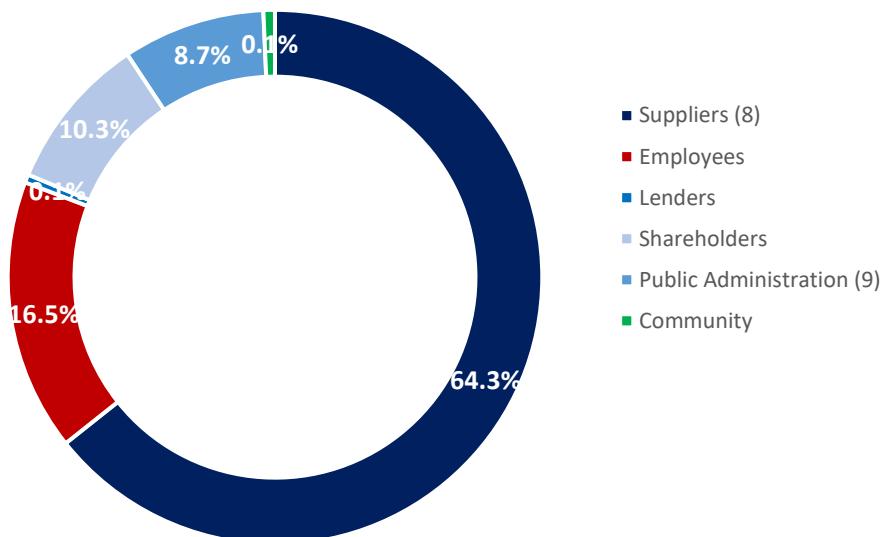
(5) EBITDA Adjusted: operating income before depreciation and amortisation and non-cash costs related to stock based compensation.

(6) Net of assets 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 2019, Moncler generated an economic value of 1,640 million euros, an increase of over 15% compared to 2018. The economic value distributed by the Company went from 1,137.7 million euros in 2018 to 1,347.7<sup>(7)</sup> million euros in 2019, up by 18%. Over 82% of the value generated by Moncler was distributed to internal and external stakeholders, while the remaining 18% was retained by the Company.

### ECONOMIC VALUE DISTRIBUTED



(7) To allow comparison with the previous year, the 2019 figures do not take into account the effect of adopting IFRS 16.

(8) The figure refers to suppliers of goods and services.

(9) The economic value distributed to the public administration also includes deferred taxes.

**ECONOMIC VALUE GENERATED AND DISTRIBUTED**  
(Thousand euros)

	<b>2019<sup>(13)</sup></b> <i>Including IFRS16</i>	<b>2019<sup>(14)</sup></b> <i>Excluding IFRS16</i>	<b>2018</b>
<b>Economic value generated by the Group</b>	<b>1,640,014</b>	<b>1,640,014</b>	<b>1,427,171</b>
Revenues	1,627,704	1,627,704	1,420,074
Other earnings	12,497	12,497	9,331
Financial income	1,239	1,239	717
Value adjustments of financial assets	-	-	-
Write-down of receivables	-1,499	-1,499	-1,493
Exchange rate gains (losses)	-564	-564	-1,334
Gains (losses) from disposal of tangible and intangible assets	637	637	-124
Value adjustments of tangible and intangible assets	-	-	-
<b>Economic value distributed by the Group</b>	<b>1,249,409</b>	<b>1,347,718</b>	<b>1,137,716</b>
Economic value distributed to suppliers <sup>(10)</sup>	750,056	866,827	750,337
Economic value distributed to employees	221,126	221,855	199,024
Economic value distributed to lenders	21,746	1,591	1,292
Economic value distributed to shareholders <sup>(11) (15)</sup>	138,770	138,770	101,708
Economic value distributed to the public administration <sup>(12)</sup>	115,690	116,654	83,194
Economic value distributed to communities	2,021	2,021	2,161
<b>Economic value retained by the Group</b>	<b>390,605</b>	<b>292,296</b>	<b>289,455</b>
Amortisation and depreciation	171,123	69,988	56,499
Provisions	-443	-443	2,173
Reserves	219,925	222,751	230,783

(10) The figure refers to suppliers of goods and services.

(11) In 2019, the amount was estimated based on the suggested dividend. The 2018 amount was adjusted based on the actual dividend paid.

(11) The economic value distributed to the public administration also includes deferred taxes.

(13) Group figures following the adoption of IFRS 16, which took place on 1 January 2019

(14) To allow a comparison with the previous year, the figures in this column report Group figures without taking into account the effect of adopting IFRS 16

(15) On 22 April 2020 the Moncler S.p.A. Board of Directors, acknowledging the change in the global economic scenario and the evolution of the regulatory framework, since the Board session of 10 February 2020, resolved to revise the proposal for distribution of FY 2019 net income. Indeed, the Board believes that the persistence of the Covid-19 emergency requires a prudent approach, also in terms of dividends, in order to protect the Group's financial solidity. The Board therefore decided to withdraw the proposal to distribute the dividend from FY 2019 net income approved on 10 February 2020 (as shown on page 66 and page 187 of the Annual Report 2019). The information contained in this document concerning the economic value generated and distributed has not been updated.

2

# RESPONSIBLE BUSINESS MANAGEMENT

GOVERNANCE MODEL

RISK MANAGEMENT

CREATING SUSTAINABLE VALUE

SUSTAINABILITY PLAN

SOUND CORPORATE **GOVERNANCE**, INTEGRATED **RISK** MANAGEMENT, **IALOGUE** WITH STAKEHOLDERS, AND CLEAR AND TRANSPARENT **OBJECTIVES** MUST BE THE CORNERSTONES OF ANY REPUTABLE COMPANY IN ITS DAILY ACTIVITIES.

THE TRUE, LASTING **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.

VALUE THAT LASTS OVER TIME.

# GOVERNANCE MODEL

## CORPORATE GOVERNANCE

The corporate governance system adopted by Moncler plays a key role in the transparent and responsible running of business operations. It contributes significantly to the creation of sustainable medium/long-term value both for shareholders and stakeholders, in keeping with the best practices of corporate social responsibility applicable in all countries in which the Company operates.

The corporate governance system complies with the principles set forth in the Corporate Governance Code for Italian Listed Companies approved by Borsa Italiana S.p.A. and adopted by Moncler, and with the regulatory provisions governing Italian listed companies. It is based on four pillars:

- the pivotal role of administrative and control bodies;
- the effectiveness and transparency of management decisions;
- the careful and diligent monitoring of related-party transactions and handling of privileged information;
- the set of values defined, recognised, shared, and established in both the Code of Ethics and company policies.

Based on the values set out in Moncler's **Code of Ethics**, all employees are committed to ensuring that the Company's activities are carried out in compliance with legal and regulatory provisions and the internal procedures adopted by the Group, and with principles of fair competition, honesty, integrity, and fairness, while respecting the legitimate interests of shareholders, employees, clients, suppliers, commercial and financial partners, and of the communities of the countries where the Moncler Group is present. See also pages 24-27; 82.

Secondly, Moncler has developed and adopted an anti-corruption model and related Policy, which applies to all Group companies.

Moncler implements a traditional administration and control system as per articles 2380-bis et seq. of the Italian Civil Code, as part of which the Board of Directors is entrusted with corporate management and the Board of Statutory Auditors with control and supervisory functions.

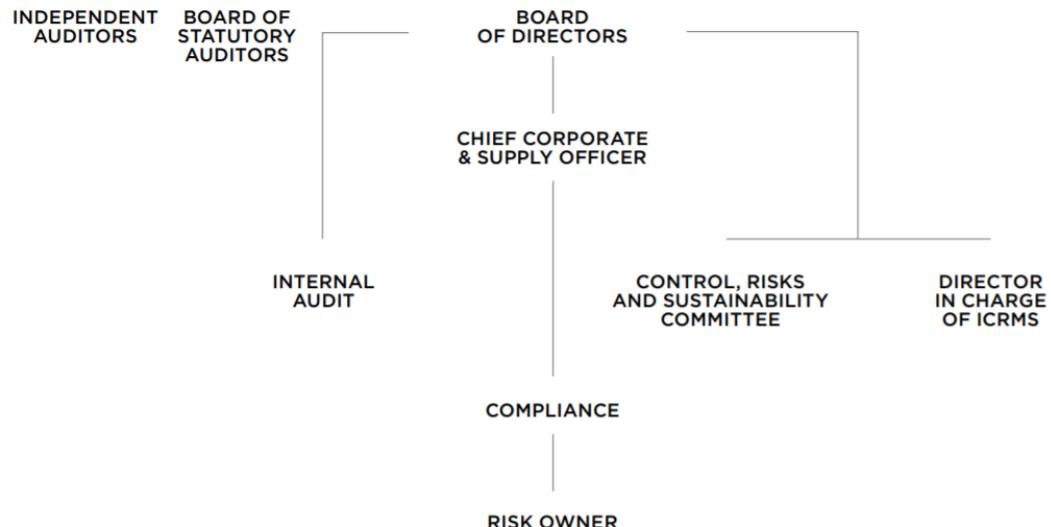
The Moncler governance system ensures continuous dialogue between management and shareholders as follows:

- the **Shareholders' Meeting** is a body with exclusively resolving functions, whose remit is limited by law to the most important decisions affecting the Company;
- the **Board of Directors** (BoD) plays a central role in guiding and managing the Company and the Group. In addition to its powers assigned as per the law and By-laws, the Board of Directors has exclusive competence over the most important economic and strategic decisions, and over resolutions that are instrumental in monitoring and steering the Group's business. Three Board Committees have been established: the **Nomination and Remuneration Committee** and the **Control, Risks, and Sustainability Committee**, both vested with consulting and advisory functions, and the **Related Parties Committee**;

- the **Board of Statutory Auditors** oversees, *inter alia*, (i) compliance with the law and By-laws, as well as observance of the principles of proper management; (ii) to the extent of its competence, the adequacy 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 adheres to; and (iv) the effectiveness of the internal audit and risk management system, the auditing of the accounts, and the autonomy of the external auditor;
- the **audit firm** is responsible for the statutory auditing of the accounts. It is appointed by the Shareholders' Meeting and in accordance with the By-laws, upon proposal of the Board of Statutory Auditors. The external auditor operates independently and autonomously and therefore does not represent either the minority or majority of shareholders.

Moreover, the Internal Control and Risk Management System (ICRMS) adopted by Moncler is supported by a **Supervisory Body**, a collegial body of three members reporting directly to the Board of Directors, tasked with ensuring that Company rules, mechanisms, and internal controls are in line with Legislative Decree 231/2001 as amended. The control figures include the Head of the Internal Audit division (third-level control), the Head of the Group Compliance division (second-level control); and the Director in charge of the ICRMS itself.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

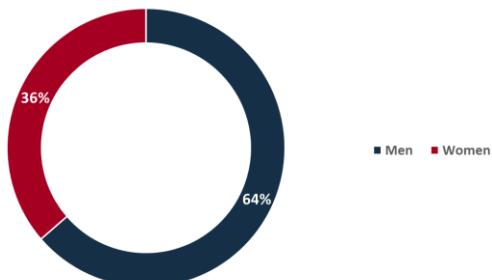


The Chairman and Chief Executive Officer, Remo Ruffini, is also assisted in the definition and implementation of Group strategy by a **Strategic Committee**, which has advisory functions and bridges the main areas of the Group, ensuring consistency and the sharing of Moncler's guiding values.

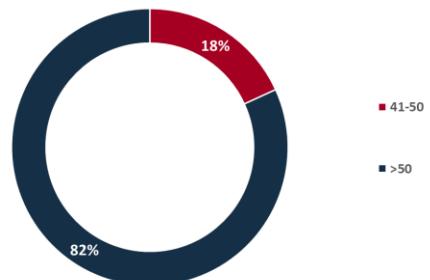
At 31 December 2019, Moncler's Board of Directors, including the Chairman, consisted of eleven members, of whom seven were independent. With regard to the powers assigned within the Board, there were three Executive and eight Non-Executive Directors (seven of whom were independent). Moncler believes that a Board of Directors made up of members of different ethnicity, gender and age, and with diverse skills, professional experience, and cultural backgrounds, can enable an international company such as the Group

to make the best decisions possible as defined in the Group's Diversity Policy. See also Moncler's Report on Corporate Governance and Ownership Structure for 2019.

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER



COMPOSITION OF THE BOARD OF DIRECTORS BY AGE GROUP



In 2019, average attendance at Board meetings was 95.5%.

## CODE OF ETHICS

Moncler's Code of Ethics and corporate policies are one of the four **pillars of its corporate governance system**. They govern the decisions and conduct of both the Group and its employees towards stakeholders.

The Code represents the set of values that 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. 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.

In 2017, a comprehensive update was made to the Code to align it with international best practices and to better integrate sustainability issues and anti-corruption guidelines. The Code of Ethics reflects the main regulations and standards in force at national and international level 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 ILO (International Labour Organisation) conventions, and the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises. The Code of Ethics also includes the key principles set out in the Supplier Code of Conduct adopted by the Group and in Company policies, including: the **Anti-Corruption Policy**, the **Environmental Policy**, the **Health and Safety Management Policy**, and the Group's policies on taxation, the management of human and financial resources, and asset protection.

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. The Code 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. Since 2018, an online training programme was launched for all employees to ensure a correct understanding and 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** adopted by Moncler in accordance with Italian Legislative Decree 231/2001. The Model sets forth the principles, rules of conduct, operating procedures, and disciplinary code 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 based on 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 termination of employment. The Supervisory Body in Italy is tasked with supervising the adequacy 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 and reports directly to the Board of Directors to ensure its independence from any form of potential interference or conditioning.

In 2018, Moncler's Organisation, Management and Control Model was updated with the new offences relating to illicit brokering, exploitation of labour, racism and xenophobia, as well as new regulations on whistleblowing and some changes concerning private-to-private corruption. In 2020, a further update of the Model is expected, to include new tax offences as well as those relating to the illicit traffic of influence and sports fraud.

Italian employees were trained, through an online course, on the contents of the Model and the new regulations that have been introduced.

The audits performed in 2019 by the Internal Audit division on the Group's Italian companies focused on key corporate processes (payments, purchases, services and consulting, product shortages, quality control, chargebacks to suppliers, sales, receipts, credit management, recruiting, etc.) and on the main 'sensitive' areas identified by the Model. With regard to international subsidiaries, in 2019 the Internal Audit division audited Group companies in the United States, Korea, Japan, China, Hong Kong, Taiwan, Turkey, France, Switzerland, the United Kingdom, Germany, Austria, Russia, Kazakhstan, the United Arab Emirates and Romania, focusing on the adequacy 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 2019 the Internal Audit division audited 50 stores, selected on the basis of turnover, risk level, and geographic diversification. The audits made it possible to verify and make improvements to existing operating and control procedures.

The objectives of the audits also include the assessment of compliance with the main provisions and company rules included in the Code of Ethics. 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** has been in place since 2016, and is devised to ensure the proper management and timely verification of any reported breaches of rules, regulations, and/or internal procedures, the adoption of appropriate measures, and the anonymity of whistleblowers. Since 2018, to further consolidate the internal whistleblowing procedure and in compliance with legislation on whistleblowing, Moncler has adopted a dedicated web platform and ad hoc telephone lines – to be managed by a specialised and independent third party – to manage and record any reports from employees, suppliers, clients, and counterparts of all Group companies. In 2019, a new communication was sent to all Regions to ensure proper report management in the context of the breach of laws and rights related to human rights. Since 2019, the web platform has been available in Italian, English, Chinese, Japanese and Korean, as well as in French, German, Turkish and Arabic, while telephone operators speak the language of all the countries in which Moncler has stores. The platform ensures, *inter alia*, full compliance with international regulations in the field of privacy (processing of sensitive and personal data) and the anonymity of whistleblowers: in this case, communication via a platform between whistleblowers and Moncler only takes place using the unique identification code of the report.

The introduction of the platform went hand in hand with a review of the whistleblowing procedure, which was therefore sent to all Group employees and is available on the company intranet.

During 2019, two reports were received through the whistleblowing system that were deemed relevant and worthy of investigation and analysis. In the first case, as a result of the inquiry carried out with the collaboration of several company departments, one employee was dismissed from the Company as a breach of company procedures was ascertained; in the second case, no disciplinary action was taken as only inappropriate work team management was discovered, which resulted in the Company carrying out an awareness raising activity with the interested party.

Starting from 2017, Moncler has developed a Group **Anti-Corruption Model** based on a targeted risk assessment and regulatory review of corruption offences in some of the countries in which the Group operates, selected on the basis of sales revenues and the Corruption Perception Index. This allowed the Company to identify the areas at theoretical risk of corruption, the internal controls in place, and those requiring improvement, and to define a Group Anti-Corruption Policy.

Specifically, the Policy defines: (i) regulatory monitoring responsibilities; (ii) the methods for non-compliance management and reporting; and (iii) specific measures to control corruption risk.

The Company annually updates this risk assessment to review the identified corruption risk profiles. Based on this assessment, the following areas were identified as theoretically exposed to a risk of corruption:

- relations with Public Administrations;
- relations with suppliers and external consultants;
- relations with agents and intermediaries;
- relations with business partners for joint ventures and directors;
- management of donations, sponsorships and gifts;
- human resources management.

For each of these areas, principles of conduct and guidelines are set out both in the Anti-Corruption Policy and in the Group's Code of Ethics.

The Internal Audit function carries out periodic on-site audits at Group companies to verify the adoption of controls to mitigate the risk of corruption in the areas most at risk. In particular, annual audits focus on

sponsorships, donations and gifts, the management of consulting and professional assignments, the acquisition and management of public grants and financing, the recruitment of employees, supplier management, payments, expenses and entertainment expenses. In 2019, no cases of corruption were reported.

Finally, Moncler has adopted a **Supplier Code of Conduct** since 2016. It addresses the Company's expectations regarding responsible sourcing, 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, Corporate Ethics and Intellectual Property Protection. Moncler requires its suppliers and subcontractors to comply with the binding principles set forth in the Supplier Code of Conduct, and is also committed to carrying out relevant training and awareness activities among internal departments and suppliers alike, through meetings at corporate sites or at supplier premises. The Group also conducts regular audits across the supply chain to verify compliance with the principles in the Code of Conduct. See also pages 82-84. The Supplier Code of Conduct will be updated in 2020 to integrate and strengthen the principles of responsible supply chain management. In addition, during 2019 Moncler published the **Modern Slavery Act** to make its approach to managing the issue of human rights public in a transparent way. In particular, the document describes the measures taken to ensure, as required by the UK *Modern Slavery Act 2015 - Section 54*, the absence of any form of "modern slavery, forced labour and human trafficking" internally and along its supply chain.

# RISK MANAGEMENT

## ENTERPRISE RISK MANAGEMENT MODEL

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

The ERM model covers all types of risk that can potentially affect the achievement of strategic objectives, impair company assets, and 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 on how Moncler operates. Moncler's ERM model divides risks into four categories:

- Strategic Risk;
- Business Risk;
- Compliance Risk;
- Financial Risk.

**Strategic risks** relate to changes in business or to inadequate responses to changes in the competitive environment and the Company's business development activities. Sustainability risks may fall within this risk category.

**Business risks** are those related to the sector in which the Group operates, to its operations, organisational structure, information systems and control as well as reporting processes.

**Compliance risks** are generally associated with business conduct, and relate to breaches of laws and regulations applicable to Company operations at national and international level, as well as to the Code of Ethics and violations of internal procedures.

**Financial risks** are those related to the Group's financial management and specifically to: liquidity, foreign exchange, interest rates and financial counterparties in financial and commercial transactions.

With regard to internal risks, the objective of the ERM model 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 ERM model aims to monitor them and mitigate their impact in the event of any occurrence, for instance through insurance policies.

The risk assessment identifies all the risks and related responsibles (risk owners) for managing the risk itself and the related control system, and for implementing or improving mitigation measures. All the risks, the assessment of the relevant internal control system and related mitigation actions are recorded in a **Risks Register**, which is updated regularly 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 2019, various activities were carried out as part of the ERM system. Within these, the implementation of the Risk Appetite Framework played an important role in defining the overall system in which the management of risks assumed by the Company is provided for, including a definition of risk appetite levels for each identified risk class. In addition, risk assessments were completed with individual risk owners which allowed, on the one hand, to update the risk register at Corporate and Regional level for a better identification and management of the risks, and, on the other, to contribute to the risk culture dissemination in Moncler. Finally, during 2019, were carried out both monitoring actions of top corporate risks and follow-up activities of planned mitigation actions.

The results of ERM activities are presented half-yearly by the Control, Risks and Sustainability Committee and 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 ICRMS at least once a year;
- the Control, Risks, and Sustainability Committee, which supports the Board of Directors in its assessment and decisions concerning the risk management system;
- the Director in charge of the ICRMS, 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 Group Internal Audit division, tasked with verifying the performance and suitability of the ICRMS, and coordinating the ERM process;
- the Board of Statutory Auditors, which oversees the effectiveness of the ICRMS.

In December 2019, the ERM portfolio comprised 140 risks.

## ENVIRONMENTAL, SOCIAL, AND COMPLIANCE RISKS

With operations in countries around the world, Moncler firmly believes that respect for **people, human rights, the environment, and compliance** with applicable laws, are prerequisites for responsible business management. To this end, it is committed to implementing the necessary **policies**, carrying out due diligence activities and appropriate **checks**, and providing **training** and information to minimise any risks related to these issues. These risks are described in Moncler's Enterprise Risk Management model, along with their respective probability of occurrence and level of impact.

As regards our **people**, the main risks associated with human resources management include, in particular, the reliance on key figures and the difficulty to retain and develop talent. In this regard, the Company implemented a performance appraisal system that covers the entire workforce (excluding workers in Romania) and takes into account both soft and hard (technical) skills. The system is designed to leverage and develop individual skills in the medium and long term, define succession plans, and nurture the best talent. The Group also developed an incentive plan specifically for managers and key personnel to facilitate retention. See also pages 60-61. Lastly, with the aim of creating a more attractive work environment, Moncler implemented a welfare plan for its employees at corporate offices in Italy, as well as specific employee wellbeing initiatives at the production site in Romania and other Regions. See also pages 62-63.

The risk of **human rights** violations against the employees of Group companies is considered solely at a theoretical risk level, owing to the level of protection ensured by various laws and/or collective labour agreements, the working standards set out in Moncler's Code of Ethics, and the oversight activities in place at corporate offices. Furthermore, Moncler has adopted a Group-wide Personnel Recruitment Policy to ensure a robust personnel selection and recruitment process while guaranteeing equal opportunities. The Group also provides its people with a whistleblowing system enabling anyone to report violations. See also page 26.

Moncler's business model envisages the manufacture of its products taking place through the owned production site in Romania, and through sub-contractors and finished product suppliers in Italy and abroad. In addition, the Company purchases raw materials and services from a large number of suppliers worldwide. The variety of partners and the geographical scope in which Moncler operates have led the Group to make huge investments in preventing and monitoring risks associated with possible human rights violations along the supply chain, with a particular focus on facon manufacturers, specialised workshops and the main logistics operators. Moncler conducts regular audits, also through certified specialised firms, on the supply chain's compliance with applicable laws and the principles set out in the Code of Ethics and the Supplier Code of Conduct. More specifically, these set out binding standards of conduct to be held by suppliers and provide that any violation could result in the termination of the collaboration. Moreover, the Group is committed to raising awareness of responsible sourcing principles among its partners through specific training activities. See also pages 82-84; 87.

Moncler pays particular attention to the **environmental aspects** involved in the conduct of its business, although its most significant environmental impacts are indirect. To this end, the Group has set out rules, processes and control procedures to prevent and manage any environmental risks linked to its suppliers of raw materials and manufacturing services, which are required to adopt the Group's Code of Ethics and Supplier Code of Conduct. Compliance with the binding provisions contained in these documents is monitored through environmental audits carried out by specialised third parties. As regards its direct environmental impacts, Moncler implements numerous initiatives to minimise them, by leveraging the adoption of both an Environmental Policy and an Environmental Management System, engaging its

employees in reducing paper, toner and energy consumption and promoting waste sorting. In 2018, Moncler obtained ISO 14001 certification for its Italian corporate headquarters and logistics hub in Castel San Giovanni, Piacenza, in addition to the production site in Romania, which was certified in 2017. See also page 111.

Moncler has also adopted a Group-wide **compliance** procedure to: (i) disseminate the meaning of compliance at Moncler; (ii) define the areas of application; (iii) establish the general compliance principles adopted by Moncler; (iv) define employee roles and responsibilities; and (v) provide guidelines based on the pillars of the Group Compliance Programme, which is regularly updated.

Since its establishment, the Group's Compliance function has been engaged in activities aimed at strengthening the monitoring and management of risks of non-compliance, starting from the areas considered to be most sensitive, such as those related to antitrust, health and safety, privacy and anti-corruption issues.

Moncler considers the promotion and protection of employee health, safety, and well-being as a value and key priority of its operations. For this reason, an effective management system in compliance with the international OHSAS 18001 standard was first implemented globally in all offices and stores (excluding shop-in-shops), logistics and production sites. It was then subsequently updated to the most recent and complete ISO 45001 certification standard. The system provides not only the application of streamlined management procedures, with a specific focus on the Health and Safety Management Policy, as well as for periodic checks across the Group employees' work locations. Bolstered by training and awareness activities targeting Moncler personnel and suppliers, the management system plays a crucial role in the Group's strategy to mitigate the risk of accidents in the workplace. See also pages 70-74.

The Group has always handled privacy issues very carefully. To this end, in addition to strengthening the relevant section of its Code of Ethics, it has completed preliminary work to adapt its Model to the new European regulation which came into force in May 2018, adopting, among others, a specific policy and carrying out awareness-raising activities among all employees. During 2019, an audit was carried out by external specialists on compliance with current privacy legislation for the management of customer data, to ascertain the solidity of the management system (general framework, systems, consensus management).

As regards corruption prevention measures, Moncler has developed and adopted an Anti-Corruption Model that provides, among others things, for the regulatory review of corruption offences in the countries **where** in which the Company operates, identifying the areas and business processes most at risk of corruption. An Anti-Corruption Policy was therefore implemented by each company of the Moncler Group, **governing** regulating the responsibilities for monitoring regulatory changes, risk controls, training, audit activities, management, and the reporting of any cases of non-compliance. See also page 26.

The main **social risks** identified by Moncler are primarily those that affect clients (i.e., related to product safety and counterfeiting). To protect the health and safety of its clients, Moncler requires all its suppliers to operate in full compliance with the most stringent international regulations on hazardous and potentially hazardous chemical substances, and regularly conducts strict tests on the chemical composition and physical and mechanical properties of their products. Suppliers 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. The proper implementation of these guidelines is verified through tests on the chemical composition of raw materials at independent specialised laboratories, at the request of the supplier and/or Moncler itself. Furthermore, the Group ensures comprehensive monitoring of this risk through an ad

hoc corporate function, the Operations Compliance Department. See also pages 93-94. The Group's commitment to protecting its clients and Brand has also been pursued for years now through the fight against counterfeiting. To this end, Moncler has implemented a series of management and prevention tools, including: the creation of an internal department specialised in Intellectual Property and Brand Protection; the development of detailed procedures; collaborations with law enforcement agencies, customs, and other luxury brands; supplier training and auditing; and finally the use of anti-counterfeiting tags applied on all products. See also page 104.

Finally, the promotion of animal welfare is an area Moncler is particularly committed to. For this reason, the Company requires its suppliers to comply with the animal welfare requirements as set out in its Supplier Code of Conduct. In particular, it demands and verifies that all its down suppliers comply with the strict requirements of the DIST (Down Integrity System & Traceability) Protocol. With the support of specialised independent bodies, the Group conducts regular audits to ensure that animals are treated satisfactorily. See also pages 85-86.

For an overview of the different types of risks to which Moncler is exposed, and to complete the information provided above, see also the Board of Directors' Report contained in the Annual Report 2019.

# CREATING SUSTAINABLE VALUE

THE INCREASING INTEGRATION BETWEEN BUSINESS DECISIONS AND THE ASSESSMENT OF THEIR ENVIRONMENTAL AND SOCIAL IMPACTS IS AT THE CORE OF THE COMPANY'S ABILITY TO CREATE LONG-TERM VALUE FOR ALL ITS STAKEHOLDERS.

## SUSTAINABILITY GOVERNANCE

In order to increasingly integrate sustainability into its business, Moncler has implemented a governance system based on the interaction of various 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 (together with the relevant divisions), as well as for identifying areas and projects for improvement, thus creating value in the long term. The Unit is also tasked with proposing the sustainability strategy, and relative annual targets plan (Sustainability Plan), preparing the Consolidated Non-Financial Statement and fostering a culture of sustainability within the Group. 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).

Each Company department has a number of **Ambassadors** responsible for raising awareness of social and environmental issues within their respective areas, and for promoting sustainability initiatives in line with the Group's objectives. Starting from 2017, the Company also created a profile for **Sustainability Data Owners**, responsible for the data and information relating to their respective areas published in the Consolidated Non-Financial Statement, and for achieving the relevant targets in the Sustainability Plan.

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. This Committee comprises three non-executive, independent Directors. It 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 Consolidated Non-Financial Statement.

In 2019, Moncler was included in the Dow Jones Sustainability World and Europe indices, positioning itself in first place as the Industry Leader in the Textile, Apparel & Luxury Goods sector. Being included in the DJSI (Dow Jones Sustainability) as an industry leader was an important result for the Company, rewarding the commitment of all its people, who everyday put not only great professionalism, but also their full energy into facing global urgent social and environmental challenges. In 2019, Moncler also received the "Gold Award" and the "Industry Mover Sustainability Award" from S&P Global, an asset manager specialising in sustainable investments, and was included in the ECPI EMU Ethical Equity, ECPI Euro ESG Equity and ECPI Global ESG Equity indices, focused on ESG (Environmental Social Governance) issues.

## 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 Non-Financial Statement according to GRI international reporting standards.

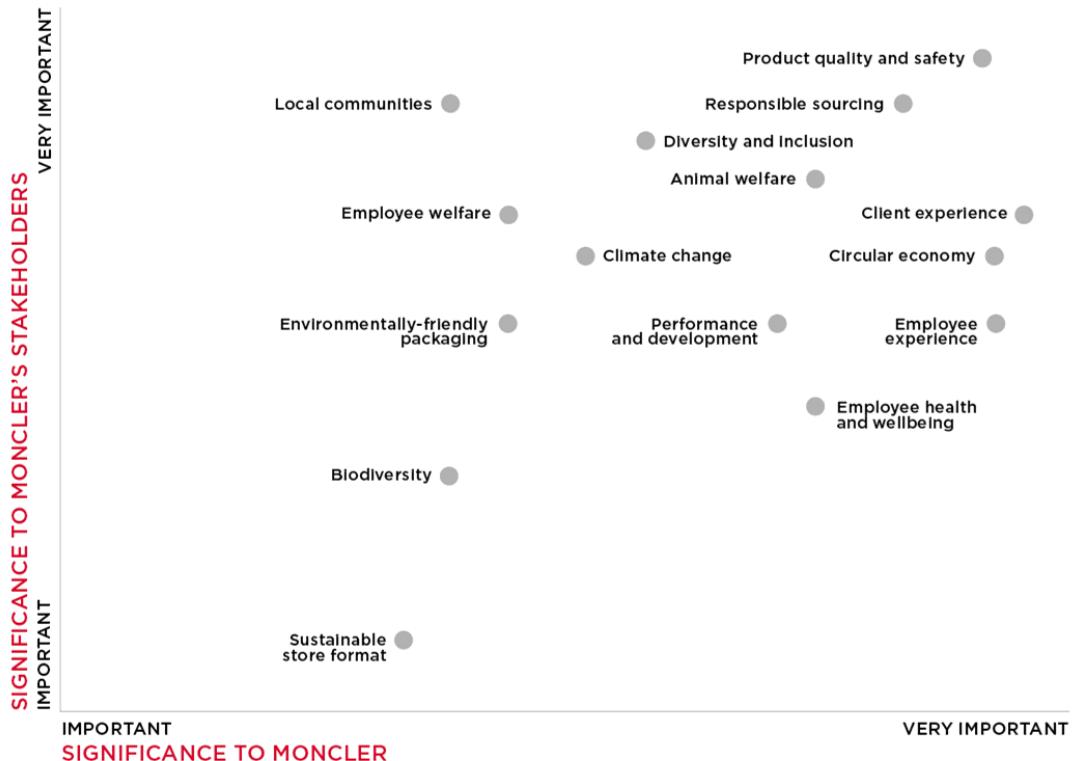
In terms of sustainability reporting, the topics deemed as material (or relevant) are those that have a significant impact on the economic, social, and environmental performance of the Company or that may substantially influence stakeholders' perceptions and decisions.

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 analysis was conducted by the Sustainability Unit with the support of a specialist consultancy firm, through a structured process involving the Group's management.

The analysis was performed through a four-step process:

- identification of all potential material topics 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 scenarios<sup>(1)</sup>, sustainability assessment questionnaires by rating agencies, sector studies, media and internet research, and multi-stakeholder standards/initiatives<sup>(2)</sup>;
- prioritisation of the material topics. The topics were prioritised by staff from internal Moncler divisions, tasked with assessing each topic from the Company's standpoint as well as that of stakeholders, rating each on a scale from 1 to 5;
- presentation to the Board of Directors.



In 2019, the Materiality Matrix was further updated to reflect both the evolution of the reference scenario and new emerging topics. 15 topics have been identified as relevant<sup>(3)</sup>.

For the correlation between material topics and GRI aspects and indicators, please see the table in the Appendix.

## 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.

The following table, which maps stakeholders and their expectations, is periodically revised through internal surveys with the corporate units overseeing the day-to-day management of relations with each category.

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

(2) Global Compact, GRI Standards, OECD Guidelines for Multinational Enterprises.

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

STAKEHOLDERS	TOOLS AND CHANNELS OF INTERACTION	STAKEHOLDER EXPECTATIONS
Employees	<p>People satisfaction survey, <i>MONVoice</i></p> <p>Continuous dialogue with the Human Resources Department</p> <p>Annual meetings to discuss career plans, set individual targets, and review performance appraisals</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, <i>MONCamp</i></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	Meetings with trade union representatives	<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>
End clients	<p>Direct, ongoing relationships with sales personnel</p> <p>Client service</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>Systematic collection of client feedback (VIBE)</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 staff</p> <p>Personalised shopping experience and engagement</p>
Wholesale clients	<p>Events at Moncler showrooms and stores</p> <p>Training sessions</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>
Suppliers, business partners	<p>Daily interactions</p> <p>Institutional meetings</p> <p>Definition of shared standards</p> <p>Seasonal and annual training</p> <p>Dedicated portal</p>	<p>Continuity of supply</p> <p>Respect for contractual terms and conditions</p> <p>Participation in the definition of supply standards, including social and environmental criteria and prompt notification of new requirements</p> <p>Collaboration and support in managing production issues</p>
Local communities	<p>Meetings with representatives of local associations and organisations</p> <p>Development of initiatives and projects managed directly or in partnership</p>	<p>Support or funding of initiatives</p> <p>Support for awareness-raising campaigns</p>

Investors and analysts (traditional and sustainability)	<p>Shareholders' Meeting</p> <p>Regular conference calls or meetings following key announcements</p> <p>Price-sensitive announcements and information</p> <p>Seminars, industry conferences, road shows and meetings</p> <p>Daily engagement (meetings, phone calls, emails)</p> <p>Corporate website</p> <p>Dedicated investor app</p> <p>Questionnaires on sustainability performance</p>	<p>More in-depth and consolidated knowledge of the Group and its business model</p> <p>Value creation (return on investment, business sustainability)</p> <p>Transparent and responsible management</p> <p>Timely and open dialogue</p> <p>Adequate risk management, including social and environmental risks</p>
Media	<p>Press days</p> <p>Interviews with senior management</p> <p>Press conferences</p> <p>Media plan</p> <p>Continuous dialogue</p> <p>Fashion shows/events</p> <p>Ad hoc meetings and events</p> <p>Corporate website</p>	<p>Access to timely and accurate information</p> <p>Information on upcoming season trends</p>
Local bodies, public administrations, regulatory bodies, industry associations and non-governmental organisations	<p>Ad hoc meetings</p> <p>Participation in work groups</p> <p>Definition and development of joint projects</p>	<p>Participation in projects of public utility</p> <p>Integration of environmental, social and animal welfare considerations in Company strategies and supply system</p> <p>Disclosure of Company targets with regard to environmental, social and animal welfare issues</p> <p>Active participation in round table discussions</p> <p>Efficient use of raw materials</p> <p>Implementation of sustainability requirements at new stores</p>

## 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 level. 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 amendments to national and international standards.

The Group is a member of the following main associations and initiatives:

- **AIR (Associazione Italiana Investor Relations):** a 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.
- **Altagamma Foundation:** the foundation that brings together the top companies of the Italian cultural and creative industry that are recognised as authentic ambassadors of Italian style the world over. Its mission is to contribute to their growth and competitiveness.
- **Anti-Counterfeiting Group (ACG):** a non-profit association that aims to protect consumers against counterfeiting by fostering a collaborative environment between companies and main local authorities.
- **Assonime:** an 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.
- **Brand Owners Protection Group (BPG):** an association of brands and legal advisers, global leaders committed to guaranteeing intellectual property rights, copyright, patents, trademarks and licensing laws to protect the customer from counterfeiting and all other forms of illicit trade.
- **Business Action to Stop Counterfeiting and Piracy (BASCAP):** an 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, collaborating with government agencies and bodies at international level, and increasing consumer awareness of this issue.
- **Camera Nazionale della Moda Italiana:** the Italian Chamber of Fashion, whose mission is to promote and coordinate the Italian fashion industry and provide training for young Italian fashion designers.
- **Club 231:** an 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:** the 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; leading collective investigation efforts involving its members, in cooperation with Italian diplomatic authorities, to protect trademarks outside of Italy.
- **Industrialists' Union of the Province of Padua:** a 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.
- **International Trademark Association:** the international association dedicated to the protection of trademarks and intellectual property, with the aim to safeguard consumers and promote fair and effective commerce.

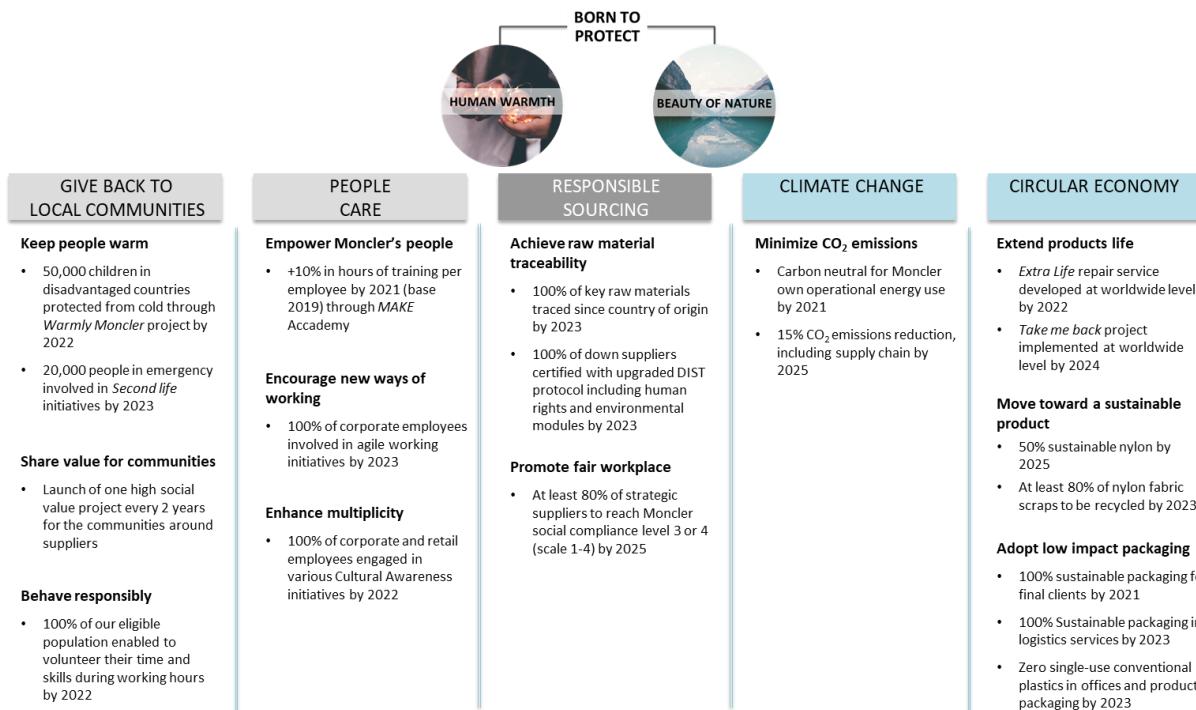
- **PREVILINE ASSISTANCE (Intercompany Welfare Fund for client companies of the ASS. GENERALI S.p.A. Group):** a national association whose exclusive purpose is to provide member companies with welfare services, in the form of assistance and insurance services, through master agreements made with insurance companies.
- **Quality Brands Protection Committee (QBPC):** an international association whose mission is to support China in improving its legal framework for intellectual property rights and promote an environment conducive to innovation.
- **SNB-REACT (Coöperatieve Vereniging SNB-REACT):** a non-profit association that promotes activities against counterfeiting.
- **UNI – Italian Organisation for Standardisation:** a private non-profit organisation that develops and publishes voluntary technical standards for all sectors of industry, from manufacturing to sales and services. UNI 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):** a 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.
- **Valore D:** an 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, as set out in the Group's Code of Ethics, govern Moncler's dealings with political parties and their representatives.

In 2019, Moncler did not make donations to any political parties. Any political commitment or donations made by Group employees are considered as personal and purely voluntary.

# SUSTAINABILITY PLAN

MONCLER HAS DESIGNED THE NEW "BORN TO PROTECT" SUSTAINABILITY PLAN FROM ITS ROOTS, EXPRESSING ITS COMMITMENT TO AN INCREASINGLY SUSTAINABLE AND RESPONSIBLE LONG-TERM DEVELOPMENT.



Moncler was founded in 1952 in Grenoble, and has over 60 years of history during which the Company has written and rewritten its own path, evolving the business and the way it approaches the market, while remaining always true to its origins, to protect people from the cold. The concept of protection in the new Sustainability Plan is therefore an essential part of the company's existence and operations. Safeguarding nature's beauty and taking care of people are the two strategic drivers of Moncler's long-term vision of sustainability, and the source of its main commitments and challenges.

The new Plan focuses on five priority commitments:

- combating climate change
- integrating the circular economy model
- promoting a responsible supply chain
- focussing on people
- fostering initiatives for social and economic development in local communities.

In defining the strategic drivers and related commitments of the new Sustainability Plan, Moncler also considered the priorities defined in the 2030 Agenda for Sustainable Development (Sustainable Development Goals - SDGs), thus contribute to supporting global development, promoting human well-being and protecting the environment.

Of the 17 SDGs set by the UN (such as ending poverty, fighting inequality and tackling climate change), the Group is contributing to 10 of them either directly or through organisations with whom it collaborates.

Furthermore, in 2019, Moncler joined the Fashion Pact, further confirming its commitment to achieving global and shared objectives.

### THE FASHION PACT

Moncler considers collaboration and different experiences to be fundamental values to achieve common objectives, not only in the creative sphere, but also for responsible and sustainable development. In 2019, Moncler together with other fashion and textile companies, signed the Fashion Pact, confirming its commitment to achieving concrete objectives in three areas relevant for the protection of our planet - the climate, biodiversity and oceans.

Joining the Fashion pact was another important step on the path the Company takes every day, reflecting on the impact of corporate decisions and seeking yet undiscovered solutions and answers with determination.

The Fashion Pact objectives are based on the Science-based target initiative, which focuses on three main areas for protection of the planet. In first place, **combating global warming**, creating and implementing an action plan to eliminate greenhouse gas emissions by 2050, to keep global warming below 1.5°C, between today and 2100.

Secondly, **restoring biodiversity**, by reaching the targets of the parameters established by the Science-based target initiative, to restore natural ecosystems and protect species.

The third objective is **protecting the oceans**, reducing the negative impact of the fashion sector on the oceans themselves, through concrete initiatives, such as, for example, the gradual reduction of disposable plastic.

Moncler, in full awareness that global challenges require cohesive and generous commitment, is proud to have become part of the Fashion Pact in the name of a common ideal far greater than any single interest.

## SUSTAINABILITY PLAN PROCESS

The Sustainability Unit works with the heads of 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 Strategic 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, that is responsible for final approval.

Responsibility for achieving the targets of the Sustainability Plan lies with the liaison officers of departments involved, who have the necessary resources, tools and know-how to implement the Plan (operational stage). Within the MBO (Management By Objectives) system, social and environmental targets related to the fulfilment of the Sustainability Plan are set for everyone involved in the implementation of the Plan itself. In relation to medium/long-term incentive plans, among the performance indicators of the new "2020 Performance Shares Plan" (subject to the approval of the Shareholders' Meeting of 22 April 2020), there is also an ESG Performance Indicator, linked to the achievement of specific objectives in the Sustainability Plan.

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

The plan is updated each year to report on the status of projects under way, and to set new targets for continuous improvement, in the awareness that sustainability is not a point of arrival, but an ongoing process of improvement.

- ✓ Objective achieved
- ◊ Objective partially achieved
- Objective postponed

2019 OBJECTIVES	2019 RESULTS	FUTURE OBJECTIVES
<b>CLIMATE CHANGE</b>		
<b>Minimize CO<sub>2</sub> emissions [SDG 7;13]</b>		
		<b>2021</b> Carbon neutral in its operational sites worldwide (offices, shops, production sites and logistics centre)
Consumption of 100% of electricity derived from renewable sources at offices, stores and logistics hub in Italy	✓ 100% of electricity consumption from renewable sources in Italy	<b>2020</b> At least 50% of electricity consumption from renewable sources in its own operational sites at worldwide level  <b>2023</b> 100% of electricity consumption from renewable sources at worldwide level
Progressive replacement of traditional lighting system with LED lamps at the logistics hub in Castel San Giovanni, Piacenza	✓ LED lighting system adopted in the new area of the logistics hub in Castel San Giovanni, Piacenza, with a surface area of around 40.000 m <sup>2</sup>	
Use of LED lighting systems in all new stores worldwide	✓ 98% of stores worldwide* equipped with LED lighting <small>*Excludes the 15 shop-in-shops where lighting systems are provided by the host department stores and where Moncler cannot take action</small>	
Completion of assessment of existing air-conditioning systems in stores	✓ Analysis completed and plan for replacement with more efficient systems	
Introduction of additional low environmental impact cars in the corporate car fleet	✓ 25% hybrid and electric cars introduced in company car fleet in Italy	<b>2021</b> 65% of the company car fleet made up of low environmental impact vehicles
Launch of carpooling project for employees at the company offices in Trebaseleghe, Padua	✓ Project launched involving around 100 employees at the company offices in Trebaseleghe, Padua	
Compensation for all CO <sub>2</sub> emissions generated by the company car fleets in Italy and Romania	✓ Compensated 1,572 tonnes of CO <sub>2</sub> generated by the company car fleets in Italy and Romania	
Reduction of CO <sub>2</sub> emissions at the production site in Romania (baseline 2018)	✓ Reduction of 21% of CO <sub>2</sub> emissions from electricity at the production site in Romania (baseline 2018)	<b>2025</b> Reduction of 15% of CO <sub>2</sub> emissions, including the supply chain
Launch of emissions monitoring of CO <sub>2</sub> from transport (excluding airfreight) of raw materials the Italian logistics hub in Castel San Giovanni, Piacenza, to subcontractors in Europe	✓ Emissions monitoring launched for both transport of raw materials from logistics hub to sub-contractors in Europe and monitoring extended to worldwide for the transport of finished products from logistics hub	<b>2020</b> Research to be launched for logistics solutions with lower environmental impact
Maintain ISO 14001 certification at production site in Romania, at its Italian corporate offices and logistics hub in Castel San Giovanni, Piacenza	✓ ISO 14001 certification continued/kept	<b>2021</b> LEED certification for all new Company buildings
<b>Safeguarding biodiversity [SDG 12]</b>		
		<b>2025</b> Support for Zero Deforestation and sustainable forest management initiatives
<b>CIRCULAR ECONOMY</b>		
<b>Move towards a sustainable product [SDG 12]</b>		
Launch of LCA (Life Cycle Assessment) project for a Moncler's iconic product	✓ LCA carried out on a Moncler's iconic product and areas of greatest environmental impact identified	

Introduction of recycled materials	✓ <i>Moncler Grenoble Recycled</i> and BIO-based carbon neutral down jacket launched	<b>2025</b> 50% of sustainable nylon
Review of the list of substances banned or restricted in products and production, in line with the latest and most reliable scientific studies and/or changes in applicable laws	✓ Application of new RSL started	<b>2020</b> Definition of a dedicated strategy to further reduce polluting substances
<b>Extend products life [SDG 12]</b>		
		<b>2023</b> At least 80% of nylon production waste recycled
		<b>2022</b> <i>Extra Life</i> repair service developed at global level
		<b>2024</b> <i>Take Me Back</i> project implemented at global level
<b>Adopt low impact packaging [SDG 14]</b>		
Gradual introduction of additional packaging solutions and display accessories with low environmental impact	✓ Use of plastic packaging reduced by approximately 2.5 tonnes	<b>2021</b> 100% sustainable packaging for end clients
		<b>2023</b> Zero conventional disposable plastics in offices and product packaging
		<b>2023</b> 100% sustainable packaging in logistics
<b>RESPONSABLE SOURCING</b>		
<b>Achieve raw material traceability</b>		
Continued purchase of 100% DIST-certified down	✓ 100% of down purchased certified as per DIST (Down Integrity System & Traceability) Protocol regulating goose welfare and down quality and traceability	<b>2023</b> 100% of down suppliers comply with new human rights and environmental sections included in the new DIST Protocol
		<b>2023</b> 100% of strategic raw materials suppliers traced from their country of origin
		<b>2024</b> 100% of strategic raw materials suppliers comply with Responsible Raw Materials Manual
<b>Promote fair workplace [SDG 8]</b>		
Raising suppliers' awareness on responsible procurement principles	✓ Provided approximately 130 hours of training and awareness on ethical principles for raw material suppliers	
Distribution and analysis of the <i>Sustainability Self-Assessment</i> questionnaire to 100% of new direct suppliers of jacket manufacturers	✓ <i>Sustainability Self-Assessment</i> questionnaire completed by all new direct suppliers of jacket manufacturers	
Implementation of the vendor rating system on a sample of suppliers	✓ Pilot vendor rating project implemented on a sample of fabric and accessories suppliers	
Conduct of 150 social, ethical and environmental audits and follow-up audits on suppliers	✓ 152 social and ethical audits carried out, involving 100% of direct suppliers of jacket manufacturers	<b>2025</b> At least 80% of strategic suppliers in line with Moncler's social compliance level 3 or 4 (scale 1-4)
Continuous definition of joint supplier-Company plans to solve non-compliances identified during audits and results monitoring	✓ Suppliers formally notified of non-compliances detected during audits, and of requests for corrective actions	
Analysis of waste water generated by the production processes of some suppliers	✓ 7 audits carried on waste water derived from tanning processes	

Mapping of suppliers certified according to ISO 14001 and OHSAS 18001 standards	✓ 100% of indirect suppliers mapped	<b>2020</b> Continuation of mapping of suppliers certified according to ISO 14001 and OHSAS 18001/ISO 45001 standards and launch of awareness campaign
		<b>2020</b> Promotion of health & safety and environmental certifications for preferred suppliers

## PEOPLE CARE

### Empower Moncler's people [SDG 3]

Repeat of the employee satisfaction survey at global level (excluding Romania)	✓ Third employee satisfaction survey, <i>MONvoice</i> , carried out with 88% response rate, including Romania	<b>2020</b> Repeat of employee satisfaction survey at global level
Launch of a study for the development of an employee performance assessment system at the Romanian production site	✓ Study carried out and solutions to be tested identified	<b>2021</b> Extension of an employee performance assessment system to 100% of permanent contract employees at global level
Training and involvement of retail personnel	✓ + 40% hours of training provided to retail personnel	<b>2020</b> Launch of more training courses for employees such as <i>MAKE</i> (Moncler Academy for Knowledge & Excellence)  <b>2021</b> 10% increase in average training hours through <i>MAKE</i> (base 2019)
Continuation of welfare initiatives for employees in other Regions	✓ Introduced flexible benefits for the Regions	
Creation of the Moncler Village, restaurant and meeting place for the local community	✓ Moncler Village inaugurated at the Company's headquarters in Trebaseleghe (Padua)	
Promotion of a culture of wellness through targeted programmes to encourage the adoption of a healthy lifestyle and to raise awareness on nutrition, smoking and prevention measures for the Regions	✓ Shared awareness programmes at global level during health and prevention days	
Continuation of medical check-up programmes for the production site in Romania	✓ 602 eye tests carried out and contribution made to the purchase of glasses	
Extension of OHSAS 18001 certification, with the new ISO 45001 standard, to all offices and stores at global level (existing in 2017, excluding shop-in-shop)	✓ Certification extended to all offices and stores at global level	
		<b>2020</b> Further reduction in the number of accidents in the workplace compared to 2018

### Encourage new ways of working

Launch of the 'New ways of working' pilot project for employees of corporate offices in Italy	✓ 'New ways of working' agile working project launched	<b>2023</b> 100% of employees of corporate offices involved in agile working initiative
First Hackathon held for Italian employees	✓ 450 employees contributed to the design of Moncler's future for 24 hours	<b>2021</b> Creation of a second Hackathon

### Enhance multiplicity [SDG4; SDG5]

Strengthening of internal communication activities by Region	✓ Awareness-raising activity carried out to promote greater communication activities by the Regions	
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Participation in working groups and round-tables focused on enhancing the role of women in the workplace	✓ Supported provided to Italian association Valore D dedicated to promote women's leadership and talent	
Continued increase in the number of employees with disabilities hired by Region	✓ + 10% presence of employees with disabilities vs 2018	
Employees awareness and information activities at global level	✓ First awareness project on Chinese culture given to all employees of corporate offices	<b>2022</b> 100% of employees of corporate and retail offices involved in Cultural Awareness projects
<b>Strengthen clients experience</b>		
Continuous improvement of clients' satisfaction ( <i>VIBE score</i> )	✓ + 91% client satisfaction	
Extension of the Client Service project to all Regions	✓ Client service extended to all Regions	
Launch of an assessment according to the <i>WELL Building Standard for Retail Protocol</i> for certain stores	✓ Assessment carried out in two stores	
<b>GIVE BACK TO LOCAL COMMUNITIES</b>		
<b>Keep people warm</b>		
Ongoing support for initiatives to promote the social and economic development of the local communities where the Group operates	✓ Supported for the third consecutive year <i>The 'Warmly Moncler' for UNICEF</i> project for children living in emergency situations	<b>2022</b> 50,000 children living in particularly vulnerable situations in the coldest areas of the world assisted through <i>The 'Warmly Moncler' for UNICEF</i> project
		<b>2023</b> 20,000 people who live in emergency situations, involved in <i>Second Life</i> initiatives
<b>Share value for communities [SDG 11]</b>		
		<b>2021</b> Building of a nursery for employees' children at the production site in Romania
		<b>2023</b> Launch every two years of a high social value project for local communities where suppliers operate
<b>Behave responsibly</b>		
		<b>2022</b> 100% of eligible population involved in volunteering initiatives during working hours

3

# PEOPLE

EMPLOYEES IN NUMBERS

MANAGEMENT AND DEVELOPMENT

DIVERSITY AND EQUAL OPPORTUNITIES

OCCUPATIONAL HEALTH AND SAFETY

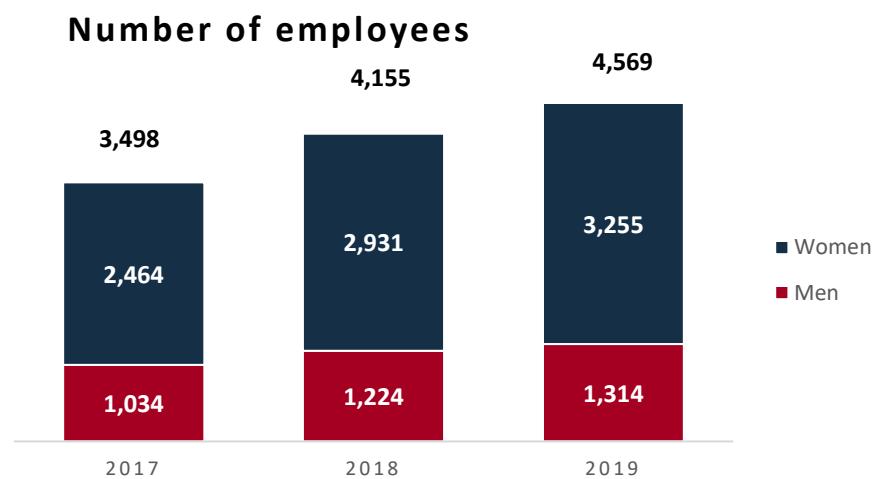
INDUSTRIAL RELATIONS

MONCLER INVESTS GREAT ENERGY IN  
RECRUITING THE BEST TALENTS 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.

# EMPLOYEES IN NUMBERS

At 31 December 2019, the Moncler had 4,569 employees, up 10% compared to 2018 (equal to 414 more employees). This growth was driven mainly by the development of the sales network. The increase in staffing involved almost all the countries where the Company operates. In particular, the country that showed strongest growth was Korea, with 26% more staff than in 2018, followed by Germany and Italy with 18% and 17% more respectively. See also pages 131-134.



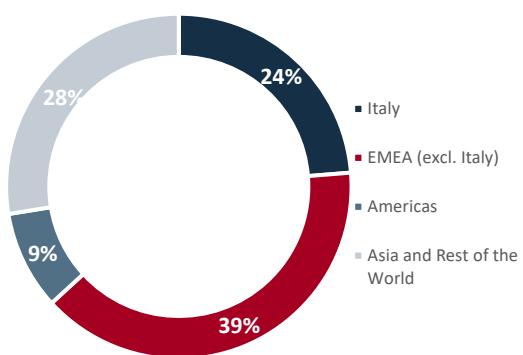
## GEOGRAPHIC AREAS AND PROFESSIONAL CATEGORIES

By geographic area, the majority of Moncler's workforce is concentrated in EMEA Region, thanks also to the production site in Romania, which accounts for 63% of the workforce in the entire Region.

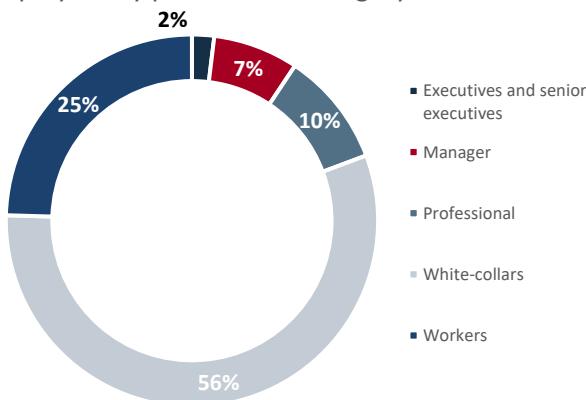
By country, besides Romania (25%), most employees are concentrated in: Italy (24%) and Japan (12%), followed by China and the United States (8%).

The professional category with the highest number of employees is that of white-collars, which also recorded a 6% increase compared to 2018. The category that grew the most is that of managers (+ 33%), followed by executives and senior executives, as a direct consequence of the investment made by the Company in coordination figures, directly involved in the implementation of key activities and processes in the value chain. See also pages 131-132.

Employees by geographic area



Employees by professional category <sup>1</sup>



(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.

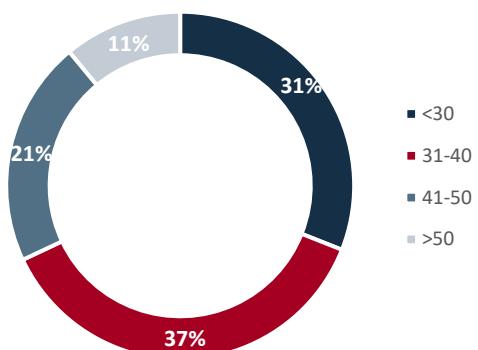
## AGE, LENGTH OF SERVICE AND EDUCATION LEVEL

The majority of workforce continues to be concentrated in 31-40 age group (+ 16% compared to 2018). Furthermore, employees over the age of 50 are increasing (+ 19% compared to 2018), in line with the investment in coordination figures. The average age is 37.7 years.

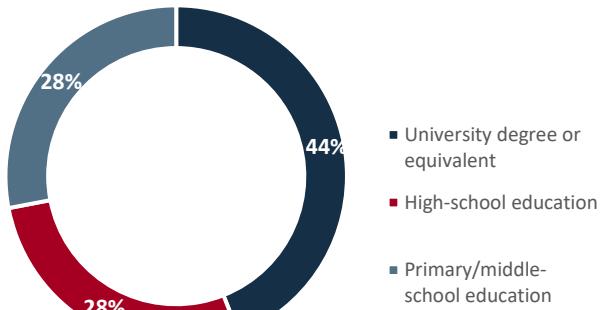
As regards length of service, the majority of employees (i.e. 87% of the workforce), continue to be employed for 0-5 years, which directly reflects the strong growth registered in the workforce over the last three years. The 6-10 years group shows the greatest increase compared to the previous year, with +15% confirming a significant consolidation and retention trend.

Finally, most employees (72%) have a medium/high level of education (44% hold a university degree or equivalent, and 28% a high-school diploma). See also pages 131-132.

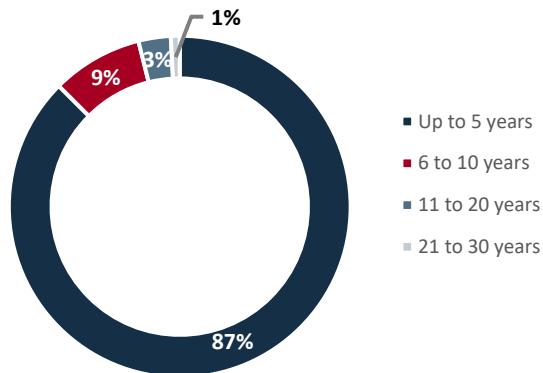
Employees by age group



Employees by level of education<sup>2</sup>



Employees by length of service



(2) In 2019, 458 employees could not be mapped, as information on education level was not available.

## NATIONALITY OF LOCAL MANAGEMENT

Moncler operates directly in over 75 countries, with five regional structures, through local offices, where senior management works in synergy with the Company's offices to manage the respective areas of expertise.

Despite the lack of a specific policy, the Company 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 strong organisational integration on a global scale, has led to the creation of significant value for Moncler.

Over 99% of senior managers in the various Regions were hired locally, with no substantial difference in gender.

## LOCAL SENIOR MANAGEMENT

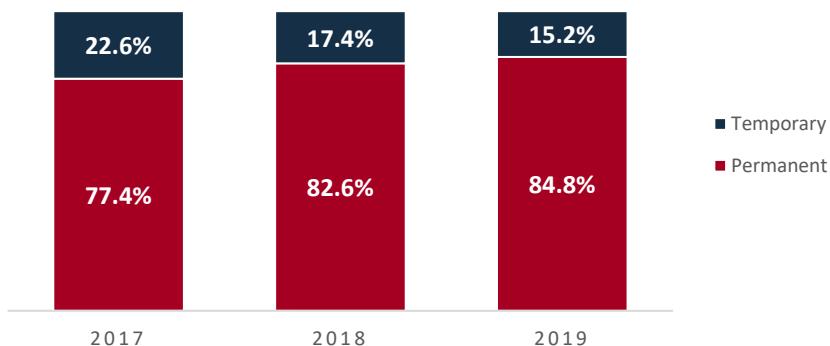
	2019	2018	2017
EMEA (including Italy)	100%	100%	100%
Americas	100%	100%	100%
Asia and Rest of the World	97%	100%	96%

## EMPLOYMENT CONTRACTS

A total of 85% of employees have a permanent employment contract, an increase (+13% compared to 2018) over the previous year, with about 94% of them working full-time.

Temporary employment contracts, slightly down (-4%), are mostly related to the seasonality of certain business and sales activities. In 2019, 205 temporary employment contracts became permanent, recording a +21% increase over 2018.

**Temporary and permanent employment contracts**



At year-end 2019, other forms of collaboration (such as internships, temporary, etc.), as permitted by law and in relation to business needs, involved 243 people. A total of 25% of these were internships, considered as an important channel for finding the Company's future talents (in 2019, in Italy, 30% of internships were transformed into contracts). See also page 132.

## TURNOVER

In 2019, negative turnover was 21%<sup>(3)</sup> and was mainly due to the departure of retail personnel, a phenomenon to be expected given the competitive dynamics of the sector.

During the year, the Group hired about 2,200 people, both permanent or temporary contracts, while a total of 1,800 employees left the Company.

This growth was mainly driven by the expansion of the network of Directly Operated Stores (DOSs), the strengthening of corporate structures, and the creation of new organisational divisions. As far as age is concerned, 51% of new hires were under 30, confirming the Company's ambition to invest in new generations. See also pages . 132-133.

### EMPLOYEE TURNOVER

	<b>2019</b>
Employees at 31/12/2018	4,155
New hires <sup>(4)</sup>	2,237
Departures <sup>(4) (5)</sup>	1,823
<b>Employees at 31/12/2019</b>	<b>4,569</b>

(3) The negative turnover was calculated by relating the number of permanent employees (827) who left the Company in 2019 with the total number of permanent employees (3,873) at 31 December 2018.

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

(5) The figure includes 96 existing temporary employees whose contract ended at 31 December 2018.

# MANAGEMENT AND DEVELOPMENT

MONCLER PLACES GREAT IMPORTANCE ON THE SELECTION AND RECRUITMENT OF PERSONNEL, AS WELL AS ON THEIR PERFORMANCE EVALUATION AND ENGAGEMENT, AND IS STEADFAST IN ITS BELIEF THAT CREATING LONG-TERM VALUE IS CLOSELY LINKED TO HUMAN CAPITAL.

## 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, energy, 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 significant number of job applications it receives every year. In 2019, about 21,000 résumés were submitted via the corporate website, in line with the trend in previous years.

The recruitment process follows the procedure set out in the **Personnel Search and Recruitment Policy**, also with the aim of enhancing equal opportunities and empowering internal resources.

In 2019, *Internal Job Posting* was also launched globally. Through the corporate intranet *MONCamp*, interested employees can apply for open positions that best match their profile, experience and aspirations. The system contributes to spreading a culture of global mobility within the Group, and represents a fundamental lever of job rotation, international mobility and development policies. In the initial start-up phase, approximately 7% of positions at Italian corporate offices were covered by *Internal Job Posting*.

### Collaborations with academia

Moncler has long-standing relationships with the best training colleges, universities and business schools, and collaborating with them is of great importance to the Company. Joint initiatives include internships for students and new graduates, project development, participation in work groups, and visits to Company premises. Employer branding activities are a great opportunity to showcase the Company and its continual 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 2019, about 100 internships were offered in Italy, ranging from alternating school-work programmes to curricular and extracurricular internships. With regard to curricular and extracurricular internships, 30% of those held in 2019 led to actual employment contracts.

Also in 2019, managers from the Pattern Making department continued their work with students on the Modelling and Tailoring master's programme at the Istituto Secoli in Milan, supporting them in the various stages of developing a men's collection, from sourcing materials and accessories up to the final fashion show.

In 2019, Moncler consolidated its partnership with the Milan University Cattolica del Sacro Cuore for its master's in Luxury Goods Management (EMLUX). As part of this initiative, members of Moncler's management hold courses on omnichannel and digital subjects, present business cases, and propose project activities.

Finally, in 2019, Moncler organised a series of meetings with students from partner schools, including workshops, business cases, and recruitment sessions, with programmes tailored to each school. The main institutions with which the Company collaborated were: Glion Institute of Higher Education, Les Roches International School of Hotel Management, Ecole Hôtelière de Lausanne, Cattolica University, Bocconi University, Ca' Foscari University, the University of Padua, the Polytechnic of Milan, Istituto Secoli, European Institute of Design (IED), Domus Academy, CUOA, Istituto Marangoni, NABA and the Milan Fashion Institute.

## MONCLER AND ITS COLLABORATIONS WITH THE MOST IMPORTANT UNIVERSITIES AND BUSINESS SCHOOLS

In 2019, Moncler's attention to attract, identify and invest in young talents with a strategical view to develop the future generation of business leaders, led to numerous collaborations with the most important national and international universities and business schools, as well as with professional and educational institutions.

Projects were launched with Moncler people for the development of collections, media and design with the Institute of Applied Art and Design (**IADD**) in Turin and the European Institute of Design (**IED**) in Milan.

Students at the **Glion** and **Les Roches** universities and those on the three-year Digital Management course offered by **Ca' Foscari in collaboration with H-Farm**, were involved in the "store of the future" project to define guidelines for developing new stores, to provide the client with a unique shopping experience, featuring store formats integrated with sustainability requirements.

**JEst** (Junior Enterprise of Padova University) students worked on a project aimed at improving fabric scrap management. At the end of the project, the students had the chance to show the results of their work to Moncler's management, and finally to be included in the selection for internship courses in the Company.

Moncler has begun a digital merchandising research project for students of the Fashion Management course at the **Bocconi University** of Milan, and took part in the Bocconi Summer School, as part of the Luxury Business Management course, with classroom lessons on Moncler Genius and Social Media strategy.

A group of students from the **New Academy of Fine Arts (NABA)**, **IED** and **DOMUS ACADEMY** were selected to participate in Moncler Genius workshops, which took place during the pop-up store opening in the Galleria Vittorio Emanuele II in Milan, where they were able to attend creative sessions with the designers.

Students from the **London Business School** and from the **MBA at the University of Virginia** were invited to the Group's stores and had the chance to spend time and attend lessons of the Group's Investor Relations function.

## 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.

In 2019, a sum of over 886,000 euros was invested in training and over 103,000 hours of training (about 7% more than in 2018) were delivered to some 4,600 employees, of whom 71% were women.

### TRAINING INVESTMENTS

	2019	2018	2017
Training expenditure (EUR)	886,578	712,669	732,820
Hours of training (No.)	103,194	96,383	69,050
Employees involved (No.)	4,690	3,968	2,616

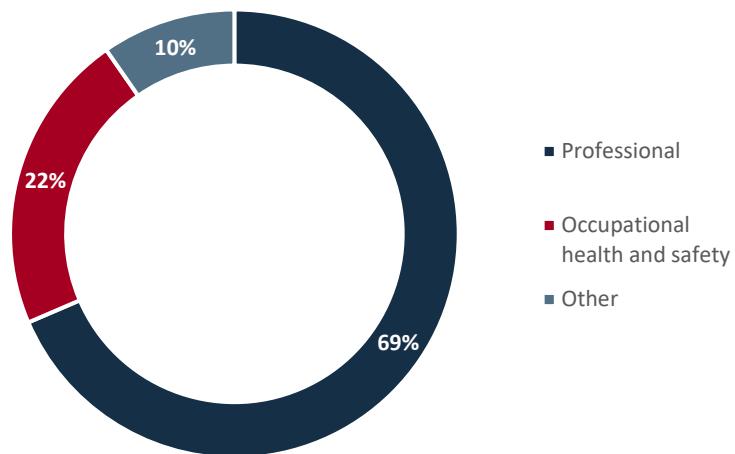
Of the employees who participated in training activities, up 18% from 2018, 57% were white-collars, 25% workers, 10% professionals, 6% managers, and 2% executives and senior executives, in line with the breakdown of employees by professional categories.

The average hours per capita, amounted to 23, were in line with 2018. In particular, the average hours per capita for women were 25, while those for men were 18.

Training hours were provided through classroom activities in 90% of cases. Although e-learning still accounts for only 10% of the total, it has grown compared to previous years, thus confirming the investment that the Company is making in training also in terms of diversification of methods and opportunities of learning.

There was a greater variety of activities than in the past, with an increase in managerial training and the launch of language courses. In general, the number of hours dedicated to vocational training accounted for 69% of the total, while those on health and safety amounted to 22%. In 2019, around 400 people received human rights training, for a total of 2,100 hours. In particular, in America a course was provided on the subject of sexual harassment in the workplace, which mainly involved the sales force, while a programme on cultural awareness was launched in corporate offices in Italy. The cultural awareness sessions were developed to promote respect for geographical diversity and provide guidelines on correct and effective conduct and communication methods to be followed with colleagues from different cultures. The first session focused on Chinese culture.

Type of training



Ended in April 2019, *MONCampus*, the first internal Academy programme, is aimed primarily at young talents of the Italian corporate offices and is managed by internal teachers to increase knowledge about the Moncler value chain. Students and trainers took part in lectures, learning trips and project work for twelve months, focusing on strategic topics, including sustainability and the corporate agenda. During the closing ceremony, the students presented their project work to top management, who committed to financing the most effective ones.

### **MAKE: Moncler Academy for Knowledge and Excellence**

*MONCampus* highlighted the great potential of training opportunities, which prompted the Company to invest resources in putting together a proper Academy project: **MAKE**, Moncler Academy for Knowledge and Excellence. It is a learning ecosystem for the development of people in terms of knowledge and skills, but also in terms of mental approach and ways of working.

In a constantly growing competitive global context, which is being accelerated by technology, it is necessary to learn how to act quickly, in an agile way and with high adaptability. **MAKE**'s objective is to empower people to successfully face this scenario, maintaining Moncler's level of competitiveness and fuelling the innovative spirit that has always set it apart.

Beginning with the needs of the business, **MAKE**'s objective is to build a learning culture where, on the one hand, people are responsible for their own development and able to identify their needs with leaders being the sponsors of this development and on the other, develop the ability to learn from their daily work, to understand that "learning is in everything I do".

To achieve this ambitious result, **MAKE** will have numerous programmes, some already starting at the beginning of 2020, as well as a technical infrastructure that meets the project objectives.

To ensure that the training themes are a reflection of the business needs, a fundamental programme features top management as the main protagonist. Through various steps, the top management is urged to identify the needs, in terms of knowledge and skills, required to achieve the medium and long-term objectives that the company has set itself in the business plan. Starting from this, strategic and leadership training programmes for the managerial population will be developed.

**MAKE** will also include team coaching programmes, which will involve both functional and project teams, who will be encouraged to learn from solid actions, stopping and reworking them where necessary with the support of a facilitator.

There will be a further functional level of learning. Starting from the existing situation, we will invest in developing the necessary knowledge to increase the level of competence of each function, once again to allow the achievement of the set objectives.

With the experience of *MONCampus*, the Learning and Development team learned how pooling together knowledge and skills is of great value for those who learn, but also for those who share their experience. For this reason, one of the central programmes of the project will be the **MakersLab**: Subject Matter Experts will share their knowledge on specific activities, processes and tools with others. Meet and Talks, lectures, workshops and webinars are some of the ways this will be carried out.

To enable all this, a Digital Learning Environment is in the planning stage. This will bring more traditional course management together with the right level of innovation and flexibility to support the Moncler learning community.

The first edition of the Moncler Academy for Technical Excellence (MATE) was also held in 2019. In collaboration with some schools in Veneto and with the support of a specialised partner, a specialised training project dedicated to sample production was launched, involving 80 fifth grade students during the presentation phase, from which 10 were selected and invited to the Company, receiving 248 hours of training, of which 200 on the job. In parallel, 3 internal tutors were trained with 12 hours of Train the Trainers

training. The course started in April and ended in October. This project was a pilot for a format that the Company will extend to other technical activities over the next few months and years, including prototyping, quality and production controls.

In line with the Company's digital development, training is aimed at experiences that blend the traditional classroom with new digital technologies, providing for effectiveness and practicality, as well as greater and faster dissemination. In fact, from 2018, some training initiatives have been launched only in **e-learning** mode. Globally, courses on the new GDPR (General Data Protection Regulation) and Cyber Security were provided to all employees, as well as a series of product-specific courses. For employees in Italy, an online course on the Organisation, Management and Control Model was also provided, with a specific focus on anti-corruption, and one on the Code of Ethics, specifically to understand and share Moncler's principles and guiding values and including human rights aspects.

Moncler also further consolidated its partnership with the Italian association Valore D, giving some employees at its corporate offices in Italy the opportunity to participate in a number of in-house courses and workshops. These courses were designed to promote organisational models and develop a corporate culture of collaboration and dialogue between different generations, genders, and cultures, as well as to facilitate the use of innovative and flexible tools devised to increase the wellbeing and motivation of the staff involved. The courses were organised by professional category. The training aimed at young talent focused on strategic intelligence, how to approach the career growth path for those just starting their working life and the development of entrepreneurial spirit for young women. For middle management, the courses focused on work life balance, when taking on roles with increasing responsibility. Courses were also provided on professional growth for female middle managers, through inter-company means. Finally, managers were involved in training activities focused on managing complex and diversified teams.

Throughout the year, Moncler continued to offer training programmes at both the corporate offices in Italy and the production site in Romania. These 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 encouraging responsible behaviour among all employees. The Company provided approximately 22,000 hours of training on health and safety. See also pages 72-73.

Since 2018, the **Pattern Making School** was created at the production site in Romania, with the aim of enhancing the skills of the Company's staff and thus strengthening some departments, such as pattern making, CAD, development and placement. The school yields clear benefits in economic and time-to-market terms, as well as in terms of staff loyalty and employment opportunities. In 2019, the training, which began in March 2018, of 6 Romanian students finished and they were taken on by the children's department in March. A new training programme on women's outerwear began for another 10 students and in July, a course on the use of CAD began.

At retail level, instead, Moncler continued to invest in a number of initiatives aimed at boosting the professionalism of sales personnel. 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 and 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 100-101.

### **MONCLER'S FIRST HACKATHON, DESIGNING THE FUTURE WITH THE CONTRIBUTION OF ALL MONCLER PEOPLE**

In 2019, Moncler launched the first Hackathon, a 24-hour marathon where 450 employees from all over the world combined their skills and inventiveness to come up with new and distinctive ideas, demonstrating how co-creation and collaboration between different functions, together with a digital culture, is an effective innovation generator and accelerator. Moncler employees, coming from every Group's Region, worked on the development of innovative projects across nine areas of strategic priority for the company, including products, IT, supply chain, Moncler's internal learning Academy as well as the cross-function topic of sustainability. The creation project process was guided by the design thinking approach, which enables the generation of innovative and creative responses, by starting from a detailed understanding of the challenges faced and by promoting collaboration and interaction amongst people. At the end of the Hackathon, the projects were judged based on their desirability, business impact, feasibility and innovation level. The winning team will have the opportunity to participate in a training programme at the Singularity University, an organisation located in the heart of Silicon Valley, considered to be a pioneer in innovation processes and themes. The Moncler marathon took place in an industrial space in Milan, where time was represented by the digital image of a forest which grew minute by minute over the course of 24 hours, symbolising the 2,000 trees planted in some of Emilia-Romagna's forests, in collaboration with AzzeroCO<sub>2</sub>.

## **REMUNERATION**

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

As a listed company, Moncler's Remuneration Policy for Group directors and key 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 contributions from the Human Resources Department, the Nomination and Remuneration Committee, Board of Directors, and the Group's shareholders at the Annual Shareholders' Meeting (see the Report on Remuneration, available in the "Governance" section at [www.monclergroup.com](http://www.monclergroup.com)).

Remuneration for Company employees takes into consideration specific criteria, including market standards, internal fairness, characteristics of roles and responsibilities, and individual expertise, with every effort made to ensure the highest levels of objectivity to prevent any form of bias or discrimination.

For several years now, Moncler has implemented an annual **salary review process** based on two principles: performance and talent. Based on annual assessments and business results, as well as potential shown, managers can propose salary raises for their employees. These raises are then discussed in steering committees. The approved proposals take into account the individual merit, the contribution in creating value for the Company, the fairness and the competitiveness in the market.

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, as confirmed by the findings of an analysis conducted in 2019 on the entire Group workforce, including the production site in Romania. The spread of a global mobility culture within the Group led the Company to develop the Global Mobility Policy in 2019, which defines the corporate commitments in ensuring fair, competitive, incentivising and coherent financial packages for Expatriates.

The salary structure of 94% of professionals, managers, executives and senior executives includes both fixed and variable components, balanced on the basis of the contribution to 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, at both team and individual level, and performance bonuses for people employed at the corporate offices in Trebaseleghe, Padua) or comprise **long term** incentives.

The **Management By Objectives** (MBO) system focuses mainly on quantitative targets related to overall Company 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 and projects.

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.

Within the MBO system, social and environmental targets related to the fulfilment of the Sustainability Plan are set for everyone involved in the implementation of the plan itself. Likewise, responsible sourcing objectives are assigned to some key roles in the Company. All members of the Strategic Committee, including the Chairman and the CEO, also have a percentage of their MBO linked to the achievement of sustainability objectives for the Company.

Finally, to empower managers in improvement activities related to the results of the people satisfaction survey, *MONVoice*, the MBOs set for 2019 included an indicator to evaluate the improvement of the result in certain areas of the survey, considered particularly relevant for the Company, such as employee engagement and development opportunities.

Until today, Moncler has relied on **Performance Share** plans as a long-term incentive system for roles considered key, up to managerial level. These plans enable: linking the incentives for Group managers and key staff to the actual performance of the company; steering people 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.

Three stock option plans and two performance share plans 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;
- *2016-2018 Performance Share Plan*, for senior management and key officers in the organisation;
- *2018-2020 Performance Share Plan*, for senior management and key officers in the organisation.

See also the 2019 Report on Remuneration, available in the Governance section at [www.monclergroup.com](http://www.monclergroup.com).

## BENEFITS

Remuneration packages offered to employees feature a wide range of benefits, from life insurance and pension plans to information and prevention programmes aimed at improving the wellbeing of people. Moncler offers employee benefits based on their 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.

### MAIN BENEFITS OFFERED

Financial benefits	Employees entitled to benefits
Supplementary pension plans	16%
Supplementary health plans	48%
Life insurance	11%
Financial support for disability	12%
Company canteen or lunch vouchers	45%
Company welfare plans <sup>(6)</sup>	18%
Other <sup>(7)</sup>	69%

Social benefits	Employees entitled to benefits
Fitness/sports centres <sup>(8)</sup>	3%
Wellness and nutritional programmes	69%

(6) Includes the Moncler Corporate Welfare Plan, as well as kindergartens and other childcare services.

(7) Includes benefits such as a Company car, transport allowance or accommodation.

(8) Includes free admission to gyms, fitness courses and other initiatives.

In Italy, the *Corporate Welfare Plan* was continued. It is aimed at all staff, including managers, working at Italian corporate offices under a permanent contract or apprenticeship contract, effective at 31 December each year. This two-year initiative, devised to ensure greater care and attention to the wellbeing of Moncler's true strategic asset, namely its people, provides for a wide range of benefits and services, some of which are also offered to employees' families, including the reimbursement of school expenses, vouchers, leisure and sports activities, and wellness packages, as well as co-pay arrangements for supplementary pension funds.

Since May 2018, Moncler has been a member of Sanimoda, a supplementary healthcare fund for workers in the fashion industry in Italy, which provides healthcare services complementary to those of the Italian national health service. In 2019, a total of 710 employees registered with the fund.

During the year, the Company's system of welfare initiatives included **nurseries** and **infant schools** for the children of employees at the corporate offices in Trebaseleghe, Padua, the cost of which was covered entirely by the Company. The chosen schools offer the opportunity to enrol up to 27 children of Moncler employees. Moreover, Moncler has committed to creating a nursery school for the children of employees at the production site in Romania, by 2020, which can accommodate up to 60 children.

Finally, since 2018, a benefits plan has been in place for UK and Korean employees, providing access to a range of value-enhancing goods and services, including childcare, computer purchasing, legal advice and health and wellness packages.

#### MONCLER VILLAGE

In 2019, there was a significant refurbishment of the Trebaseleghe (Padua) hub, based on the highest standards of safety, functionality and architectural appeal. The refurbishment led to the introduction of new facilities for employees, the most important one was the company canteen, created in line with Moncler's hallmark style, welcoming an average of 300 people daily, offering healthy menus using food from local producers, thanks to the company's commitment to use a Km0 product supply chain. Employees can also take advantage of a pre-booked take-away service for dinner.

Office structures were completely redesigned, including to improve energy use classes. In addition, the emerging results from a survey to understand employee needs were taken into account to provide an efficient service and new spaces that promote cross-collaboration, in line with the principles of ergonomics and acoustics. There was also investment in technology, allowing modern and multimedia meeting rooms to be built.

## DEVELOPMENT

Identifying and retaining the best talent is of crucial importance. In order to enhance and develop that talent, for some years now, Moncler has adopted *the PIUMA Leadership Model*, a **performance assessment system**, which measures the skills people use to achieve their set targets. Based on a solid methodology, it measures performance by assessing the level of knowledge, problem solving and impact on the business, then comparing it with the standard expected for the specific role. This helps verify how well employees fit into their role, while identifying potential training and development plans.

The assessment 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.

Conceived to improve business performance, the assessment system has a medium/long-term perspective, and is thus one of the key processes for managing and developing people, identifying succession plans, and retaining the best talent within the Company. As such, it is the basis of the salary review process.

The assessment process requires managers to appraise their respective teams annually, using a digital platform developed in 2017. 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 assessment process applies to all organisational roles worldwide. The process has not yet been extended to the production site in Romania.

In 2019, 2,354 employees were assessed, 7% more than the year before, accounting for 92%<sup>(9)</sup> of the eligible workforce.

(9) Percentage calculated on the total workforce with permanent contract at 2018, which served as the benchmark for the 2019 assessment process.

## PERFORMANCE ASSESSMENT

	2019	2018	2017
Employees involved (No.)	2,354	2,200	1,575
Eligible population covered (%)	92%	95%	94%

Since 2018, has been introduced the **self-assessment module** in the performance assessment process, to enable employees to compare their perception of their performance with the Company's, thus making the sharing phase between manager and employee more productive.

In 2018, the *PIUMA Leadership Model* for the retail channel was also redesigned. The model is based on the same principles applied to the corporate model, but is adapted to the peculiarities of the retail context. Again, the process includes a self-assessment stage.

During 2019, the entire population, both corporate and retail, was assessed and assesses itself on the basis of a single model applied in two different ways.

In 2019, the Company launched a study for the adoption of a performance assessment system model for employees at the production site in Romania, with methods that are consistent with the needs of such a significant population in terms of numbers and specificity.

Moncler firmly believes that a skilled and competent workforce can enhance the value of its human capital and contribute to increasing employee satisfaction, thus improving the Company's overall performance. As part of this effort, the Group promotes specific **employee development programmes** tailored to the needs of the Regions, the various corporate functions and distribution channels. See also page 56.

## EMPLOYEE ENGAGEMENT

Moncler sees employee dialogue and engagement as key to fostering the motivation and satisfaction of its people, thus creating strong long-term relationships. To this end, the Engagement & Internal Communication department, within the People & Organization function, is tasked with developing strategies, actions and tools to engage personnel, fostering a company culture.

Use of the **corporate intranet** site *MONCamp* has been consolidated over the years as a tool to share information and news, and enhance networking among colleagues. The *MONCamp* news section is based on a specific editorial plan, and features news about products, events and people, as well as interviews with employees from different functions and organisational levels, thus enhancing knowledge, sharing, and the sense of belonging to the world of Moncler. Consolidated and enhanced from a 'social' perspective, the

platform has become a crucial element of communication among employees, particularly those in retail, who use it to share sales experiences, build client relationships and promote local events.

For the second year in 2018, the Group conducted the **people satisfaction survey MONVoice**, which aims at offering a snapshot of the Company's positioning in terms of employees' engagement and employees' enablement. By analysing the individual elements of each of these aspects, Moncler was able to identify both its strengths and the areas to be addressed to improve its overall positioning. The analysis highlighted a number of clear areas of excellence, including "pride in being a part of Moncler", "quality and attention to clients", and "confidence in its own manager". One of the main suggestions received through the survey was in particular "collaboration and communication between departments."

In order to start a process of improvement for people starting from the people themselves, in 2019, the results were immediately shared worldwide through dedicated newsletters for the corporate population and, at the same time, more in-depth meetings were held with both the Chairmen and Heads of the People & Organization functions of each Region and, at the corporate headquarters, with all the managers of the various corporate functions. These results sharing activities were fundamental within the process in order to deepen the understanding of the results emerging at country and individual function level, which subsequently led to the definition of improvement actions and projects.

In December 2019, was launched the third edition of *MONVoice*, involving 3,640 people worldwide with a questionnaire of 45 questions. Among the main areas of excellence that emerged were: "quality and attention to clients" and "clear strategic direction". Collaboration and communication between departments continue to be the areas to be strengthened.

Moncler believes that employee opinion surveys are useful not only to have a clear picture of employee satisfaction levels, but also to identify corrective measures to meet the expectations and needs of the entire organisation.

#### PEOPLE SATISFACTION SURVEY

	2019	2018	2017
Employees involved (No.)	3,640	2,425	1,997
Eligible population covered (%)	100%	100%	100%
Response rate (%)	88%	91%	89%
of whom women	73%	64%	n.d.

In 2019, the *Thank Boss It's Friday!* breakfast was also launched, allowing a group of employees taking part voluntarily to share insights and offer suggestions to top management with a view to open dialogue.

## NEW WAYS OF WORKING

The context in which the Company operates is characterised by great speed and constant change, which has a significant impact on people's behaviour and, consequently, on the way they work. With this in mind, Moncler launched the New Ways of Working project.

Beginning with employee requests in the *MONVoice* survey, Moncler focused on defining an activity plan to respond to emerging needs on the issues of flexibility, improving the effectiveness of activities and processes, and a better work life balance.

All employees then took part in a detailed survey, which highlighted some priority areas including the management of human resources, use of digital technologies, organisation and layout of spaces, conduct and leadership styles.

Once the main development areas of the project were identified, a remote working pilot was begun, and were identified productivity indicators to measure the increase in terms of efficiency, with respect to the new organisational methods and to enhance existing technology, in support of new interaction methods.

At the same time as the launch of the New Ways of Working project, the Milan office (via Solari) refurbishment began, to create new spaces that would facilitate the new ways of working, including open spaces, modular meeting rooms and spaces for individual activities.

The project will continue in 2020, with an experimental phase assessment and any decisions to be developed.

Steadfast in its belief that **company volunteering** is not only an instrument of social responsibility, but also a means of creating a culture that is attentive to diversity and solidarity, at the end of 2018 Moncler presented an articulated volunteering plan to the Italian employees at its corporate offices. The plan, which began in Italy in January 2019, involved a collaboration with six non-profit organisations for activities ranging from the environment to childcare. Each employee can take advantage of **two days a year to devote to the proposed volunteer activities** and will also have the opportunity to choose from different organisations, different types of activities and different days. In 2019, employees participated in various voluntary activities for a total of approximately 3,200 hours worldwide.

Also in 2019, the Korean team participated with an entire day's work in the *International Coastal Cleanup Day event*, an international day dedicated to coastal cleaning, during the World Environment Day, led by the motto "Our Ocean, One Future - Moncler, We Care". Before starting the volunteer activity, an orientation and awareness session was organised on the seriousness of pollution, plastic and suffering of marine animals, which raised everyone's awareness of the importance of reducing disposable products.

In China, Moncler employees took part in voluntary initiatives with the *Rainbow Rain Children's Intelligence Training Centre* in Shanghai to raise awareness and spread information about the main issues relating to autism, increasing knowledge and skills to effectively deal with the disorder and support families.

In 2019, the Japan team took part in a volunteer activity promoted by the Food Angel organisation in Hong Kong, embracing the "Waste Not, Hunger Not, With Love" mission against food waste. The organisation is

committed to collaborating with companies from different sectors to use food surpluses in preparing food for the most needy. Again, in Japan, employees were involved in the initiative to clean the area around the Aoyama store following the "Vogue Fashion's Night Out".

#### **INVOLVEMENT IN PREVENTATIVE INITIATIVES**

The year 2019 was rich of initiatives for employees at corporate offices in Italy, with several initiatives taking place, such as marathons.

On 6 and 27 October, Moncler and its employees participated in two events of major importance for cancer research and prevention, the Milan Pink Parade and the Venice Marathon.

The Pink Parade was held in collaboration with the Umberto Veronesi Foundation and saw more than 8,000 people take part, including a team of Moncler runners. For the occasion, Moncler employees had the opportunity to receive free breast screening, in an initiative offered by the mobile clinic of the Italian Diagnostic Centre.

While the Venice Marathon was held in collaboration with the association Piccoli Punti for melanoma prevention and saw the presence of a total of about 10,000 participants, including more than 130 Moncler runners.

# 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 a reflection of this, at the Italian corporate offices alone, are present employees of 30 different nationalities.

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 the management of an employment relationship ending.

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 2019, the Company received three reports of alleged discrimination, two in relation of employees against the subsidiary Moncler USA Inc and the other one, of an employee against the subsidiary Moncler UK Limited. In relation to the American cases, one was dismissed as not discrimination after being investigated, the results were shared with the employee concerned at the start of 2020. In the second case, the parties reached an agreed settlement and the case in the UK had the same outcome. Furthermore, a settlement agreement was also reached in 2019, for a case with the subsidiary Moncler Australia Pty Ltd dating back to 2018.

Moncler recognises the importance of maintaining and promoting Human Rights and respecting the rights of workers, in line with the principles set out in the Code of Ethics, and therefore undertakes to communicate the developments and methods of resolution of any case of alleged discrimination that has emerged in a transparent way.

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 page 52.

With regard to gender differences, women make up the majority of Moncler's workforce. Around 71% of employees are women, up by 11%, the percentage is basically in line with the overall growth of the workforce.

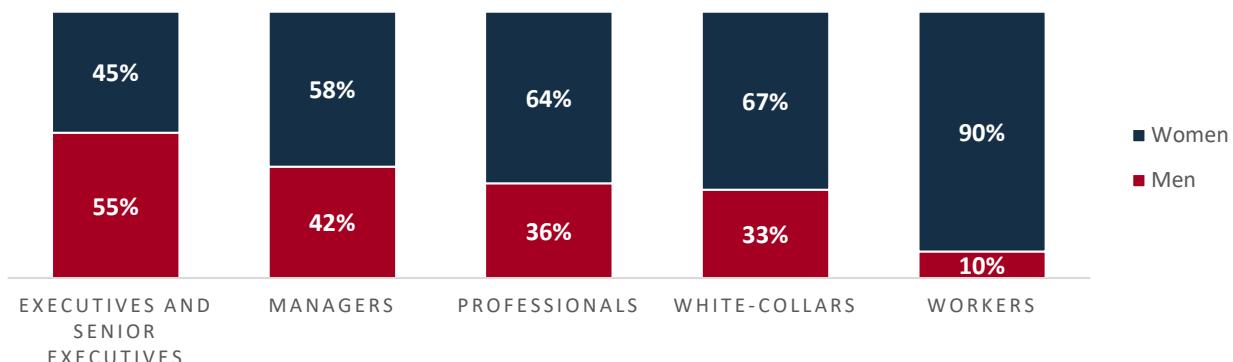
The percentage of women is also high in all geographical areas and employee categories. Women account for 56% of employees at managerial level (managers, executives and senior executives), up by 35% compared to 2018 (equal to 62 additional women).

Women represent 72% of the workforce with a permanent contract and 65% with a temporary contract. About 65% of the contracts transformed into permanent contracts during 2019 were for women (134).

In 2019, the growth (68%) in the number of women with permanent full-time contracts in the total workforce with permanent contracts continued.

With regard to gender breakdown by type of service, age group and level of education, there are no differences compared with the overall trend. See also pages 131-133.

## EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER



Moncler is committed to offering **equal pay** for equal skills, expertise, and professional experience, thus guaranteeing the principle of equal opportunities in both theory and practice without bias. For the categories of executives, senior managers, managers and white-collars, renumeration levels for men and women are substantially aligned, while in the professionals and workers categories the salary levels differences in men's and women's is 8%. See also pages 134.

The Company is also committed to employing **people with disabilities**. Moncler manages diversity in accordance with the rules and practices of laws in force, and encourages Company departments to employ disabled 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 31 December 2019, the number of employees with disabilities in Italy, Romania, France, Japan and South Korea was 56 in total, up 10% compared to 2018. In the next few years, the Group will continue to plan the recruitment of additional people with varying levels of disability, also by collaborating with institutions specifically tasked with helping disabled people find employment.

# 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, 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 in compliance with the highest health and safety standards. This commitment is clearly stated in the Occupational Health and Safety Management Policy, which was shared with all company employees worldwide in 2017 and updated in 2019. The Policy sets the health and safety principles and guidelines to be implemented in every sphere of activity and 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 all activities that may impact safety;
- the enhancement of knowledge, competence, and awareness of all employees through targeted training and practice.

In 2019, after four years of progressive extension, Moncler obtained the OHSAS 18001 certification at global level in all its offices and stores worldwide (excluding shop-in-shops), and for its logistics and production sites. At the same time, the Company adapted its management system to the new ISO 45001 standard.

## 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 Company's business is not high-risk, Moncler adopts a **preventative 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. While 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 to all workplaces worldwide in 2019.

In 2019 on-site inspections to verify employee health and safety at the production site in Romania continued. These on-site inspections were conducted both by in-house staff and by external bodies and were required to renew OHSAS 18001 certification.

All Moncler employees and the service providers most exposed to workplace safety risks, such as security, cleaning, porterage and maintenance companies, are covered by the Company's health and safety management system. In particular, the entire area <sup>(10)</sup> was subject to audits carried out by internal functions and external bodies.

In Italy, Moncler organises regular safety meetings with Company's representatives, specialist physicians, prevention and protection officers and workers' safety representatives. These meetings focus on risk assessment analyses and outcomes, injury rates, training and personal protection equipment.

In 2019, workplace accidents of both its own employees and those of the cooperative that manages the logistics hub in Castel San Giovanni, Piacenza, were kept to a minimum through the careful management of work spaces, ongoing information and awareness initiatives centred on prevention, and the monitoring of the proper implementation of improvement measures. In 2019, Moncler's commitment to monitor the accident rates of employees of the cooperative that manages the logistics hub of Castel San Giovanni, Piacenza continued and recorded a frequency index of 0.49 in 2017, 0.20 in 2018 and 0.91 in 2019. Furthermore, the monitoring was also extended to other service providers deemed to be more exposed to safety risk for whom no accidents were recorded.

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

## WORKPLACE ACCIDENT INDICATORS

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Incidence rate <sup>(11)</sup>	<b>3.06</b>	4.57	2.46	<b>3.13</b>	4.08	2.73	<b>5.43</b>	11.61	2.84
Severity rate <sup>(12)</sup>	<b>0.03</b>	0.04	0.02	<b>0.05</b>	0.06	0.05	<b>0.07</b>	0.11	0.06
Frequency rate <sup>(13)</sup>	<b>1.90</b>	2.87	1.51	<b>1.99</b>	1.54	2.45	<b>3.39</b>	7.37	1.76

(10) Excludes the 15 shop-in-shops.

(11) Incidence rate: (number of workplace injuries/total employees) x 1,000.

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

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

Occupational diseases are a direct consequence of work, caused by workers' exposure to the gradual and progressive harmful effects of the activities they perform. Moncler 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 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 workplace accident indicators are continuously monitored and measured. See also page 135.

The Company also focuses on **work-related stress** as part of an inclusive approach to employee wellbeing. In 2019, the work-related stress assessment was carried out again at the corporate offices in Milan, revealing that all the offices were at low risk. That said, in 2019 the Company adopted nonetheless several actions to implement a continuous improvement pathway. Stress assessment was used as a basis for planning and implementing organisational or management measures aimed at avoiding or minimising harm to workers' health related to stress risk factors. In 2020, this assessment will be repeated at the production sites in Romania.

## TRAINING AND INFORMATION

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

During 2019, the Company provided **over 22,000 hours of training** on occupational health and safety were provided, of which over 21,000 at the production site in Romania. 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. For people with positions of responsibility at the Company, additional training modules were specially designed, to improve monitoring and ensure that employees' behaviours are in line with law provisions and Company regulations on occupational health and safety.

An online health and safety course with specific content for employees was also created and provided for all certified stores.

## 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 on prevention** organised by the Company.

In 2019, Moncler again collaborated with the Umberto Veronesi Foundation. In November, prevention month, male prevention sessions were organised involving more than 100 employees at the Milan and Trebaseleghe, Padua offices. During the sessions, free medical consultations with urologists from the Italian Society of Urology were offered.

At the corporate offices in Italy and in collaboration with the Veronesi Foundation, two information sessions were held on the topic of prevention and well-being with the apnea champion, doctor and teacher Mike Maric. As part of the meetings, around 330 people had the opportunity to explore the topic of stress management through proper breathing.

Alongside these initiatives, Moncler is committed to establishing agreements with local outpatient clinics, to ensure that employees have access to the best medical centres at the most affordable prices. Moreover, in 2018, Moncler joined a supplementary healthcare fund for workers in the fashion industry in Italy, which provides services complementary to those of the Italian National Health System. In 2019, a total of 710 employees registered with the fund. See also page 62.

In October, the Americas Region provided free flu vaccines in New York, with the aim of extending the project to other locations and stores as well.

During 2019, Moncler continued the numerous initiatives implemented to promote the health and wellbeing of employees at its production site in Romania, from the offer to carry out annual blood tests directly at the site, to free eye tests and contributions to the purchase of glasses. In addition, the **ergonomics** of some ironing department workstations was evaluated, and an improvement plan was defined to reduce staff fatigue and maximise productivity. The new LED lighting systems, in addition to being more eco-efficient, also contribute to improving the working conditions. The workstation ergonomics assessment was extended to the sewing department in 2019 and an improvement plan was defined.

Another aspect regularly monitored by the Company is **noise** at the workplace, which can cause a number of problems to workers' health. At the production site in Romania, noise measurements are carried out annually to verify compliance with the permitted limits in each area.

**Air quality, temperature** and **humidity** can also cause discomfort at the workplace, affecting both the physical health and psychological wellbeing of workers. Specifically, in order to ensure proper ventilation of workplaces at the production site in Romania, where there are several micro-climates due to the different stages of processing, Moncler has installed latest generation ventilation systems that are periodically checked. In 2018, two temperature monitoring systems were also installed at the logistics hub in Castel San Giovanni, Piacenza, to monitor the degree of heat inside and assess its suitability in view of the specific activities carried out and in relation to outdoor temperatures, and, in 2019, heating systems were installed.

Finally, Moncler believes that a flexible, collaborative and shared work environment can promote greater efficiency at work and therefore improve the balance between family and work life. In 2019, Moncler launched the pilot project dedicated to **agile work** for employees of its corporate offices in Italy.

In addition, in 2018, all employees of the Moncler's Italian companies, who become fathers as from 1 January 2018, received a total of five days' **paternity leave**, i.e., one more than the number established by law or in national collective labour agreements.

# 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.

All employees in Italy, Romania, France, Belgium, Austria, the Netherlands, Spain and Brazil, accounting for 55% of the global workforce, 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**.

In 2019, once again, thanks to the climate of cooperation built by the Company over the years, 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.

In 2019, **several meetings with trade union representatives** were held in Trebaseleghe, Padua, the heart of the Group's operating activities, mainly related to illustrating company trends and activities, including the *New Ways of Working* project, to promote new ways of working in the Company (see also page 66), the *Moncler Village* project, a meeting point for the local community, in addition to progress reports on mandatory training plans on corporate health and safety, training projects and their performance and management of seasonal workers. In addition, they also included the definition of a trade union agreement to accompany the transfer from the Trebaseleghe, Padua, office to the new Milan office, as well as defining the management process for employees' departure.

The strong culture of innovation and planning that sets Moncler apart, together with the speed and competitiveness that characterise the sector, led the Company to rethink some key processes and redesign some organisational structures in a more functional and integrated way. In particular, in 2019, an important corporate organisational change was made affecting some design, product development, modelling, prototyping and merchandising function positions and which saw a total of 44 people transferred from the Trebaseleghe office to Milan. With this change, Moncler consolidated the Milan office as the creativity and collection development centre and set in motion a process of daily collaboration between different and complementary professional roles that will generate great creative, design and construction value, as well as speed of action.

The discussion was also launched for the renewal of the second level supplementary contract, which expired in December 2019.

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 Company has always implemented disclosure and workers' consultation procedures provided for by law and will continue to do so in the future.

4

# PARTNERS

SUPPLY CHAIN PROFILE

RESPONSIBLE SOURCING

DIALOGUE TO GROW TOGETHER

OUR SUPPLIERS ARE OUR STRATEGIC  
**PARTNERS.**

WE BUILD **LONG-LASTING RELATIONSHIPS**  
WITH THOSE WHO NOT ONLY DEMONSTRATE  
EXCELLENCE AND RELIABILITY IN TECHNIQUE  
AND QUALITY, BUT ALSO **SHARE OUR VALUES**  
AND OUR SOCIAL, ETHICAL AND  
ENVIRONMENTAL PRINCIPLES.

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.**

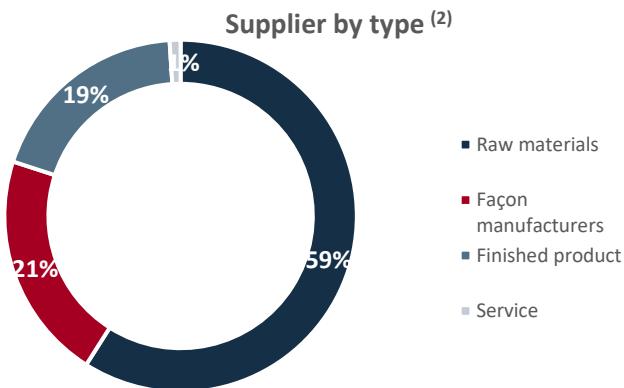
# SUPPLY CHAIN PROFILE

A QUALITY PRODUCT IS THE RESULT OF SHARED STANDARDS, COOPERATION, JOINT EFFORTS, STABLE AND TRUST-BASED RELATIONSHIPS WITH ALL PARTNERS IN THE SUPPLY CHAIN. MONCLER BELIEVES IN THE IMPORTANCE OF DEVELOPING INCREASINGLY CLOSE AND PROFITABLE SYNERGIES AND COLLABORATIONS WITH THOSE WHO NOT ONLY ENSURE RELIABILITY IN PRODUCTION PERFORMANCE, BUT ALSO SHARE THE COMPANY'S VALUES AND EXPECTATIONS IN TERMS OF ETHICAL, ENVIRONMENTAL AND SOCIAL STANDARDS.

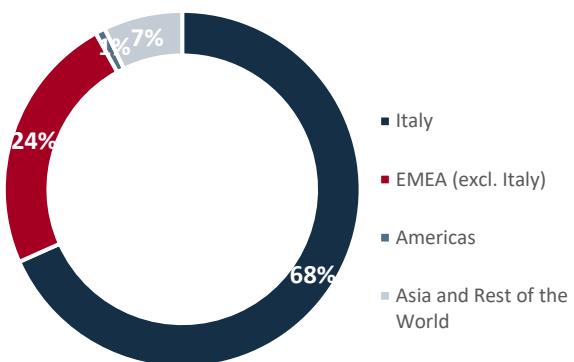
A total of 489 suppliers<sup>(1)</sup> were involved in the manufacture of Moncler's products. They are grouped into four macro-categories: raw materials, façon manufacturers, finished products and services.

- **Raw material suppliers** mainly provide fabrics, yarns, down, leathers, accessory components (buttons, zips, ribbons, elastics, etc.), and furs. Fabrics are sourced primarily from Japan, France and Italy. Suppliers of yarns and accessory components are mainly Italian. Furs are sourced primarily in Europe and North America, while down is purchased from European, North American and Asian suppliers.
- **Façon manufacturers** are specialist garment manufacturers with a high level of technical skill, who 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 regular on-site inspections. This process applies in particular to jackets, trousers, skirts, dresses, all knitwear and some adult cut-and-sew garments. Most of these suppliers are located in Eastern Europe, where a long manufacturing tradition guarantees a high level of technical expertise and suitable production capacity. Also in 2019, the business model introduced by the Moncler Genius collections, with its continuous product evolution and diversification, led the Company to find new suppliers, specifically in Italy, with strong know-how relating to particularly complex and unique processes.
- **Finished product suppliers** manufacture products on behalf of Moncler and based on the technical designs received, sourcing the raw materials themselves as per the Group's 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. Part of the cut-and-sew garments (especially t-shirts and polo shirts), part of the soft accessories (such as hats and gloves), scarves, footwear, handbags, and small leather goods are mainly produced through these suppliers. Cut-and-sew product suppliers are vertically integrated and are located in Europe and in Turkey. Soft accessories suppliers are mostly Turkish and Italian and have a high level of specific skill, while footwear and handbags are produced by European suppliers, most of whom are Italian.
- **Service suppliers** assist Moncler in pattern making and quality control processes and are mainly located near the Company. Since 2018, several of these activities, including in particular quality control, have been consolidated at Moncler's logistics hub in Castel San Giovanni, Piacenza to guarantee even greater efficiency in terms of time-to-market and hence client service.

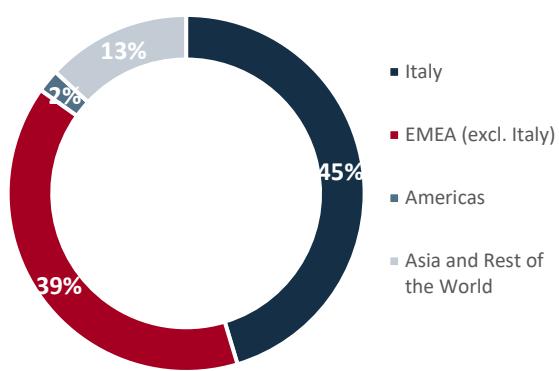
(1) Excluding prototype and pattern making suppliers, and suppliers with sales orders of less than 1,000 euros a year.



**Supplier by geographical area<sup>(3)</sup>**



**Order values by geographical area**



Where possible, the Group avails itself of local suppliers situated near its main offices, which streamlines logistics and generates income and jobs within the local communities in which the Company operates. The majority of Moncler's suppliers (92%) are located<sup>(3)</sup> in the EMEA Region, 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 60 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 to mitigate risk.

(2) Percentage calculated on the total number of suppliers.

(3) 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. Percentages calculated on the total number of suppliers.

## SUPPLY CHAIN EXCELLENCE

Starting from 2018, harnessing the momentum of the *Moncler Genius* project, Moncler launched an important phase **of innovation and development of its model linked to the collections**, spanning creation, presentation and delivery. This change required rethinking the way in which the various corporate functions manage the growing complexity arising from the many designers involved, the launch of monthly collections, and the related management of time-to-market, as well as the development of new products that require new processes.

In this context, the development and innovation programme for the Operations & Supply Chain department, already started in 2018, continued in 2019. The programme, called **Supply Chain Excellence**, aims to take the supply chain to a level of excellence by developing the operational and industrial area according to an advanced and functional model capable of mastering the constant evolution of the market.

People and their contribution have been placed at the centre of the programme. About 100 employees have been involved in the **work groups**, which have produced numerous initiatives and improvement pathways that have required major efforts to review and coordinate internal processes, as well as integration between people belonging to the different departments involved. The critical success factors existing today and necessary for the future have been analysed and specific projects have been launched. They all share the objective of **achieving operational excellence in terms of quality, speed, sustainability, reliability, flexibility and efficiency**.

The main initiatives launched in 2019 include:

- **Collection Excellence** a complete overhaul of the product development processes was initiated, involving significant investment in a new and modern information management system, "Product Lifecycle Management - PLM", to reduce time-to-market and increase function integration and collection and garment quality. The first project implementation phase is expected in the early months of 2020.
- **Modelling, prototyping and sample creation activities in-house** the most delicate and important stages of outerwear development have been brought in-house at the corporate offices of Trebaseleghe, Padua, Milan and at the Romanian production site. This has favoured and will encourage an increase in the quality of the garments produced, an increase of in-house know-how and a reduction in overall production times.
- **A new hub for collection development** has been created at the Milan office where the key functions involved in collection design and development work in total synergy and collaboration.
- **Strengthening the quality inspector structure** to promote continuous quality improvement, continued the investment in strengthening the team of quality inspectors who oversee the daily industrial, pre-production and production stages at sites where garments are made, including those of suppliers, ensuring product quality from the early stages.
- **Supply Chain Collaboration** to strengthen collaboration and control of the entire supply chain, a project was launched to create a new collaboration platform that will allow Moncler greater visibility and control of all production phases with consequent advantages in terms of reactivity and operational flexibility. The new platform will be open to suppliers with applications to communicate with Moncler in real time.
- **Manufacturing Excellence** new methods, organisation and management models for outerwear packaging based on the philosophy of *Lean Management* were analysed. The adoption of the latter, in addition to making the production model more efficient and flexible, also led to the launch of "continuous improvement committees" to constantly improve operations' performance.

- “**Demand driven operating model**” to respond quickly and flexibly to changing market conditions, a revision process of the operating and planning model was launched to create greater coordination between market demand, production and distribution.

# RESPONSIBLE SOURCING

FOR MONCLER, TALKING ABOUT QUALITY ALSO MEANS TALKING ABOUT HEALTH AND SAFETY, RESPECT FOR HUMAN RIGHTS, ENVIRONMENTAL PROTECTION AND, IN GENERAL, ETHICS IN BUSINESS CONDUCT ALONG THE ENTIRE VALUE CHAIN. BEING A SOCIALLY RESPONSIBLE COMPANY INVOLVES TAKING ON A COMMITMENT THAT STRETCHES WELL BEYOND ITS BOUNDARIES, EMBRACING THE ENTIRE SUPPLY CHAIN.

Suppliers are strategic partners and Moncler's relationship with them goes beyond strictly economic and commercial aspects. At Moncler, excellence means quality, style, and innovation, but also commitment to promoting respect for workers' rights, animal welfare, and the environment across the supply chain.

Moncler's attention to ethical, social and environmental aspects along the supply chain starts from the supplier selection phase and continues with **systematic awareness raising and monitoring activities**. Knowledge, traceability, sharing of best practices and monitoring are fundamental not only to limit risk situations, but also and above all, to generate culture and promote responsible and sustainable business development, to the benefit of the entire supply chain.

Suppliers<sup>(4)</sup> are required when entering into a contract with Moncler to sign the Moncler's **Code of Ethics**, which outlines the principles and guidelines that inspire the Company's activities and guides the behaviour and actions of all those with whom Moncler has relations. By signing the Code, suppliers undertake to comply with these principles and to have their subcontractors comply with them as well. Any violation of the principles set out in the Code constitutes a breach of contract, which entitles Moncler, depending on how serious the breach is, to terminate the contract immediately.

For years now, the Group has a **Supplier Code of Conduct** in place to provide Moncler partners with accurate operational guidance. It is consistent with the Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO), and describes Moncler's expectations regarding responsible working. It consists of six sections (Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, and Corporate Ethics), and sets forth the mandatory requirements to become or continue to be a supplier of the Moncler Group.

Moncler requires potential suppliers, from the very first steps of the **selection process**, to provide adequate information and documentation that may help **understand their actual commitment in this field**. In-house specialists and/or qualified third-party bodies also carry out preliminary visits and checks for Moncler on these aspects before the Company enters into new business relationships. The outcome of this assessment is a prerequisite for initiating any form of collaboration. In addition, a comprehensive sustainability *Self-Assessment* questionnaire has been developed, focusing on the main issues related to workers' rights, health and safety and the environment, which potential new suppliers are required to complete.

(4) 95% of significant contracts require compliance with the Group's Code of Ethics.

The monitoring of its supply chain continues with **stringent ethical, social and environmental audits** in order to verify compliance with the applicable laws and the principles set out in the aforementioned Codes. During the year, Moncler further consolidated its auditing activities across the supply chain, going from 60 audits in 2017, to 144 in 2018 and 152 audits in 2019, for a total of 356 audits on suppliers and subcontractors for ethical and social activities carried out in the three-year period 2017-2019. In line with previous years, the audits were conducted by qualified and experienced independent bodies to ensure maximum impartiality. The audits were centred 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. The scope of the audits and the suppliers and subcontractors to be audited, were selected based on a risk analysis and on whether a supplier and the related supply chain are considered strategic. In particular, factors such as the amount of orders placed, the type of good and service provided, significance for the business, geographic location and other parameters were taken into account, such as the supplier's number of employees and plants, and/or the use of subcontractors and their geographic location and any difficulty in quickly replacing the supply chain.

Based on a three-year audit plan, high monitoring coverage of the entire supply chain has been achieved. During the three-year period 2017-2019, **356 ethical-social audits** were carried out (both on suppliers and sub-contractors), equal to approximately **100%** of the volumes assigned to **outerwear sub-contractors**, **90%** of the volumes assigned to **façon knitwear manufacturers and suppliers of footwear and bags**, **81%** of the number of **down suppliers and tanneries**, **44%** of the volumes assigned to suppliers of **soft accessories**. Furthermore, in 2019, ethical and social audits were carried out also on **service providers** in relation to logistics platforms and external quality control platforms as well as security suppliers at Moncler offices and stores.

In relation to **environmental audits**, during the three-year period 2017-2019, **17** were also carried out on a sample of raw material suppliers (in particular on fabric, down suppliers, suppliers with in-house galvanic processing and tanneries). Moncler aims to continue strengthening its monitoring activities in this area.

Additional **audits on animal welfare and on down traceability** as per the DIST Protocol (Down Integrity System & Traceability) were conducted across the entire down supply chain. See also page 85-86.

#### SUPPLY CHAIN AUDITS - SOCIAL AND ETHICAL, ANIMAL WELFARE AND TRACEABILITY (NO.)

	2019	2018	2017
Social and ethical audits	152	144	60
Animal welfare and traceability audits (DIST)	215	176	85
<b>Total</b>	<b>367</b>	<b>320</b>	<b>145</b>

Moncler has a **zero-tolerance** policy against major compliance breaches, which can lead to immediate contract 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 when deemed necessary. In this case, the Group verifies that **corrective measures** are implemented by an agreed deadline through **follow-up audits** both on-site and documentary.

As in previous years, in 2019, an improvement plan was released following each audit, the implementation of which was subject to subsequent monitoring. In 2019, most instances of non-compliance were related to

issues of occupational health and safety and management of employment relationships. During the audits carried out in 2019, 10 cases were identified where the supplier's conduct was found to be not in line with Moncler's ethical principles and therefore the collaboration in place was terminated.

Aware that fostering supplier responsibility principles benefits mutual sustainable growth, in addition to ongoing awareness-raising activities on ethical, social and environmental issues, Moncler **supports its supply chain in a number of ways**.

The Company continued its support programme for a number of strategic suppliers in 2019, making **health and safety experts** available to provide advice and develop knowledge of best practices to 21 suppliers, as well as **financial support** for investments in technologically advanced machinery for special processes.

Finally, Moncler is 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 into account sustainability aspects. Each indicator will be weighted, contributing to the assessment of each supplier based on scores achieved in the different areas. The **vendor rating** macro-areas are:

- sustainability and compliance (working conditions, environmental practices, animal welfare, etc.);
- quality (defect rate in manufacturing, quality grievances reported to the client service, etc.);
- delivery and service level (flexibility, punctuality of delivery, etc.);
- costs (price competitiveness, logistics costs, etc.);
- innovation (technological capacity, appetite for innovation, etc.).

During 2019, a pilot project was implemented in the field of supplies of raw materials, and in particular for fabrics and accessories (including zip and buttons), to assess the areas of quality, deliveries and service level. About 90% of the fabric suppliers (in terms of volumes purchased) and about 100% of the accessories suppliers (in terms of turnover) were assessed and classified.

This project will be extended in 2020 to the other macro-assessment areas and will involve a larger number of supplier categories.

In relation to "indirect" suppliers, that is suppliers of goods and services not related to products, in 2019, a complete mapping of the quality, social, environmental and health and safety certifications held by suppliers was carried out. Of the approximately 200 main suppliers, almost all of them have at least one certification and one third of these already have UNI ISO 45001 and/or UNI ISO 14001 certification. An awareness raising activity was also launched to promote improvement objectives related to the certification process, in particular in relation to the environment and health and safety. In 2020, the process of mapping and monitoring partner's reliability will be completed using information taken from external information providers while using also greater detail on indicators specifically related to sustainability through a dedicated scorecard.

For most suppliers, the qualification and assessment procedure was digitized with the Moncler Supplier Portal which guarantees immediate access and verification of data and documents and continuous monitoring of the supplier register.

## ANIMAL WELFARE AND TRACEABILITY

Down, the heart of every single jacket, is the most important thing to Moncler. Suppliers are not only required to meet the highest quality standards, but also to act responsibly and respect animal welfare.

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

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

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

Developed based on the unique features of Moncler's 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 and holistic approach to animal welfare and product traceability. The forum is chaired by a Professor of Management at Ca' Foscari University, Venice, who is an expert on sustainability issues. Its members include: Moncler officers; experts from the Department of Veterinary Medicine at the University of Milan, the Polish National Institute of Animal Husbandry in Kołuda Wielka, 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 the firm belief that dialogue enhances and drives improvement, in January 2020, the sixth multi-stakeholder forum was held to discuss Protocol updates to make it even more stringent.

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.), the Protocol also provides for the careful observation of the animal itself (as per recent European Commission guidelines), through the so-called **Animal-Based Measures** (ABMs)<sup>(5)</sup>. 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 ABMs (welfare indicators) including, among others, those designed to identify unusual behaviour or aspects such as feather-pecking<sup>(6)</sup>, 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 (the HAR test, Estep and Hetts, 1992).

(5) 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.

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

All down suppliers must scrupulously comply with Protocol requirements to ensure raw material traceability, animal welfare, and the highest quality standards at each link of the down supply chain. Compliance with the principles set out in the Protocol is constantly assessed by Moncler through stringent **audits in the field** throughout its almost entirely vertically-integrated down supply chain. It includes various types of entities: white geese farms, abattoirs where the animals are exclusively slaughtered for meat production before the down is collected, and companies responsible for washing, cleaning, sorting, and processing the raw material. It also comprises sub-contractors who produce the finished products downstream of the down purchasing process.

To ensure the utmost **impartiality**:

- audits are commissioned and paid 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;
- in turn the certification body's work is audited by another accredited external body.

In 2019, **215 independent audits** were conducted, some of which were attended by Moncler officers as well as experts from the University of Milan's Department of Veterinary Medicine. In all cases, where minor non-conformities were found during audit activities, farms had to take prompt corrective action before obtaining certification. Only one farm did not achieve certification as it did not implement the improvement plan within the set times. During the audits carried out in 2019, no instances of live-plucking or force-feeding were observed at any of the audited farms.

To transparently communicate the company's commitment in this area, a tag indicating 'down certified under DIST' has been included in all Moncler's jackets. This milestone was achieved by extending down traceability as per DIST Protocol across the entire supply chain, all the way to the finished product.

With the aim of **promoting a path of continuous improvement** and thus have a significant impact on animal welfare, Moncler is committed to involving and raising the awareness of its supply chain through training activities. During 2019, training activities continued for outerwear and knitwear façons manufacturers in compliance with the traceability procedure. In 2019, about 23 on-site training courses were provided for a total of about 100 hours.

The DIST Protocol is a stringent and innovative document and the goal is to keep it so. That is why it is constantly evolving and subject to periodic review through the multi-stakeholder forum. However, significant these results may be, Moncler has no intention of stopping there and is determined to continue to promote increasingly ambitious standards, also based on the insights of its stakeholders.

# DIALOGUE TO GROW TOGETHER

TRANSPARENT AND CONSTANT DIALOGUE IS THE BASIS FOR ANY RELATIONSHIP BASED ON TRUST. IT IS A KEY ELEMENT IN FOSTERING SHARED GROWTH, FRUITFUL COOPERATION AND MUTUAL SATISFACTION.

Moncler is attentive to the dialogue with its suppliers and to sharing good practices, both on technical aspects related to business activities and on aspects aimed at promoting responsible behaviour. The dialogue is established through different channels ranging from **daily meetings to institutional events** and daily interactions are regularly held with Moncler experts and inspectors tasked with overseeing the various activities involved in production. The meetings with the Company's experts provide specialist support at all stages of production in order to share technical know-how and resolve any critical issues. In 2019, as regards outerwear, Moncler's team of technicians was again expanded to ensure a widespread presence at all façons manufacturers in Italy and abroad, to increase the already high number of checks on quality and on the progress of work in and at the end of the line. The experts in charge of the external workshops periodically participate in meetings at the Company offices to help analyse samples and share technical and production standards, results of the previous season and objectives for the following. Specifically, in 2019, two collective meetings of two days each were held in Romania, near the production sites of some suppliers. Similarly, Moncler's knitwear workshop experts are invited a couple of times every season to come in for one week training, focusing on procedures and on production and quality standards, with visits to the Group's quality control centres. At these meetings, they are also sensitized on other topics relevant to Moncler, including ethical, social and environmental aspects, so as to spread the relevant culture among suppliers. Through the presence of experts at the various third-party production sites, the shared know-how thus becomes an integral and essential component of the bond between the Company and its suppliers.

The desire to work in close collaboration with its suppliers in 2019 also saw the launch of an important portal development activity which, with various applications, allows the exchange of important control and production progress information in real time, as well as documents to guarantee the correct product execution and the constant monitoring by technicians.

Also in 2019, awareness activities on ethical, social, and environmental issues continued during the year, through **one-to-one meetings with experts from the Company's Sustainability Unit at the production facilities** of some of its suppliers and sub-contractors (both façons manufacturers and suppliers of raw materials). In the three-year period 2017-2019, about 170 on-site visits were carried out in Italy and abroad.

During 2019, the dissemination of the Company's guidelines in terms of compliance and sustainability continued with the sharing of technical, chemical and performance specifications, both during daily activities, with various one-to-one meetings and at sector fairs.

Finally, a web portal dedicated entirely to suppliers has been active since 2017 as an additional tool for dialogue and to facilitate the exchange of information and documentation. Through the portal, suppliers can directly access communications and documents, including the Code of Ethics, the Supplier Code of Conduct and related guidelines. A dedicated online training section has also been set up.

5

# PRODUCT

STYLE

CIRCULAR ECONOMY AND SUSTAINABLE INNOVATION

QUALITY

MONCLER PRODUCT IS SYNONYMOUS WITH **STYLE, CREATIVE ENERGY, INNOVATION AND QUALITY** WHILE ALWAYS REMAINING FAITHFUL TO THE BRAND'S DNA.

TODAY, IN LIGHT OF THE NEW CHALLENGES, THE COMPANY IS COMMITTED TO FINDING ALSO **SUSTAINABLE INNOVATIONS** TO BE INTEGRATED INTO THE DESIGN AND MANUFACTURE OF ITS PRODUCTS.

REVIEWING THE DIFFERENT STAGES OF THE LIFE CYCLE FROM A **CIRCULAR ECONOMY** POINT OF VIEW IS AN EVER MORE OBJECTIVE FOR MONCLER IN ORDER TO MINIMISE USED RESOURCES, EXTEND PRODUCT LIFE AND PROMOTE THE REUSE OF MATERIALS.

# STYLE

MONCLER'S SUCCESS IS BASED ON A UNIQUE AND CONSISTENT BRAND STRATEGY, WHICH ALSO DEPENDS ON THE ABILITY TO DEVELOP INNOVATIVE PRODUCTS THAT ARE STRONGLY "ANCHORED" TO THE HISTORY OF THE BRAND. THE JOURNEY, WHICH BEGAN IN 2003 WHEN REMO RUFFINI ACQUIRED THE GROUP, HAS ALWAYS BEEN COHERENT AND PURSUED WITHOUT COMPROMISE. HERITAGE, UNIQUENESS, QUALITY, CREATIVITY AND INNOVATION ARE THE TERMS USED IN MONCLER TO DEFINE THE CONCEPT OF "LUXURY".

The *Moncler Man* and *Moncler Woman* collections are at the core of the Brand, responding to the needs of different consumers and to multiple uses. The "Archive" is made up of products inspired by Brand's first collections, which have become today's iconic products. The "Sport Chic/Edit" line is intended at a more sophisticated client, less concerned with fashion trends. The "Matt Black" line is inspired by a cosmopolitan consumer looking for a more contemporary style.

Moncler also has collections for boys and girls, "*Moncler Enfant*", set for young consumers (0-14 years) divided into Baby (0-3 years) and Kid (4-14 years).

*Moncler Genius – One House, Different Voices* collections take on a strategic relevance. They bring together different interpretations and visions of the Brand under the same "roof", generating a new synergetic creative energy, while always remaining true to the Brand's uniqueness.

The *Moncler Man*, *Moncler Woman* and *Moncler Genius* collections are completed by *Moncler Grenoble*, representing the brand's DNA even more strongly. *Moncler Grenoble* has become a technology and style innovation lab for the sporty consumer with an interest in performance, design and innovation. The *Moncler Grenoble* collections are split into *High Performance*, products guaranteeing maximum performance, *Performance & Style*, for the sporty consumer who also cares about design, and *Après-Ski* for the consumer who is looking for style with a sporting edge.

The Moncler collections are rounded off with footwear and leather goods (bags, backpacks and accessories) lines and a sunglasses and eyeglasses line (*Moncler Lunettes*).

Moncler's team of fashion designers is subdivided by collection and works under the close supervision of Remo Ruffini, who sets design guidelines and oversees their consistent implementation across all collections and product categories. The Moncler Style Department is assisted by the Merchandising and Product Development teams, which help create the collections and "transform" the designers' creative ideas into the final product.

# CIRCULAR ECONOMY AND SUSTAINABLE INNOVATION

THE CIRCULAR ECONOMY IS ONE OF THE DRIVERS OF MONCLER'S SUSTAINABILITY STRATEGY. IT IS A MODEL THAT INTEGRATES INNOVATION AND SUSTAINABILITY FROM THE IDEAS STAGE OF GARMENTS TO THE END OF THEIR LIFE. THE CHALLENGE IS TO MINIMISE RESOURCES USED FOR PRODUCTION, EXTEND PRODUCT LIFE AND PROMOTE THE REUSE OF MATERIALS.

To implement a **circular economy model** it is necessary to integrate sustainability into products and processes by taking action in different areas. These range from choosing the most eco-sustainable materials, to initiatives to extend product use and life, such as repair services or "second life" projects, to garment design that facilitates recovery and recycling, to production, distribution and packaging processes with low environmental impact. These are all matters that require an aptitude for innovation, to experiment with new solutions and collaborate with all the players in the supply chain.

Some of the key principles of the circular economy, such as **garment durability**, have always been part of Moncler's DNA. The high quality of Moncler products guarantees they have a very long average life. In addition, the down used, the heart of every single jacket, is an excellent example of circular economy, coming exclusively from geese in the food chain, of which they are a by-product. Down is also a biodegradable material.

As part of its sustainability plan, Moncler has set challenging targets for the circular economy (see also pages 40; 43-44) and in 2019, had already launched **sustainable products**, such as the BIO-based carbon neutral down jacket and a range of recycled garments within the *Moncler Grenoble* collection.

In addition, during the year Moncler launched a **Life Cycle Assessment** analysis to quantify the potential impact associated with some products and raw materials. This analysis, which is based on a structured methodology and in line with ISO 14067, represents a useful tool to start considerations on the sustainability of products, processes and materials used.

## MONCLER RELEASES THE BIO-BASED CARBON NEUTRAL DOWN JACKET

As a result of its constant research into innovative solutions with a low environmental impact, Moncler introduces a BIO-based and carbon neutral down jacket made with plant-based fabrics and accessories. The down jacket was developed using a renewable raw material that allows a 30% reduction of CO<sub>2</sub> emissions compared to a fossil origin source. In addition, the emissions generated throughout the life cycle of the down jacket are offset through REDD+ certified projects, focused on preserving the Amazon rainforest. Based on the collaboration with the research and development departments of Moncler's partners, the jacket was made with fabric, lining, buttons and zips derived from castor beans, while all the other components are of natural origin. The castor plant itself is a sustainable and renewable source: it does not affect food supply as it is cultivated in arid regions not intended for agriculture, and it requires extremely small amounts of water to grow. The resulting fabric guarantees the high levels of quality and technicality of Moncler garments' signature standard.

Each single component of the jacket is also totally recyclable from a circular economy perspective.

With its BIO-based down jacket, Moncler reaffirms its commitment to encouraging research into and experimentation with alternative solutions that contribute to counteracting climate change.

#### **MONCLER GRENOBLE RECYCLED**

In October 2019, the Company introduced a range of recycled garments within its *Moncler Grenoble* collection, whose materials combine sustainability, performance and design excellence, all distinctive features of the collection that has always had a purely sporting vocation well-known for its technical performance. The line is made up of fourteen models, four for women and ten for men. Garments include jackets in recycled nylon, as well as a sweatshirt derived from plastic bottles recycled with POLARTEC technology. For each sweatshirt produced 34 plastic bottles are used.

# QUALITY

FOR MONCLER, QUALITY HAS ALWAYS BEEN AND WILL CONTINUE TO BE A PRIORITY. THERE CAN BE NO COMPROMISE IN THE PURSUIT OF EXCELLENCE: FROM THE CHOICE OF THE FINEST MATERIALS, THROUGH THE PRECISE MANUFACTURE OF ITS GARMENTS, TO THE SELECTION OF THE BEST SUPPLIERS THAT ARE TRAINED AND SUPPORTED BY SPECIALISED EXPERTS.

## PRODUCT QUALITY AND SAFETY

Product quality and safety are at the centre of Moncler's focus. For this reason, Moncler implements stringent controls along the entire value chain. All Moncler products are designed and manufactured under the Company's direct and close supervision. 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 the final products at its production site in Romania or outsourced to external suppliers.

Quality and safety are priorities for the Group right from the phase of designing garments and purchasing raw materials. The quality of the down and nylon, but also 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 composition and physical and mechanical features, which are essential to ensure the desired technical performance.

Moncler contractually 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 REACH<sup>(1)</sup> regulation, China's GB<sup>(2)</sup> standards, and the Japanese JIS<sup>(3)</sup> standards. Suppliers are also bound to comply with the company instructions in the Product Restricted Substances List (PRSL), which defines the parameters and limits to be respected for chemical substances, and those of the "Manual of performances" for physical-mechanical performance requirements. In relation to the use of chemical substances, Moncler requires partners to go beyond the legal requirements, by including its own standards in the PRSL which, for certain groups of substances, are more stringent than those imposed by international regulations.

For the supplier and/or Moncler itself to verify compliance with the guidelines contained in the PRSL and in the "Manual of performances", tests are carried out in independent specialised laboratories. The accessory components used in production undergo additional testing to ensure their technical compatibility with fabrics and garment care (e.g., their reaction with washing detergents). Fabrics are tested for their physical-mechanical properties, such as resistance to water, pilling, colour fastness, seam slippage, tearing strength, breathability, etc.

(1) Registration, Evaluation, Authorisation and Restriction of Chemicals.

(2) National Standard of the People's Republic of China.

(3) Japanese Industrial Standards

**Moncler accepts no compromise when it comes to safety and 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, the experts from Moncler's quality assurance division will first verify that the **potential partner has the technological capacity** and is adequately equipped to produce **garments that meet all the 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. Finally, prior to sale, **all garments produced are regularly subjected to a final stringent quality inspection**. This inspection, with a structured and recorded process, **checks and guarantees the aesthetic detail, characteristics, sizing, labelling and functionality of each garment**. In this final stage, the anti-counterfeiting protocol is checked and activated using sophisticated latest-generation technology.

From 2018, through major investments in technology, Moncler began to expand its Piacenza hub where, in addition to logistics activities, other services, including quality control of the finished product and after-sales service, are carried out. The expansion of the facility is part of an important project that the company implemented in order to be faster and more efficient in terms of time-to-market and service to clients.

## DOWN QUALITY

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 both **knowledge of raw materials** and garment 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 taken into account as much as the quality of the down itself. See also pages 85-86.

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. Every batch of down undergoes a two-step inspection procedure to assess its compliance with **11 quality parameters**, including health and cleanliness, set according to the strictest international standards and to stringent Company requirements. The procedure involves sophisticated analyses by an accredited independent body, followed by further tests at Moncler's own laboratory performed by highly-specialised down technicians. **Approximately 1,200 tests were performed in 2019.**

Down cluster content and fill power are the main indicators of down quality. Moncler's products contain at least 90% white goose 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 of at least 710 (cubic inches per 30 grams of down), resulting in warm, soft, lightweight products delivering unique comfort.

# 6

## CLIENTS

CLIENT EXPERIENCE

FIGHT AGAINST COUNTERFEITING

TRANSPARENT AND RESPONSIBLE COMMUNICATIONS

OFFERING A CONSISTENT AND DISTINCTIVE **EXPERIENCE** AT EVERY TOUCHPOINT WITH THE BRAND, IN AN **OMNICHANNEL** PERSPECTIVE, ATTENTION TO SERVICE, USING **DIGITAL CHANNELS** TO FOSTER A MORE DIRECT, CONTINUOUS AND FAST DIALOGUE, TOGETHER WITH CONSTANT ATTENTION TO PRODUCT **QUALITY** AND PERSONAL RELATIONSHIPS, ARE THE HEART OF OUR RELATIONSHIP WITH **CLIENTS**.

# CLIENT EXPERIENCE

THE EXPERIENCE OF CLIENTS AT EVERY MOMENT OF THEIR INTERACTION WITH MONCLER TAKES CENTRE STAGE. THROUGH AN OMNICHANNEL APPROACH, MONCLER ENSURES THAT CLIENTS HAVE A PERSONALISED, INTEGRATED, SEAMLESS AND CONSISTENT SHOPPING EXPERIENCE ACROSS ALL ONLINE AND OFFLINE CHANNELS.

At Moncler, clients take centre stage. Every interaction is an opportunity to receive and learn, but also to share, engage and surprise. Since 2015, Moncler has implemented the **Retail Excellence** project, covering 15 areas of operation, including redesigning the client experience, reorganising both stores and sales staff, and redefining store procedures and operations. The essence of each intervention has been 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. The project was completed in 2018 and this milestone marks a stepping stone in a new direction based on digitalisation and an omnichannel approach.

In an increasingly digital context, the strategic integration of all online and offline touchpoints is essential to offer clients a **consistent, integrated and seamless shopping experience**, and at the same time to involve them in a real **community**. For this purpose, Moncler has launched several projects aimed at redesigning the retail world from an inclusive and digital perspective to offer clients a consistent experience across all channels.

One of the most representative examples of this transformation is the **Omnichannel Light** project initially launched in the EMEA Region and then also extended to the United States, Japan and Korea in 2019. The project involves the development and provision of four multichannel services: Click and Reserve, Click From Store, Return In Store, and Pick Up In Store. These services allow clients to manage their purchases in a flexible way, tapping the full potential of the various contact channels. It becomes possible to book an item online and then try it on and eventually buy it in the store (Click and Reserve), to order an item in the store with the support of a Client Advisor and receive it comfortably at home (Click from Store), to make a return directly at the store even if the purchase was made online (Return in Store) or to buy an item online and then pick it up directly in the store (Pick Up in Store).

In addition, the Company has strengthened its commitment to omnichannel in 2019, with the launch of the e-commerce site in Korea, managed in-house by Moncler.

In 2018, the **Retail Excellence 2.0** project was launched and consolidated in 2019. It contributed to further enhancing client experience in stores through **digitalisation**, while remaining faithful to the fundamental principles of the retail channel. Several activities have been launched to provide comprehensive technological management of stores: from the Match to Traffic system, which allows scheduling activities on the sales floor and thus improving client service, to the management of the warehouse with RFID that allows expediting the various transactions. The use of these technologies optimises operational tasks in stores, increasing efficiency and speeding up the various transactions. The use of these technologies leads to an optimisation of operational tasks in stores, favouring efficiency and thus providing more time to be devoted to end clients. The digital payment service is also active at a global level. It allows sales to be completed directly on the sales floor, making the in-store experience even more enjoyable and faster.

## WHOLESALE EXCELLENCE

Ensuring **consistency and synergy** between all the touchpoints in terms of actions, communication and approach to clients is increasingly important to establish a unique relationship with the Brand. With this in mind, the philosophy and principles of the **Retail Excellence**, aimed at improving the purchasing experience of clients and their involvement in the Moncler universe, have also been extended to all partners in the wholesale channel, starting with mono-brand stores and airports.

Transferring best practices from the retail channel to the wholesale channel to provide clients with a unique brand experience has required specific initiatives with ever more digital tools in the various operating areas that have affected different areas of action: from in-store training, to the creation of personalised moments with clients aimed at developing long-term relationships, from the extension of after-sales services, to the consolidation of client service activities and communication. In 2019, coordination and synchronisation continued to play a crucial role in the launch of campaigns and collections, including in particular the important project *Moncler Genius*.

### MONCLER HOUSE OF GENIUS

In 2018, Moncler launched the *Moncler Genius* project in Milan, a new business model and at the same time a new way of communicating and interacting with clients.

*Moncler Genius* expresses multiplicity as it gives voice to different creative minds with different cultural backgrounds and styles. Each designer interprets Moncler through their own collection, while remaining true to the Brand's DNA, offers a personal point of view and speaks to a broad and diverse public.

Since the early 2000s, Moncler has been experimenting with a variety of different creative collaborations, diverse and multiple languages. With *Moncler Genius* this vision develops and amplifies. The result is a wide range of creations that speaks to different generations, while celebrating diversity and uniqueness. The uniqueness of each designer reflects that of each client. Hence our motto '*One House, different voices*'.

*Moncler Genius* has also set in motion a new strategy no longer dictated by seasons: the collections are not any more presented and made available to clients twice a year, but reach the market on a monthly basis, supported by a comprehensive marketing and communication plan. With *Moncler Genius*, even the relationship with clients changes, the flow of communication is no longer in a single direction, but becomes more interactive and continuous in an omnichannel approach in which the most important and innovative driver is digital technology. At every touchpoint with clients, the experience with the Brand becomes increasingly distinctive, personalised, authentic and consistent.

Always looking for new ways of relating to and involving the client, in a continuous interaction between physical and digital space, unity and plurality, in 2019, *Moncler Genius* continued to expand its boundaries going beyond the concept of traditional store and exploring new shopping experiences. The *Moncler House of Genius* was inaugurated in November, with temporary concept stores in Milan, Paris and Tokyo, open to the public until the end of January 2020. The three cities welcomed the arrival of the pop-up stores with a series of in-store events and creative sessions, featuring international artists from a range of backgrounds. Collections were presented in the temporary concept stores strictly following the monthly

launch calendar, the *Moncler Genius* project's revolutionary format. Unreleased products are also available in the *Moncler House of Genius*, designed exclusively for the concept stores.

Pop ups are also interactive spaces open to cities as real platforms of creativity, learning and cultural exchange. Francesco Ragazzi, curator of *Moncler House of Genius*, imagined the sales area as an art gallery, a place to install and exhibit ever new pieces of work. The result is a place with deliberately undefined spaces, designed to offer immersion experiences, with unlimited potential. The space has become a meeting place in Milan that brings the visitor close to artists, designers and the Moncler community through an exclusive programme of live performances and cultural events to further drive the project, stimulating creative genius in urban surroundings. *Moncler House of Genius* is a fluid, dynamic and constantly evolving project. The environment is constantly reconfigured so that each time the client visits they can explore the Brand universe from a new perspective. The experience is increasingly unexpected, one that involves, attracts and amazes. It is a unique and personal experience, with the boutique becoming a discovery destination.

*Moncler House of Genius* offers a complete picture of the collections, complemented by a series of products created exclusively for the host cities. The collection of special and limited edition items includes personalised logos dedicated to the three cities, clothing, tech accessories and other original products. Exclusive t-shirts are sold through a vending machine, and there are canvas bags and a selection of special products chosen and customised by the eleven *Moncler Genius* designers. *Moncler Genius* is an ode to inventiveness and innovation and *Moncler House of Genius* is the place where Moncler experiments, developing its own branding and idea of retailing, in a conversation exploring unconventional territory.

## TRAINING AS A STRATEGIC ASSET

Training is a crucial element in the growth of our Client Advisors and in their ability to reinforce positive client relationships.

While the continuous training provided to boutique personnel focuses on understanding the Brand, its history, products, style, materials and production processes, and on the interpersonal skills and style required to best engage with clients, it also emphasises the importance of listening and relating to clients, which is essential to providing a service that truly meets their expectations. In 2019, a training module was developed and launched to improve the interaction skills between Client Advisors and clients. This training will also continue during 2020.

With the launch of the **Moncler Genius project in 2018**, **intense training was provided to sales personnel**. Indeed, *Moncler Genius* marks a watershed moment in the transition in the Brand's style of communication by opening a continuous personalised and integrated dialogue, which is consistent in its content and the manner it is delivered in. In this sense, the work done in engaging Client Advisors as ambassadors of this new vision was crucial. In particular, clients have been helped to discover individual collections thanks to new and richer in-store experiences, each designed for a different type of client. During 2019, peer-to-peer and self-learning courses were integrated with the *Moncler Genius* project training activity. In this area, the task of these Client Advisors will be to train colleagues and boost their basic skills and knowledge.

At the same time, in order to ensure a **uniform and consistent** approach to clients and to the way the Brand is communicated, **2019 was an intense year of training activities provided also to the staff of**

the main stores in the wholesale channel and in particular to that of the mono-brand stores (shop-in-shops). A training programme was implemented through e-learning modules dedicated to the history and culture of Moncler, as well as to product knowledge. In this way, the client's experience has been enhanced by the narrative of the company's history and by an effective presentation of the distinctive and qualitative characteristics of Moncler's products. The training activities are also supported by new training material, provided during the morning briefings at the store and through new digital training tools. Following the launch of training in the wholesale channel in the United States in 2019, it will continue in 2020 in the EMEA Region.

As regards the Retail channel, a training programme for Store Managers was launched in 2019 and will continue in 2020, focusing on the development of employee management and leadership skills. A group of Client Advisors was also selected within the Regions to guide a peer-to-peer training programme.

In line with the Group's training strategy, 2020 will see new developments in peer-to-peer and self-learning training programmes. In addition, the *Micro-activity* programme, set up as a weekly support to strengthen soft skills, will evolve into a monthly project with educational and commercial objectives. These training activities will also be based on continuous self-learning activity and will provide for knowledge sharing at an international level.

## LISTENING IN ORDER TO UNDERSTAND AND FULFILL 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. In 2018, Moncler extended the **VIBE** project worldwide. It provides for the systematic **collection of client feedback** after each purchase through a brief questionnaire that rates the different aspects of the shopping experience, including hospitality, personalisation, and service, on a scale of 1 to 5. The goal is to identify and redress any instance of client dissatisfaction, but above all to further support and focus Client Advisors in getting to know their clients, in order that they can offer a service that meets their expectations.

The survey is structured in five phases: the day after their purchase, clients will receive by email or SMS a summary of their purchase, which they can save, and a questionnaire consisting of five short questions. Client feedback (VIBE) is immediately notified in the specific app available to the Client Advisor, who can then view the comment left by clients and thank them in order to strengthen the relationship. If the client is not satisfied, it will be up to the Store Manager to find a solution to fully meet the client's expectations and the area in which to take action to improve the shopping experience.

In 2018, Moncler recorded a high VIBE score, which measures our clients' willingness to recommend Moncler to others. It stood at 89 (on a scale of 1 to 100). This value grew further in 2019 to 91. Moncler recognises the importance of listening to clients as a key element to improve the client experience and to increasingly offer a service of excellence. This is why the Company's target is to reach an index value of 93 for the next year and to extend the service to tourist clients and those who buy online.

Still in this direction, Moncler launched in 2017 the development of a new direct communication channel, the **Client Service**. The Client Service was set up to serve as both a reference point for clients and a means to ensure a **constant two-way dialogue** with Moncler, with a view to continuous improvement. In 2018, the service, which is fully active in Europe, handled **service requests from clients from the various channels**, both physical and digital, in an omnichannel perspective. During 2019, the

project was extended globally to respond to a greater number of service requests. This is not only an important result in terms of client service quality, but also a prerequisite for the development and completion of the integration strategy of the different channels. The goal for the Company is to complete the digitization of the Client Service, strengthening presence on social media networks, implementing web chat and integrating clienteling activities.

In 2019, the **Client Moment** project was launched aimed at supporting Client Advisors in identifying and personalising client involvement 'moments', to give them an experience as much personalised as possible. Multiple "contact moments" have been identified, from those related to the product, such as the launch of a new collection (Product Moment), to cross-cutting ones such as international holidays (Festivity Moment), to personal ones such as birthdays (Personal Client Moment). Each of them is an important opportunity for Moncler to create value for its client, establishing a relationship of trust and offering a highly distinctive and engaging experience. Thanks to the digital application of Client Relationship Management (CRM), the Client Advisor identifies and selects different Client Moments for each client, which translate into personalised appointments within Moncler stores, during which the client has the full attention of their trusted Client Advisor, who knows their taste and can anticipate their needs. The constant monitoring of the quality of these appointments contributes to strengthening the clienteling activity and promoting a real culture of client attention and involvement.

## **AFTER-SALES ASSISTANCE AS AN INTEGRAL PART OF THE CLIENT EXPERIENCE**

Client relations are being expanded to include **after-sales, which is an integral part of the broader client experience with Brand**. For Moncler, this service also represents a virtuous process to further extend product life cycle with a view to circular economy, an increasingly important theme in the Company's sustainability strategy. See also pages 40; 43-44.

After defining a global policy in 2017, identifying local tailors of quality and providing stores with a replacement accessory kit to enable them to provide a fast and excellent service, in 2019, global training continued on both technical matters and the client relationship. The training was dedicated to all Client Advisors and the organisation of after-sales management has been strengthened in the countries where the Company operates, to ensure the after-sales assistance is more widespread and punctual.

Moreover, with the aim of ensuring a consistent and uniform level of service at all touchpoints, Moncler created and got the central repair platforms up and running in the United States, to which all channels can refer, and is finalising the development of the platform in China. In 2020, the creation and consolidation of existing central platforms will continue (Europe, Japan and the United States) and research for a platform will begin in Canada, with the aim of speeding up the repair process.

In 2021, the desire to create a direct connection between the client and repair platforms, will see Moncler developing the Distant Repairs service in the United States and refining the existing one in Europe and Japan. Through this service the Client Service organises garments to be picked up directly from the client if they are unable to go to the store.

In 2019, Moncler promoted continuous improvement work on after-sales flows and processes to ensure a high level of client service and also continued with various projects launched in 2018, **to improve clients after sales experience by making the system global, coherent and omnichannel**. Among these is the updating of the new feature dedicated to the after-sales service and integrated in *MonClient*, the digital Client Relationship Management (CRM), which, in addition to managing directly and personally

communication with clients, will promote an even more comprehensive management of the relationship. The Company's objective is also to implement **VIBE After Sales**, to allow the systematic collection of client feedback after using the after-sales service.

# FIGHT AGAINST COUNTERFEITING

MONCLER IS CONSTANTLY ENGAGED IN THE FIGHT AGAINST COUNTERFEITING TO GUARANTEE INTELLECTUAL PROPERTY RIGHTS AND THE AUTHENTICITY OF ITS PRODUCTS AND TO PROTECT END CUSTOMERS AND ITS INTANGIBLE ASSETS.

The approach to the fight against counterfeiting is built on a track record of many years of dedicated and daily commitment to guaranteeing the protection of its clients. This is the guiding principle of the Group's global strategy pursued by the *Brand Protection and Intellectual Property Department*.

The Company's strong portfolio of trademarks, patents and domain names provides a sound base to counteract the production, distribution and sale of counterfeit merchandise. And by diligently executing, maintaining, and safeguarding its portfolio, Moncler is able to enforce its intellectual property rights in geographic areas of actual and potential commercial interest.

Moncler combats counterfeiting by acting on different levels and channels, both offline and online, and by providing clients with tools to check the items purchased. Over the years, the Group has invested a great deal of resources and energy in developing and improving anti-counterfeiting systems and collaborations, as well as in training, raising awareness and carrying out inspection activities.

To date, all Moncler products feature a complex anti-counterfeiting system featuring sophisticated Radio Frequency Identification (RFID) technologies available on the market. This authentication-tracking system adopted from the 2016 Spring/Summer collection provides for the generation of a unique alphanumeric code, a QR code, and a Near Field Communication (NFC) tag, which can be verified at [code.moncler.com](http://code.moncler.com), which is directly managed by Moncler. Moncler has also created a special service dedicated exclusively to counterfeiting issues to further assist its clients by drawing up, where necessary, expert reports for those clients who are victims of counterfeiting and who wish to recover the sums paid for the ill-advised purchase of a counterfeit garment from electronic payment service companies.

Digital channels are another crucial front. Our monitoring and enforcement activities also span the main sales platforms, search engines and active websites. In 2019, a great effort was made to counteract the publishing of sponsored ads and accounts promoting the sale of counterfeit Moncler merchandise on the main social networks. Constant online monitoring and upgrades of the anti-counterfeiting system allowed the Company to shut down about 115,000 online auctions and 5,500 websites, delist almost 100,500 pages from search engines, and delete about 49,500 pages and sponsored ads on social networks, all offering counterfeit products. Furthermore, in 2019, as part of its fight against online counterfeiting, the Company continued to enforce the Memorandum of Understanding promoted by the European Commission and signed in 2016 by several brands and the main European e-commerce platforms, aimed at establishing a solid collaboration to counteract the presence of counterfeit products online.

Moncler also ensures the thorough and constant monitoring of its suppliers of finished products, through regular checks at workshops receiving, managing and applying logoed material and anti-counterfeiting tags supplied by the Group. A total of 23 brand protection audits were conducted in 2019. The return of feedback on audit results allows a constant and progressive improvement in the production process.

The Group collaborates locally with the main customs and law enforcement agencies worldwide to identify counterfeit Moncler products, issuing, where necessary, expert reports attesting to their illegal nature. The Company successfully continued to organise training and awareness activities for law enforcement officers,

focusing on Moncler's products, lines and intellectual property rights. In 2019, 130 training sessions were delivered to customs authorities tasked with blocking and inspecting products in transit and at local law enforcement agencies. This continuous collaboration allowed Moncler to manage almost 2,600 seizures worldwide, leading to the removal from the market of about 118,000 counterfeit Moncler finished products and 655,000 items branded with non-authentic logos and labels for the production of counterfeit clothing and accessories. In achieving these results, a crucial role was also played by the monitoring and investigation activities carried out with teams of local investigators and attorneys, who helped uncover individuals and companies behind the distribution and sale of counterfeit products.

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, UNIFAB in France and ACG in the United Kingdom, as well as INTA and BASCAP at global level. See also page 38-39.

# TRANSPARENT AND RESPONSIBLE COMMUNICATIONS

TRUST AND TRANSPARENCY ARE THE CORNERSTONES OF THE MOST STABLE AND LASTING RELATIONSHIPS. FOR THIS REASON, MONCLER HAS ALWAYS CONDUCTED EVERY MARKETING AND COMMUNICATION INITIATIVE RESPONSIBLY ON ALL CHANNELS, PAYING CLOSE ATTENTION TO HOW, WHAT AND TO WHOM IT COMMUNICATES.

## MARKETING, ADVERTISING AND PRODUCT INFORMATION

It is very important for Moncler's communication to be consistent, responsible and transparent. All **images and messages delivered** through any communication channel, whether online or offline, 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. 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. Although the Group does not currently adhere to any specific codes or voluntary standards in advertising, 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.

### ADVERTISING CAMPAIGNS

The innovation that sets Moncler apart, is strongly featured also in its advertising campaigns able to communicate its heritage and the dreams that it embodies. With the arrival of Remo Ruffini in 2003, advertising campaigns during the relaunching stage of the Brand were focused on its origins. Subsequently, attention shifted to the ideals that characterise the Brand through collaborations with masters in their field such as Bruce Weber and Annie Leibovitz. The **Moncler Beyond** campaign marked a new step forward in aspirational marketing by bringing together individuals with different life paths and of a diverse range of ages, ethnicities and origins who, through their personal experience, represented the Brand's values and became voices of individual strength, culminating in a choral message of freedom and willpower.

The year 2018 marked a real push forward for Moncler with the launch of the *Moncler Genius* project with the motto *One House - Different Voices*, made up of a creative symposium of voices that reinterpret Moncler's DNA. In 2019, the concept was developed and rooted throughout the company, far beyond the *Moncler Genius* project: **Genius is Born Crazy** advertising campaign featured international icon Will Smith in his first fashion campaign, shot by Tim Walker. Moncler explored the concept of genius and seemingly unimaginable ideas through the actor and musician. The campaign message is about the genius that creates limitless possibilities, unrivalled creativity and allows the imagination to thrive in the unknown.

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 existing national and international labelling regulations. Accordingly, the Group works closely with its suppliers to obtain reliable information on the materials and processes involved in the various stages of production and carries out all the tests needed to ensure the accuracy of the contents. All Moncler products feature a global label providing accurate information on the composition of all materials and components, washing and care instructions, and country of manufacture.

All information is translated into ten languages. In addition, custom labels are applied to products to be distributed to specific markets, such as China 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 common name of the animal and percentages of down and feathers, in the case of down. As regards to down, a label with the indication "DIST-certified down" has been inserted inside all outerwear, guaranteeing that the down contained in the garment is certified according to the principles set out in the Moncler Technical Protocol called DIST (Down Integrity System & Traceability), which regulates farming methods and respect for animal welfare, traceability and the technical quality of the down. See also pages 85-86.

## EXPERIENCE AT THE HEART OF DIGITALISATION

Digital channels are central to Moncler's growth strategy, whose goal is to provide end clients with a unique personalised multi-channel experience that best responds to market needs and strengthens the Brand at a global level.

For this reason, significant energies in terms of resources and investments have been dedicated to developing this area: from online advertising to social networks. In particular, at the level of **social networks**, Moncler is present on Instagram, Facebook, Twitter and LinkedIn (in 2019 with 2.7 million, 2.9 million, 1.1 million and 131 thousand followers, respectively), WeChat and Weibo in APAC (with 249 thousand and 162 thousand followers, respectively), LINE in Japan (with about 382 thousand followers) while in Korea, Moncler has been present since 2018 with the Kakao Talk account (with about 44 thousand followers). It should be noted that, especially on Instagram, the level of consumer brand engagement has significantly increased in the last two years. Social networks are also an important channel through which Moncler engages users and updates them continuously on news about the Brand.

Social media has also been used to promote sustainability messages. During 2019, social and environmental activities, such as corporate volunteering, sustainable mobility and scientific research initiatives, were supported and promoted through the Group's social media.

## DIGITAL HUB

The year 2019 was important for the evolution of Moncler's digital strategy. It saw the creation of the **Digital Hub**. This department drives the digital transformation in the Company and the spread of a digital culture. The fundamental elements of this drive are big data, consumer insights, interactive and personalised multichannel experiences, innovative online media and special projects that improve the shopping experience and ensure customer expectations are exceeded. The Digital Hub's activity was organised into 5 strategic pillars: D-Commerce, D-Marketing, D-Experience, D-Intelligence and D-Strategy&Culture.

**D-Commerce** is aimed at defining innovative solutions in online business management. In addition to the management of buying and merchandising, it deals with the development of new markets. Indeed, in 2019, the stand-alone Korean e-commerce website was launched, which is fully managed by Moncler.

**D-Marketing** aims to both refine reach and increase the level of client engagement and conversion. In 2019, several projects were developed to increase store traffic, innovative media campaigns were launched, achieving an increase of over 40% in terms of reach thanks to the significant analysis, segmentation and organisation of data collected from clients. In addition, special collaborations and partnerships have been set up with e-tailers at global level and are being integrated with the marketing strategy.

**D-Intelligence** identifies strategic growth levers through the analysis and management of qualitative and quantitative data to maximise knowledge about omnichannel clients and predict demand for new trends and products, therefore improving the client experience. The Big Data project was launched in 2019. In collaboration with Google, it aims to create a unique, complete and accurate view of the client.

**D-Experience** works on the connection, design and implementation of the digital experience through multiple touchpoints and the effective management of projects implemented to improve engagement and conversion levels of clients. In 2019, in addition to the e-commerce website being updated and optimised in terms of usability in China and Korea, omnichannel service management in EMEA, the United States and Japan was integrated and the first social commerce pilot project on Instagram was trialled. Finally, various augmented reality experiences were tested at both APP and website level, and mini-websites were created to grow organic traffic from search engines.

**D-Strategy&Culture** aims to promote the development of business value and the spread of digital culture within Moncler.

The Digital Hub is part of the Company's wider digital transformation path. The first Moncler Hackathon was organised in July. This 24-hour event involved more than 400 employees from various business divisions and different countries, with the aim of promoting co-creation and collaboration between functions to generate and accelerate innovation in the Company (See also page 60.)

To promote Moncler's digital transformation, Digital Days will be held at Italian Corporate offices in the early months of 2020. They will be aimed at increasing awareness of the Digital Hub's activities and spreading a "Digital way of working and thinking" throughout the company.

7

# ENVIRONMENT

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM  
RESOURCES MANAGEMENT AND CONSUMPTION

FOR MONCLER, BEING SUSTAINABLE MEANS ACTING FOR LONG-TERM **DEVELOPMENT**.

THIS MEANS FEELING THE RESPONSIBILITY FOR **FUTURE GENERATIONS** NOW AND THEN ACTING CONSCIOUSLY, BY WORKING TO **PRESERVE NATURAL RESOURCES**, AND CONTRIBUTE TO THE FIGHT AGAINST CLIMATE CHANGE BY **MINIMISING THE IMPACT** ON THE ENVIRONMENT.

LONG-TERM **GROWTH** CAN BE ACHIEVED ONLY THROUGH **RESPONSIBLE BEHAVIOUR**.

# ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

MONCLER IS AWARE THAT THE PATH TO SUSTAINABLE DEVELOPMENT REQUIRES POLICIES, TOOLS AND MULTIPLE LINES OF ACTION ON ENVIRONMENTAL ISSUES. RESPONSIBILITY TOWARDS FUTURE GENERATIONS CALLS FOR A STRONG COMMITMENT TO CAREFULLY USING NATURAL RESOURCES AND MINIMISING IMPACTS.

As proof of its focus on the environment, in 2017, Moncler approved a **Group Environmental Policy** to confirm its full compliance with all applicable laws and regulatory requirements, as well as its commitment to continuously improving its environmental performance, by minimising the impact of its production site and facilities (offices, warehouses and stores), as well as that of its activities, services, products, and logistics. Moncler makes substantial investments in the technical, economic and professional resources required to fully achieve the Policy's objectives. The document is available in both Italian and English and can be downloaded from the Group's intranet portal and corporate website.

The maintenance of **ISO 14001 certification** at the production site in Romania, Italian corporate offices and logistics hub at Castel San Giovanni, Piacenza is a solid result, which highlights Moncler's commitment to and investment in environmental protection and the drive for continuous improvement.

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

- **monitoring and assessing environmental impacts**, on the basis of which the Company can identify and implement improvement measures;
- **purchasing electricity from renewable sources**;
- **adopting more efficient technologies and lighting systems**, as well as green ICT solutions;
- **adopting technologies that enable interaction** amongst employees, thus reducing business travels;
- **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, plastic, toners, energy, and at promoting waste sorting.

# RESOURCES MANAGEMENT AND CONSUMPTION

## ENERGY CONSUMPTION AND CO<sub>2</sub> EMISSIONS

Moncler's energy consumption is mainly related to the production activity in Romania, as well as to the heating, air conditioning and lighting of the structures and the operation of the IT equipment.

### DIRECT AND INDIRECT ENERGY CONSUMPTION (kWh)

	2019	2018 <sup>(5)</sup>	2017 <sup>(5)</sup>
<b>Direct energy consumption</b>	<b>7,307,505.16</b>	<b>6,506,388.67</b>	<b>6,126,690.82</b>
From non-renewable sources:			
Natural gas <sup>(1)</sup>	3,494,342.32	2,969,065.39	2,750,618.13
Diesel <sup>(2)</sup>	2,874,734.71	3,262,034.35	3,267,849.85
Fuel <sup>(2)</sup>	938,428.13	275,288.93	108,222.84
<b>Indirect energy consumption<sup>(3)</sup></b>	<b>20,097,325.00</b>	<b>16,376,188.00</b>	<b>15,310,797.63</b>
Electricity from non-renewable sources	11,871,230.00	10,814,842.00	10,271,534.25
Electricity from renewable sources	8,226,095.00	5,561,346.00	5,039,263.38
<b>Total energy consumption</b>	<b>27,404,830.16</b>	<b>22,882,576.67</b>	<b>21,437,488.45</b>
Total energy consumption/number of employees	5,997.99	5,507.24	6,128.50

### DIRECT and INDIRECT CO<sub>2</sub>e EMISSIONS (Tonnes of CO<sub>2</sub>e)

	2019	2018 <sup>(5)</sup>	2017 <sup>(5)</sup>
<b>Direct emissions (scope 1)</b>	<b>1,768.18</b>	<b>1,582.37</b>	<b>1,490.38</b>
From non-renewable sources:			
Natural gas <sup>(1)</sup>	764.82	649.85	602.04
Diesel <sup>(2)</sup>	757.04	856.82	858.58
Fuel <sup>(2)</sup>	246.32	75.70	29.76
<b>Indirect emissions (scope 2)<sup>(3)</sup></b>			
Location based	<b>7,610.87</b>	<b>6,358.65</b>	<b>6,512.96</b>
Market based	<b>5,669.75</b>	<b>5,173.31</b>	<b>5,138.09</b>
<b>Total emissions<sup>(4)</sup></b>			
Location based	<b>9,379.05</b>	<b>7,941.02</b>	<b>8,003.34</b>
Market based	<b>7,437.93</b>	<b>6,755.68</b>	<b>6,628.47</b>
<b>Total emissions/number of employees</b>			
Location based	2.05	1.91	2.29
Market based	1.63	1.63	1.89

(1) The data includes total consumption estimated on the basis of the total cost of natural gas (except for cases in which data is managed by the host department stores).

(2) Consumption and emissions for the car fleets in Italy and Romania (accounting for about 100% of the Company fleet). In 2019, the car fleet in Italy was made up of 25% hybrid vehicles, to which the relative consumption factors of the vehicle were applied. For the 2017 and 2018 recalculation relating to the Moncler fleet, the specific emission factors for each fuel were applied as provided by the EN16258 standard.

(3) The data does not include the energy consumption of stores in host structures (for example department stores) for which Moncler does not directly manage the data.

(4) The calculation of CO<sub>2</sub>e emissions (which includes CH<sub>4</sub>, NO<sub>2</sub>, HFC, PFC, SF<sub>6</sub> emissions where present) was carried out in accordance with the GHG Protocol guidelines. The parameters used for the calculation are derived from IEA, 2018 (emission factors for electricity), UNI EN 16258 (fuel emission factors).

(5) For the years 2017 and 2018, energy consumption values and related CO<sub>2</sub>e emissions have been revised following the refinement of the estimation methodology and updating of the conversion factors.

As evidence of its attention to the environment and to reducing emissions into the atmosphere, since 2017, 100% of Moncler's purchases of energy in Italy have been from renewable sources.

In addition to reducing its footprint, in 2019 Moncler also continued its collaboration with AzzeroCO<sub>2</sub>, a company specialised in supporting companies in identifying paths to reduce consumption and compensate for residual and unavoidable CO<sub>2</sub> emissions, to compensate for the emissions generated by the business travel of its employees. In particular, Moncler compensated for all 1,572 tonnes of CO<sub>2</sub>e associated with the plane, train and car journeys made by Italian employees by planting around 2,250 trees in Emilia Romagna, both in the Municipality of Sala Baganza with the parks and biodiversity management Authority in Western Emilia and in the Municipality of Comacchio.

### **Initiatives to promote sustainable mobility**

As a constantly evolving and moving company, Moncler is aware of the impact of urban mobility and encourages its employees to adopt environmentally friendly solutions. By adopting good habits, aimed at limiting air pollution, everyone can contribute to improving the quality of the air.

In 2019, the Company launched a carpooling initiative for employees of the Trebaseleghe, Padua office, to allow Moncler people to benefit from spending time with colleagues and to limit the environmental impact of travel. It was estimated that 58<sup>(6)</sup> tons of CO<sub>2</sub> emissions were prevented with this initiative. Also during 2019, 20 bicycles were made available to employees at the Milan office that could take advantage of them and the most popular routes, such as those between the different offices, could be travelled by bike.

The commitment to sustainable mobility can be witnessed by the growing number of low environmental impact vehicles in the Company car fleet. There are 43 hybrid Company cars in Italy equal to about 25%, the Company's goal is to continue increasing this number. See also page 43.

(6) The data has been estimated over a period of 10 months (from March 2019, the start date of the project) considering an average home-work distance of 37 km, 29 shared cars and a total of about 100 people participating in the initiative.

## Initiatives to mitigate energy consumption and CO<sub>2</sub> emissions

In order to reduce energy consumption and CO<sub>2</sub> emissions, Moncler is engaged in various activities in its stores, offices, logistics hub and production site. These range from gradually replacing traditional lighting systems with LED lights, to using green ICT technologies, identifying new methods to use energy more efficiently, and mitigating the environmental impact of employees' business travel.

As for the **efficiency of lighting systems**, Moncler has achieved important results. In particular, to date **98%<sup>(7)</sup> of stores worldwide** (100% in the United States, Korea, Japan and Europe) are equipped with **Light-Emitting Diode (LED)** systems, as well as the entire production site in Romania, the finished product warehouse and the new area of the logistics centre at Castel San Giovanni, Piacenza with an area of approximately 40,000 square meters. As for corporate offices, in 2019 the Trebaseleghe, Padua office, underwent a significant refurbishment and all offices and new areas (for a total of 6,000 square meters) were equipped with more efficient lighting systems, with the use of LED lamps and thermal insulation systems to ensure greater energy efficiency. Latest-generation LED technology delivers high-quality lighting and, under certain conditions, up to 80% in estimated energy savings compared to the former lighting systems, with less residual heat. In terms of environmental impact, LED lights have an average life that is significantly longer than that of traditional light bulbs, and are made almost entirely of recyclable materials. In 2019, Moncler invested more than 2 million euros to install LED lights or to replace traditional lighting systems.

Also in the field of energy saving, in 2019 Moncler continued an **evaluation of the existing air conditioning systems** in its stores in order to identify more eco-efficient solutions. To develop a better understanding of the initiatives that could feasibly reduce the environmental impact of its stores, Moncler is also engaged in assessing sustainability requirements in the store design process. In addition to style, sophistication, and practicality, the Company is paying more and more attention to sustainability aspects in the design and realisation of its stores. While it is fundamental that stores feature good lighting, layout, climate control, and functionality, the Company is aware that these aspects need to be managed as soundly as possible to limit their impact on the environment.

The Company is also committed to minimising the environmental impact of **its Information and Communication Technology (ICT) systems**, by implementing increasingly efficient and innovative solutions and thus providing all offices with guidelines for the purchase of eco-friendly ICT equipment. Moreover, Moncler leverages the potential offered by new technologies that favour remote communication, including the most innovative video conferencing and telepresence systems, which reduce the impact of business travel on both the environment and people's quality of life.

To date, Moncler has 32 conference rooms equipped with modern video conferencing or telepresence technology, 8 more compared to 2018 (thanks to the set-up of new facilities at the offices in Milan, Trebaseleghe, Piacenza and Seoul). In 2019, these systems theoretically prevented over 23 million kilometres of business travel, estimated to be equal to approximately 1,457 tonnes of CO<sub>2</sub> equivalent<sup>(8)</sup>. In addition to the video conferencing systems in the offices, in 2019 the web desk conference project was widely used, i.e., a video conferencing system for a user's IT device that integrates with the systems in the video rooms of the company's offices, as well as connecting external video conferencing systems to the company network. This video communication system allows Moncler to offer staff outside the company the possibility to contact internal staff without having to physically move.

<sup>(7)</sup> Excluding the 15 shop-in-shops in which lighting is provided by the host department stores, where Moncler cannot take action.

Moncler is 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. Over the years, 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 Company has also continued to reduce, replace, consolidate, and virtualize its servers, which has led to considerable benefits in terms of energy consumption and related CO<sub>2</sub> emissions. In particular, the extension of virtualization 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 2019, the Company achieved two important results, the transfer of the Milan and Trebaseleghe server rooms to external data centres, designed to guarantee security (both physical and premises access) and the provision of the electricity and refrigeration service. This has led to a reduction in the risk of interruption in the provision of IT services and a general saving on electricity consumption.

(8) The reduction in emissions achieved by using video/telepresence conferencing technologies was estimated by:

- taking into consideration only video/teleconference calls lasting more than 20 minutes;
- assuming an average number of four participants in each video/teleconference call;
- associating flights to the international video/teleconference calls. CO<sub>2</sub> estimates were calculated starting from the distance in kilometres between the cities connected by the video/teleconference calls assuming an average movement of two passengers;
- associating car journeys to the international video/teleconference calls. CO<sub>2</sub> estimates were calculated on the basis of the distance in kilometres between the cities connected by the video/teleconference calls;
- considering only one calling point and one receiving point for calls involving more than two countries (e.g., Italy, Japan and the United States);
- for plane and car journeys, average kgCO<sub>2</sub>e/pkm and kg CO<sub>2</sub>e/km coefficients were used, obtained through processing for Moncler's business travel on a tool certified in compliance with UNI EN 16258.

## USE OF RAW MATERIALS

The main raw materials used by Moncler are fabrics, yarns and down. The Company works continuously with its suppliers, requiring production processes to be structured so as to optimise material usage and cutting, thereby avoiding waste. Furthermore, in relation to raw materials for products, Moncler is always looking for innovative solutions with low environmental impact. During 2019, after the range of recycled garments, it launched the BIO-based carbon neutral down jacket designed with plant-based and natural origin materials. See also pages 91-92.

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.

A promotion initiative was implemented globally to use paper from responsible sources, i.e., those that ensure sustainable forestry practices. As a result of this joint and ongoing effort, from as early on as 2017, about 100% of the paper used in offices and stores has come from responsible sourcing and all logoed material used worldwide is made of Elemental Chlorine Free (ECF) paper from responsible sources, 100% of which are ISO 14001-certified.

As regards packaging, the boxes used are made almost entirely of paper and cardboard from responsible sources and all of Moncler's shopping bags are made of paper that is 100% from responsible sources and 40% made from recycled material, while reinforcement cardboard that is 100% from responsible sources and 90% made from recycled material. The shopping bags also have cotton components.

In addition, already from October 2019, Moncler was compliant with new legislation that will officially enter into force from 2020 regarding the ban on the use of Bisphenol. All the thermal paper used in the offices and stores worldwide is BPA-FREE.

## PAPER

	Quantity (tonnes)	Renewable	Recyclable	% from responsible sources	%ECF
Printer paper	57.6	100%	Yes	99%	100%
Logoed material <sup>(9)</sup>	18.0	98%	Yes	89%	100%
Other <sup>(10)</sup>	196.5	100%	In part <sup>(11)</sup>	99%	100%
<b>Total</b>	<b>272.1</b>	<b>100%</b>	<b>Yes</b>	<b>98%</b>	<b>100%</b>

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

(10) Including, but not limited to, thermal paper rolls, receipts, labels, and plotter paper.

(11) Thermal paper rolls are also included in this category: some components of this type of paper react to heat, making it non-recyclable.

## PACKAGING

	Quantity (tonnes)	Renewable	Recyclable	% from responsible sources
Delivery boxes	1,296.6	100%	Yes	100%
Packaging boxes <sup>(12)</sup>	297.0	100%	In part <sup>(13)</sup>	100%
Tissue paper	41.6	100%	Yes	100%
Shopping bags	446.8	100%	Yes	100%
<b>Total</b>	<b>2,082.0</b>	<b>100%</b>	<b>Yes</b>	<b>100%</b>

(12) Packaging boxes include e-commerce as well as other boxes, such as those for gifts, shoes, etc.

(13) Some packaging boxes are equipped with a magnet, which is non-recyclable.

Pollution from plastic has now become a crucial issue for our planet, to which Moncler believes it must make a contribution through solid commitments. Indeed, the Group's target is to progressively reduce the use of single-use virgin plastic of fossil origin, i.e. conventional plastic, until it is completely eliminated by 2021. See also page 44.

On one hand, the Company is trying to reduce the use of plastic in packaging when it is not necessary or to limit its weight (for example by reducing its thickness), on the other, it is researching alternative and innovative materials such as bioplastics (derived from plant and non-fossil sources), compostable, biodegradable and recycled plastics. Furthermore, aware of the importance of taking action to reduce environmental impact from the eco-design phase, Moncler undertakes to create mono-material or easily disassembled packaging to facilitate recycling when possible.

To this end, in 2019 a mapping activity began on the volumes of plastic used in offices, stores and logistics centres and starting from the spring/summer 2019 collection, all the plastic used in shoe packaging was eliminated, allowing a reduction of about 2.5 tonnes. Plastic coat hangers have all been made of recycled plastic for many years.

## WASTE

The main waste generated by Moncler consists of packaging materials, office waste and fabric production waste scraps. In 2019, the company reused or recycled about 95% of the waste generated in Italy and at the production site in Romania.

Moncler's offices and stores 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/recovery. Waste sorting applies to: paper, cardboard, wood, plastic, and computer equipment.

In addition, the Company's objective is to collect and recycle nylon processing waste, the main fabric used in the production process, with a view to circular economy. See also page 40.

## WASTE GENERATION <sup>(14)</sup> (Tonnes)

	2019	2018	2017
<b>Non-hazardous waste</b>	<b>917.6</b>	<b>605.7</b>	<b>499.5</b>
paper and cardboard	375.9	261.4	195.3
mixed packaging	257.7	157.1	140.1
wood	167.3	114.5	55.8
plastic	25.5	9.2	0.8
fabrics	74.6	44.6	59.9
iron	13.8	5.8	28.6
glass	-	-	-
other	2.8	13.1	19.0
<b>Hazardous waste</b>	<b>0.5</b>	<b>1.3</b>	<b>5.2</b>
<b>Total waste generated</b>	<b>918.1</b>	<b>607</b>	<b>504.7</b>

(14) The data refer to the scope of Italian offices, the Italian logistics hub and the production site in Romania, and do not include waste managed directly by local municipalities.

## WASTE DISPOSAL (Tonnes)

	2019	2018	2017
Recovery	800.07	546.2	465.1
Recycling	56.9	46.9	27.6
Other <sup>(15)</sup>	60.5	13.9	12.0
<b>Total waste generated</b>	<b>918.1</b>	<b>607.0</b>	<b>504.7</b>

For more information on the disposal method broken down by type of waste, please see page 136.

(15) This item includes other types of disposal including landfill.

### RAISING ENVIRONMENTAL AWARENESS BY INVOLVING EMPLOYEES

Over several years, Moncler has launched numerous initiatives to raise employee awareness of the conscious use of natural resources and promote a constant focus on the environmental impact of daily activities.

#### Initiatives to reduce the use of plastic

Since 2018, to reduce the use of plastic, on World Environment Day, Moncler has distributed a durable, reusable stainless-steel water bottle to all employees in offices and stores around the world. Specific initiatives have also been launched on this front at the Italian corporate offices. In particular, at the corporate offices in Trebaseleghe, Padua, an innovative system of drinking water supply for employees has been implemented, which draws water directly from the water mains and serves it filtered and cooled through a distributor, drastically reducing plastic consumption. In addition, all vending machines have been equipped with a waste sorting system that returns 2 euro cents to employees for each plastic product disposed of correctly (e.g. bottles, yoghurt pots). Although the economic amount is purely symbolic, the value is represented by the educational message sent to all employees, which is aimed at rewarding virtuous behaviour. Finally, at the canteen of the corporate offices in Milan, all plastic water bottles have been replaced with reusable glass bottles. This was made possible by installing two water columns, connected to the water mains, which filter and purify the water and allow the refilling of the glass bottles.

During 2019, activities continued to reduce the use of plastic. An analysis was carried out at all corporate offices worldwide to monitor and quantify the usage of single-use plastic. All meeting rooms have glasses and glass bottles and an awareness campaign was launched to promote the installation and the use of water dispensers with bottles or, where possible, directly connected to the water supply. Initiatives also continued at the Italian corporate offices, in particular plastic cups and spoons in the hot drink dispensers were all replaced with compostable materials or those with less environmental impact, made with FSC or PEFC certified paper and some have the Ok Compost mark. Some of the spoons are made with corn starch or wood. In addition, PET containers were replaced with aluminium or paper/cardboard containers in the cold beverage dispensers.

#### **Initiatives to reduce paper consumption**

Since 2016, in an effort to raise employee awareness of the environmental impacts of day-to-day activities and to promote sustainable behaviours also in offices, the corporate offices in Italy have 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. From 2018, the project was extended to the offices of the EMEA Region in Paris and to the logistics hub in Castel San Giovanni, Piacenza.

Another project launched in late 2018 and continued in 2019, which has significantly reduced paper consumption, is the development of an electronic incoming invoice archive. This digitization programme for all incoming invoices is fully operational in Italy, France, Austria, Germany, Belgium, Switzerland, the United Kingdom, Denmark, the Netherlands, Spain, Norway, Sweden, Ireland and the United Arab Emirates and is being activated in the United States and Canada. This process made it possible to reduce paper consumption by around 800 kg in 2019.

## LOGISTICS SYSTEM

The Moncler logistics system is divided into two sub-systems, one for the industrial part of the supply chain and the other for the distribution component. The first is commonly referred to as "materials logistics" and the second as "finished product logistics".

**Moncler's industrial logistics** has a single-hub structure; the Italian hub in Castel San Giovanni, Piacenza, receives all raw materials and accessories from suppliers, both domestic and foreign, of all commodity groups, checks their quality and divides them into work orders that are sent to the workshops that manufacture the garments. The flow of industrial logistics closes with the receipt of the product at the Piacenza logistics hub where the quality of the garments is checked to certify its suitability for being placed on the market.

The **distribution logistics** has a much more articulated organisation as it must supply about 75 countries, as well as the different sales channels in each of them, in which the brand is present.

It is a network comprising different levels, where the first level collects all of the Company's products, the second is a distribution reference point for one or more countries and, in cases characterised by a high concentration of business, also by a third level, which covers service needs of specific geographical areas.

In line with the challenges that Moncler has tackled in the last decade, in order to support a global business strategy, centred on the direct relationship with end clients and with ever faster services, in 2017 a project was launched to redesign the distribution logistics. Currently nearing completion, it is aimed at equipping the Company with cutting-edge technological and digital instruments that will allow it to respond to the increased complexity of the distribution flow system. Project activities focused on the following key elements: speed, traceability, serial number management and process automation.

The logistics hub in Castel San Giovanni has been expanded, strengthened, automated and enhanced in terms of the services provided. Since 2018, the hub has been progressively carrying out quality control activities on the finished product as well as repairs using state-of-the-art management tools. In 2019, the entire serial number management system was activated, supported by highly automated systems for hanging garments, and by the early months of 2020, an automatic system will be activated with Shuttle technology for handling and storing boxed products.

From the Autumn/Winter 2019 season, all products underwent final testing at the Piacenza hub and were also be verified through an X-ray system with image archiving linked to the serial number of the single piece, as well as the archiving of the entire history of the single product unit put on the market.

### Monitoring the environmental impact of the logistics process

Moncler does its best to implement logistics solutions that ensure not only operational efficiency and compliance with deadlines, but also respect for the environment. It 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 reorganised 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.

It 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.

With the collaboration of its logistics partners, the Group has extended the monitoring of CO<sub>2</sub> emissions relating to the transport of all finished products, from distribution centres of the logistics network to all stores in the retail channel and clients in the wholesale channel. In 2019, it was estimated that these emissions were equal to approximately 9,452 tonnes of CO<sub>2</sub> equivalent<sup>(16)</sup>. Although air transport was used for only a third of the goods transported by volume, the emissions represented by this method of logistics amount to over 95% of the CO<sub>2</sub>e emissions generated by logistics flows taken into account. The Group is constantly committed to identifying and using more eco-efficient transport systems and methods that are able at the same time to guarantee operational efficiency and delivery times being met.

During 2019, through a pilot project, Moncler also began monitoring the impact relating to the transport of raw materials sent for garment packaging, with a focus on the main production countries, including Romania. It is the Group's objective to extend the analysis of flows during 2020. See also page 43.

<sup>(16)</sup> Well-to-wheels (WtW) value, the figure includes transport both to owned stores or proximity warehouses and to wholesale clients. It excludes the last mile of e-commerce flows (from the warehouse to the end client) and a part of the return flows from the store (to the warehouse).

8

# COMMUNITIES

SUPPORTING LOCAL COMMUNITIES

MONCLER HAS ALWAYS BEEN COMMITTED TO SUPPORTING LOCAL COMMUNITIES AND BUILDING AN OPEN AND COLLABORATIVE **IALOGUE** WITH CHARITABLE ORGANISATIONS.

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

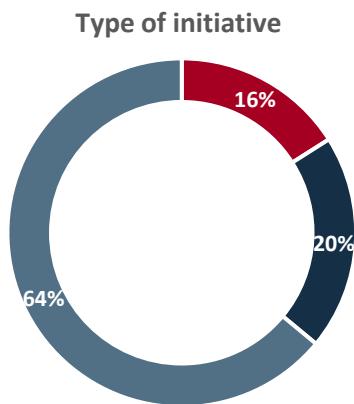
# SUPPORTING LOCAL COMMUNITIES

OVER THE YEARS, MONCLER HAS PROMOTED AND SPONSORED MANY INITIATIVES IN SUPPORT OF LOCAL COMMUNITIES AND CHARITABLE ORGANISATIONS, THROUGH CASH CONTRIBUTIONS, DONATING CLOTHES AND PROVIDING ORGANISATIONAL SUPPORT TO NATIONAL AND INTERNATIONAL PROJECTS.

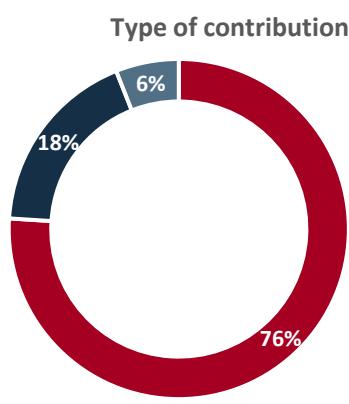
Moncler's commitment to community support finds expression in initiatives related to scientific research and medical prevention, community social development, and emergency relief.

The Company carries out other work to support local communities near its main areas of activity, in collaboration with both local authorities and people. 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.

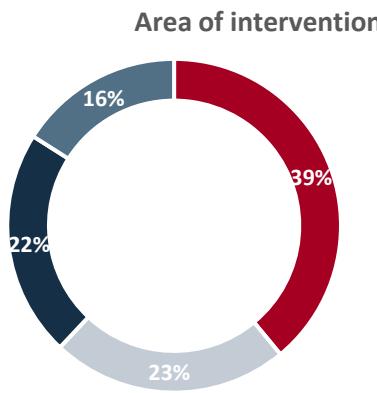
In 2019, Moncler invested about 2.8 million euros<sup>(1)</sup> in local community initiatives.



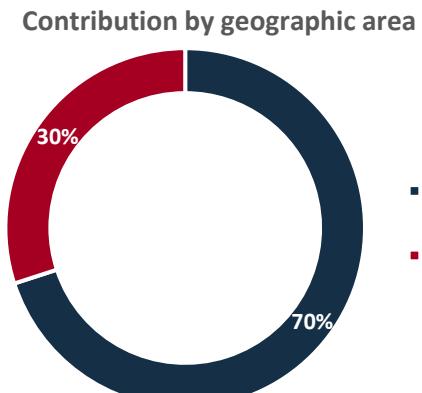
- Donations
- Community investments
- Commercial initiatives with social impact



- Cash
- Goods
- Time (2)



- Natural disaster and emergency relief
- Other
- Scientific research
- Social development



- Italy
- Rest of the world

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

(2) Monetary value of hours volunteered by employees during regular working hours and costs incurred to organise volunteering activities.

## SUPPORT TO SCIENTIFIC RESEARCH

Moncler has always believed in research and innovation as key drivers for continuous development and improvement. This belief goes beyond Company boundaries, Moncler is committed to promoting research in the medical and scientific sector, which it actively supports through funding and grants.

In 2019, a total of 600 thousand euros was earmarked for research grants and loans to support researchers at the Umberto Veronesi Foundation, and for donations to a number of associations and foundations involved in medical research and in supporting the ill, including Theodora.

### **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 medical and scientific research through grants for physicians and researchers involved in the most advanced fields of oncology, cardiology, and neuroscience. Since its inception, the Foundation has funded nearly 1,600 researchers involved in cutting-edge scientific projects.

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 actively 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 2019, once again, Moncler supported four of the Umberto Veronesi Foundation's researchers, working on research into breast and pancreas cancer.

Moncler also continued to support the Foundation's commitment to **pediatric oncology** by contributing to the *Gold for Kids* project, which aims to raise awareness of the delicate issue of pediatric and adolescent cancer. It promotes research and contributes to the development of innovative treatment protocols capable of delivering cutting-edge therapies and higher chances of recovery. In 2019, in order to promote research into treatment as well as diagnosis, Moncler continued to fund a three-year study to assess the risk of secondary leukaemia in cancer survivors. The study will analyse the DNA of children who survived cancer, in order to develop a genetic test to predict risk and enable the early diagnosis of blood diseases resulting from cancer therapies.

## INITIATIVES FOR THE SOCIAL AND ECONOMIC DEVELOPMENT OF 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 various ways, organisations working in the social sphere, for example supporting young people and spreading a culture of respect for the environment.

One of the issues closest to Moncler's heart is **young generations** and their future. For many years now, the Company has supported struggling younger people by ensuring access to medical treatment, adequate levels of education and a clear growth path. It does so by collaborating with associations and foundations like Francesca Rava - NPH Italia, the San Patrignano recovery community, I Bambini delle Fate Onlus and Amici di Cometa Onlus.

Moncler also supports projects focusing on the protection and preservation of the **environment**. In particular, in recent years the Company has financed the Ev-K2-CNR Association's Keep Karakorum Clean and Keep K2 Clean initiatives to protect mountain areas, as well as a project to restore the natural landscape and rural buildings on Monte Fontana Secca and Col de Spadaròt at Quero Vas in Belluno. The project is promoted by FAI (Fondo Ambiente Italiano, National Trust of Italy), which Moncler has supported since 2015.

### **The Ev-K2-CNR Association**

Ev-K2-CNR is a private, non-profit organisation that promotes collaborative development projects and scientific research in mountain regions. The association collaborates with international organisations such as the WWF (World Wildlife Fund), the UNEP (United Nations Environment Programme), the UNDP (United Nation Development Programme) and the WMO (World Meteorological Organization). Its activities are centred on studying and monitoring climate change, protecting biodiversity, and sustainable development in mountain areas.

For several years, the association has been promoting projects in the mountain areas of the Hindu Kush-Karakorum-Himalaya region, as well as in Nepal, Pakistan, Tibet and India. It also has a laboratory and observatory 5,050 metres above sea level 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 education programmes like Keep Karakorum Clean and Keep K2 Clean. These initiatives, also developed within the scope of K2 expeditions and in collaboration with local institutions, have resulted in annual waste clean-ups at base camps, which were restored to their natural conditions. In collaboration with the authorities from the Central Karakorum National Park (CKNP) and Gilgit-Baltistan territory in Pakistan, a waste sorting system and recycling centre have been set up, together with an environmental education programme to raise awareness among Pakistani workers of the importance of preserving parks and glaciers. Other environmental education campaigns were launched in schools across the region.

Thanks to Moncler's support, in 2019, the CKNP and Ev-K2-CNR hired a team of workers who collected and disposed of 10,000 kg of waste during the summer to ensure the environmental conservation of the Baltoro Glacier, one of the largest freshwater reserves in Gilgit-Baltistan.

It was an important contribution to the environmental conservation of the Baltoro Glacier and to the sustainable development of the region as a whole.

## SUPPORT TO THE POPULATIONS IN EMERGENCY SITUATIONS

UNICEF, the United Nations Children's Fund, is present in 190 countries around the world and provides humanitarian aid to children and mothers.

Millions of children around the world live in extremely urgent conditions, which become even more desperate in winter and make survival a daily struggle.

In 2019, for the third year running, Moncler renewed its commitment to supporting the most vulnerable children living in some of the coldest areas in the world, through its '*Warmly Moncler*' for UNICEF project. In particular, the Company supported the UNICEF Winterization programme with 500 thousand euros, offering 20,000 Syrian newborn babies and children clothing, basic necessities and blankets for the winter.

9

# APPENDIX

GUIDE TO THE REPORT

ADDITIONAL INFORMATION

STATEMENT OF ASSURANCE

GRI CONTENT INDEX

GLOSSARY

CONTACTS

# GUIDE TO THE REPORT

## **Reporting standards**

The Consolidated Non-Financial Statement 2019 of the Moncler Group (hereinafter also "Non-Financial Statement" or "Statement") is drawn up in compliance with article 4 of Italian Legislative Decree 254/2016 (hereinafter also "Decree"), and contains information on environmental, 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 of the Group's performance and results achieved.

The Statement is published annually, and is prepared 'in accordance' with the core option of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI) – to date, the most widely used and recognised standards at international level for sustainability reporting. To facilitate the search for information, a GRI Content Index is provided from page 143.

The Non-Financial Statement follows the principle of materiality, as provided for by the relevant regulations and characterising the GRI Standards. The topics discussed in this Statement are those that, following a materiality analysis and assessment as described on page 34, were considered relevant, as they are able to reflect the social and environmental impacts of the Group's activities, or influence the decisions of its stakeholders.

## **Scope of reporting**

The qualitative and quantitative data and information contained in the Consolidated Non-Financial Statement 2019 refers to the performance of the Moncler Group (also "the Group", "Moncler" or "the Company") for the year ended 31 December 2019. As provided for by article 4 of Legislative Decree 254/2016, this Statement includes the data of the Parent Company (Moncler S.p.A.) and of its fully consolidated subsidiaries. Any limitations to the scope of reporting have been duly indicated in the document. In order to enable data comparability over time, figures were also provided (where available) for previous years.

## **Reporting process**

The preparation of the Moncler Group Consolidated Non-Financial Statement 2019 was based on a structured process entailing:

- the involvement of all Company units and departments responsible for the relevant areas and related data as well as information subject to the Group's non-financial reporting. Since 2017, "Sustainability Data Owners" have been operative. These positions are responsible for the data and information relating to their area that are published in the Consolidated Non-Financial Statement, and for achieving the objectives contained in the Sustainability Plan for the relevant topics. The data and information included in the Statement are derived from a non-financial reporting system (data collection forms), specifically implemented to meet the requirements of the Decree and GRI Standards, and, for certain data, from the corporate information system used for Group management and accounting;
- the approval of the Statement by the Board of Directors, convened to approve the draft Financial Statements for the 2019 financial year, following examination by the Control, Risks, and Sustainability Committee;

- the issue of an assurance report on the Statement by independent auditor KPMG following a limited assurance engagement;
- the presentation of the Statement at the Shareholders' Meeting;
- the publication of the Statement on the corporate website to make it available to all stakeholders in a transparent manner.

## Reporting principles

The identification of the contents and the reporting of the Consolidated Non-Financial Statement took into account the following principles:

- **materiality** – the Statement describes the main economic, social, and environmental impacts directly linked to Moncler's activities, considered most significant by both the Group and the internal and external stakeholders involved in corporate activities;
- **stakeholder inclusiveness** – Moncler takes into account the expectations and interests of all those who, in any capacity, contribute to, or are influenced by, the Group's activities. The Statement provides a description of the Group's main stakeholders and channels of communication;
- **sustainability context** – the reporting of non-financial results is carried out taking into account the socio-economic context in which the Group operates and the issues of greatest relevance to the sector of reference;
- **completeness** – the reported issues and the scope of reporting of the Statement are selected so as to allow stakeholders to form a complete opinion on the Group's main economic, social, and environmental impacts;
- **balance** – the Statement describes Moncler's performance in the field of sustainability, reporting on positive trends and results, as well as on the areas requiring further improvement;
- **comparability** – data referring to previous reporting periods was included and duly indicated in the Statement, to enable the comparison and contextualisation of information;
- **accuracy** – in order to ensure the accuracy and homogeneity of the reported information, the Statement was based on hard data collected through direct measurements and surveys, while limiting the use of estimates as much as possible. Estimates, if any, are duly indicated in the document and are based on the best calculation methods currently available;
- **timeliness** – Moncler's Non-Financial Statement is drawn up annually and made public in the same period as the Annual Report;
- **reliability** – all data and information reported were validated by the Sustainability Data Owners and processed based on documented evidence;
- **clarity** – Moncler's Non-Financial Statement contains information presented in a manner that is easily comprehensible and accessible to all stakeholders.

# ADDITIONAL INFORMATION

## EMPLOYEES BY GEOGRAPHIC AREA AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Italy	<b>1,084</b>	30.7%	69.3%	<b>929</b>	31.5%	68.5%	<b>800</b>	30.7%	69.3%
EMEA (excl. Italy)	<b>1,803</b>	21.2%	78.8%	<b>1,656</b>	21.7%	78.3%	<b>1,404</b>	21.9%	78.1%
Americas	<b>423</b>	45.6%	54.4%	<b>402</b>	45.3%	54.7%	<b>328</b>	46.3%	53.7%
Asia and Rest of the World	<b>1,259</b>	32.2%	67.8%	<b>1,168</b>	33.3%	66.7%	<b>966</b>	34.1%	65.9%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>	<b>4,155</b>	<b>29.5%</b>	<b>70.5%</b>	<b>3,498</b>	<b>29.6%</b>	<b>70.4%</b>

## EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Executives and senior executives	<b>88</b>	54.5%	45.5%	<b>69</b>	58.0%	42.0%	<b>55</b>	56.4%	43.6%
Managers	<b>339</b>	41.9%	58.1%	<b>255</b>	42.7%	57.3%	<b>203</b>	46.3%	53.7%
Professionals	<b>455</b>	35.6%	64.4%	<b>405</b>	34.1%	65.9%	<b>355</b>	32.7%	67.3%
White-collars	<b>2,566</b>	33.1%	66.9%	<b>2,413</b>	34.1%	65.9%	<b>2,026</b>	34.4%	65.6%
Workers	<b>1,121</b>	10.0%	90.0%	<b>1,013</b>	11.3%	88.7%	<b>859</b>	11.2%	88.8%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>	<b>4,155</b>	<b>29.5%</b>	<b>70.5%</b>	<b>3,498</b>	<b>29.6%</b>	<b>70.4%</b>

## EMPLOYEES BY AGE GROUP AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
<30	<b>1,432</b>	35.2%	64.8%	<b>1,430</b>	37.5%	62.5%	<b>1,199</b>	37.0%	63.0%
31-40	<b>1,661</b>	30.2%	69.8%	<b>1,436</b>	28.8%	71.2%	<b>1,209</b>	28.6%	71.4%
41-50	<b>962</b>	20.9%	79.1%	<b>857</b>	21.1%	78.9%	<b>731</b>	22.0%	78.0%
>50	<b>514</b>	21.0%	79.0%	<b>432</b>	21.5%	78.5%	<b>359</b>	23.1%	76.9%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>	<b>4,155</b>	<b>29.5%</b>	<b>70.5%</b>	<b>3,498</b>	<b>29.6%</b>	<b>70.4%</b>

## EMPLOYEES BY LEVEL OF EDUCATION AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
University degree or equivalent	<b>1,815</b>	32.6%	67.4%	<b>1,599</b>	32.7%	67.3%	<b>1,372</b>	32.8%	67.2%
High school	<b>1,160</b>	32.2%	67.8%	<b>1,051</b>	33.4%	66.6%	<b>1,088</b>	33.7%	66.3%
Middle and primary school	<b>1,136</b>	13.9%	86.1%	<b>1,064</b>	16.3%	83.7%	<b>874</b>	17.2%	82.8%

Not mapped	458	41.9%	58.1%	441	40.1%	59.9%	164	40.9%	59.1%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>	<b>4,155</b>	<b>29.5%</b>	<b>70.5%</b>	<b>3,498</b>	<b>29.6%</b>	<b>70.4%</b>

#### EMPLOYEES BY LENGTH OF SERVICE AND GENDER

	2019		
	Total	Men	Women
Up to 5 years	3,978	28.6%	71.4%
6 to 10 years	392	29.3%	70.7%
11 to 20 years	139	28.1%	71.9%
21 to 30 years	38	28.9%	71.1%
older than 30	22	50.0%	50.0%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>

#### EMPLOYEES BY CONTRACT TYPE AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Permanent contract	3,873	27.7%	72.3%	3,431	28.4%	71.6%	2,709	28.9%	71.1%
Temporary contract	696	34.9%	65.1%	724	34.7%	65.3%	789	31.7%	68.3%
<b>Total</b>	<b>4,569</b>	<b>28.8%</b>	<b>71.2%</b>	<b>4,155</b>	<b>29.5%</b>	<b>70.5%</b>	<b>3,498</b>	<b>29.6%</b>	<b>70.4%</b>

#### PERMANENT EMPLOYEES BY CONTRACT TYPE AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full-time	3,640	27.5%	72.5%	3,196	28.2%	71.8%	2,502	29.1%	70.9%
Part-time	233	30.5%	69.5%	235	31.1%	68.9%	207	27.1%	72.9%
<b>Total</b>	<b>3,873</b>	<b>27.7%</b>	<b>72.3%</b>	<b>3,431</b>	<b>28.4%</b>	<b>71.6%</b>	<b>2,709</b>	<b>28.9%</b>	<b>71.1%</b>

#### NEW HIRES AND DEPARTING EMPLOYEES BY GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
New hires	2,237	661	1,576	2,136	654	1,482	1,581	487	1,094
Departing employees	1,823	537	1,286	1,479	449	1,030	1,299	373	926

## NEW HIRES AND DEPARTING EMPLOYEES BY AGE GROUP

	2019					2018					2017				
	Total	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50	Total	<30	31-40	41-50	>50
New hires	2,237	1,137	634	323	143	2,136	1,198	534	274	130	1,581	914	377	200	90
Departing employees	1,823	868	575	245	135	1,479	676	490	177	136	1,299	689	335	181	94

## NEW HIRES AND DEPARTING EMPLOYEES BY GEOGRAPHIC AREA

	2019			
	Total	EMEA	Americas	Asia and Rest of the World
New hires	2,237	1,378	256	603
Departing employees	1,823	1,160	184	479

	2018			
	Total	EMEA	Americas	Asia and Rest of the World
New hires	2,136	1,278	276	582
Departing employees	1,479	940	175	364

	2017			
	Total	EMEA	Americas	Asia and Rest of the World
New hires	1,581	950	186	445
Departing employees	1,299	785	181	333

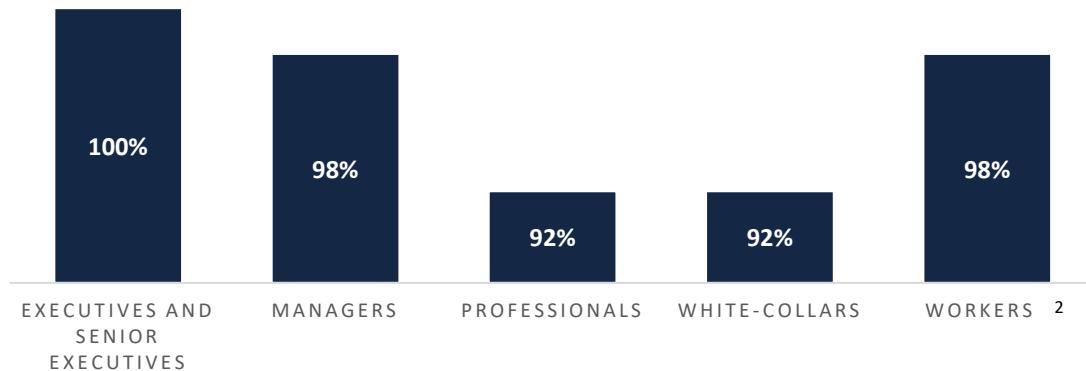
## EMPLOYEES BY COUNTRY

	2019		2018		2017	
	No.	%	No.	%	No.	%
Italy	1,084	23.7	929	22.4	800	22.9
Romania	1,138	24.9	1,051	25.3	896	25.6
Japan	529	11.6	530	12.8	410	11.7
China <sup>(1)</sup>	504	11	470	11.3	411	11.8
United States	366	8.0	345	8.3	281	8.0
France	210	4.6	187	4.5	147	4.2
South Korea	192	4.2	152	3.6	130	3.7
United Kingdom	117	2.6	117	2.8	101	2.9
Germany	72	1.6	61	1.5	58	1.7
Switzerland	62	1.4	61	1.5	49	1.4
Canada	41	0.9	44	1.1	40	1.1
Austria	40	0.9	38	0.9	36	1.0
Other countries	214	4.6	170	4.0	139	4.0
<b>Total</b>	<b>4,569</b>	<b>100</b>	<b>4,155</b>	<b>100</b>	<b>3,498</b>	<b>100</b>

(1) China country also includes Hong Kong SAR, Macao SAR and Taiwan employees count.

## RATIO BETWEEN WOMEN'S AND MEN'S SALARY LEVELS

**Men's salaries = 100**



(2) The data for the category workers refers only to the Romanian perimeter, since female workers amount to 90% in Romania and account for 96% of the total of the category workers. The remaining 4% of workers are located in Italy, where, however, the pay comparison between women-men is 112%.

## ACCIDENTS BY GEOGRAPHIC AREA AND GENDER

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Italy	<b>9</b>	3	6	<b>4</b>	2	2	<b>4</b>	3	1
EMEA (excl. Italy)	<b>1</b>	1	-	<b>5</b>	1	4	<b>14</b>	8	6
Americas	<b>4</b>	2	2	<b>2</b>	1	1	<b>1</b>	1	-
Asia and Rest of the World	-	-	-	<b>2</b>	1	1	-	-	-
<b>In the workplace</b>	<b>14</b>	<b>6</b>	<b>8</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>19</b>	<b>12</b>	<b>7</b>
Italy	<b>7</b>	1	6	<b>7</b>	3	4	<b>9</b>	1	8
EMEA (excl. Italy)	<b>4</b>	-	4	<b>2</b>	1	1	<b>2</b>	1	1
Americas	-	-	-	<b>1</b>	-	1	-	-	-
Asia and Rest of the World	-	-	-	<b>2</b>	1	1	-	-	-
<b>Commuting to/from work</b>	<b>11</b>	<b>1</b>	<b>10</b>	<b>12</b>	<b>5</b>	<b>7</b>	<b>11</b>	<b>2</b>	<b>9</b>
<b>Total</b>	<b>25</b>	<b>7</b>	<b>18</b>	<b>25</b>	<b>10</b>	<b>15</b>	<b>30</b>	<b>14</b>	<b>16</b>

## ACCIDENTS AND DAYS LOST DUE TO INJURIES

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
<b>Accidents (No.)</b>	<b>25</b>	7	18	<b>25</b>	10	15	<b>30</b>	14	16
In the workplace	<b>14</b>	6	8	<b>13</b>	5	8	<b>19</b>	12	7
Commuting to/from work	<b>11</b>	1	10	<b>12</b>	5	7	<b>11</b>	2	9
<b>Days lost due to injuries</b>	<b>609</b>	169	440	<b>953</b>	379	574	<b>890</b>	205	685
In the workplace	<b>190</b>	94	96	<b>342</b>	190	152	<b>413</b>	176	237
Commuting to/from work	<b>419</b>	75	344	<b>611</b>	189	422	<b>477</b>	29	448

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

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Incidence rate <sup>(3)</sup>	<b>5.47</b>	5.33	5.53	<b>6.02</b>	8.17	5.12	<b>8.58</b>	13.54	6.49
Severity rate <sup>(4)</sup>	<b>0.08</b>	0.08	0.08	<b>0.15</b>	0.12	0.18	<b>0.16</b>	0.12	0.17
Frequency rate <sup>(5)</sup>	<b>3.38</b>	3.34	3.40	<b>3.83</b>	3.07	4.59	<b>5.35</b>	8.60	4.02

(3) Incidence rate: (number of workplace injuries/total employees) x 1,000.

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

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

DISPOSAL METHOD BROKEN DOWN BY TYPE OF WASTE (TONNES)

	2019	2018
<b>Reuse</b>	<b>800.7</b>	<b>546.2</b>
Non-hazardous waste	800.4	544.9
Hazardous waste	0.3	1.3
<b>Recycling</b>	<b>56.9</b>	<b>46.9</b>
Non-hazardous waste	56.9	46.9
Hazardous waste	-	-
<b>Other</b>	<b>60.5</b>	<b>13.9</b>
Non-hazardous waste	60.4	13.9
Hazardous waste	0.1	-
<b>Total waste generated</b>	<b>918.1</b>	<b>607</b>

## **Parental leave**

Moncler grants parental leaves to all its employees in accordance with applicable laws and local regulations. In addition, from 2018, all employees of the Group's Italian companies, who become fathers as from 1 January 2018, were granted a total of five days of paternity leave, i.e., one more than that established by law or the national collective labour agreement.

In 2019, 128 Group employees, accounting for 4% of the eligible female workforce and 0.1% of the eligible male workforce, took some form of parental leave. Around 88% of them returned to work after the leave period. Of those who returned to work in 2018, 32% were still working for the Company 12 months later.

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.

## **Compliance**

Moncler strives towards the highest principles of transparency, integrity and loyalty in its operations, in compliance with all applicable laws in the countries in which it operates, while concentrating efforts on building relationships of trust with its clients.

In confirmation of the above, in 2019, no Final Decision was handed down against the Company in any of the following areas:

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

To be noted is the unfair competition case, which was concluded with a final ruling handed down in favour of Moncler.



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

**Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

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

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the Moncler Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 10 February 2020 (the "NFS").

**Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Moncler S.p.A. (the "parent") for the NFS**

The directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards").

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

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.

Società per azioni  
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R.E.A. Milano N. 512967  
Partita IVA 00739800158  
VAT number IT00739800158  
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20124 Milano MI (ITALIA)



Moncler Group  
Independent auditors' report  
31 December 2010

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies for the identification and management of the risks generated or borne.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

#### *Auditors' independence and quality control*

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Auditors' responsibility*

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.



Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Industries S.p.A., Industries Yield S.r.l., Moncler USA Inc and Moncler USA Retail LLC. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence;
  - b) we carried out analytical and limited procedures to check the correct aggregation of data in the quantitative information;
- we visited Moncler S.p.A. and Industries S.p.A. which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



Moncler Group  
Independent auditors' report  
31 December 2019

***Conclusion***

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the Moncler Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Treviso, 19 March 2020

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni  
Director of Audit

# GRI CONTENT INDEX

The following index is provided to facilitate the search for content related to specific GRI 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 materiality analysis. See also page 34.

The second part refers to other GRI indicators that complete Moncler's performance profile. See also page 145. A table linking the material topics and the GRI index is also provided.

The independent auditor KPMG S.p.A. carried out a limited assurance engagement on Moncler's Consolidated Non-Financial Statement 2019, providing its overall conclusions thereafter. As regards the scope of activities, please refer to the Statement on the Consolidated Non-Financial Statement released by the independent auditors, on pages 138 -141.

## LEGEND

NFS = Consolidated Non-Financial Statement 2019

AR = Annual Report 2019

CE = Code of Ethics

PRP = Procedure Governing Transactions with Related Parties

CGR = Corporate Governance Report 2019

RR= Report on Remuneration

## INDEX OF GRI CONTENT “IN ACCORDANCE” – CORE OPTION

GRI ID	PAGE NUMBER (OR DIRECT LINK)	OMISSIONS
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>ORGANISATIONAL PROFILE</b>		
102-1	NFS page 129	
102-2	NFS pages 12-14; 90	
102-3	NFS pages 151	
102-4	NFS pages 12-14; 49-50; 78-79; 131, 133	
102-5	NFS pages 22-24; 151	
102-6	NFS pages 12-14	
102-7	NFS pages 12-14; 15-19; 49-50; 78-79	
102-8	NFS pages 49-50; 52; 131-133	
102-9	NFS pages 78-79	
102-10	There are no significant changes; AR (Paragraphs: Consolidated Cash Flow Statement; Explanatory Notes to the Consolidated Financial Statements – The Group and Main Activities).	
102-11	NFS pages 28-32	
102-12	NFS pages 22; 41; 60	
102-13	NFS pages 38-39	
<b>STRATEGY</b>		
102-14	NFS page 1	
<b>ETHICS AND INTEGRITY</b>		
102-16	NFS pages 5-6; 22; 24	
<b>GOVERNANCE</b>		
102-18	NFS pages 22-24; 33; RCC	
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	NFS pages 35-37	
102-41	NFS pages 75	
102-42	NFS pages 35-37	
102-43	NFS pages 35-37	
102-44	NFS pages 35-37; 65; 85-86; 87; 102	
<b>REPORT PROFILE</b>		
102-45	NFS page 129	
102-46	NFS pages 129- 130	
102-47	NFS page 34	
102-48	NFS pages 18-19; 112; 129- 130	
102-49	No significant changes	
102-50	NFS page 129	
102-51	NFS page 129; The Consolidated Non-Financial Statement 2018 (in compliance with Italian Legislative Decree 254/2016) was published in March 2019.	
102-52	NFS page 129	
102-53	NFS page 151	
102-54	NFS page 129	
102-55	NFS pages 142-147	
102-56	NFS pages 138-141	
<b>TOPIC – SPECIFIC DISCLOSURE</b>		
<b>CATEGORY: FINANCIAL PERFORMANCE</b>		
<b>ASPECT: FINANCIAL PERFORMANCE</b>		
103-1		
103-2	NFS pages 15; 124; 148	
103-3		
201-1	NFS pages 15-19	
<b>ASPECT: PROCUREMENT PRACTICES</b>		
103-1		
103-2	NFS pages 78-79; 80; 82-84; 148	
103-3		
204-1	NFS pages 78-79	
<b>CATEGORY: ENVIRONMENTAL PERFORMANCE</b>		
<b>ASPECT: MATERIALS</b>		
103-1		
103-2	NFS pages 91- 92; 116-117; 148	
103-3		
301-1	NFS pages 91- 92; 116-117	
301-2	NFS pages 91- 92; 116-117	
<b>ASPECT: ENERGY</b>		
103-1		
103-2	NFS pages 111; 112-115; 148	

103-3		
302-4	NFS pages 112-115	
<b>ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
103-1		
103-2	NFS pages 83; 148	
103-3		
308-2	NFS page 83	
<b>CATEGORY: SOCIAL PERFORMANCE</b>		
<b>ASPECT: EMPLOYMENT</b>		
103-1		
103-2	NFS pages 48-50; 54-55; 148	
103-3		
401-1	NFS pages 53; 132-133	
401-2	NFS pages 62-63	
<b>ASPECT: OCCUPATIONAL HEALTH &amp; SAFETY – GRI Standard 2018</b>		
403-1	NFS page 70	
403-2	NFS pages 70 -71	
403-3	NFS pages 70 -71	
403-4	NFS pages 70 -71. There are no formal committees in this area.	
403-5	NFS pages 56, 72 -73	
403-6	NFS pages 45, 62, 67, 73	
403-7	NFS pages 70 -71	
403-8	NFS page 70	
403-9	NFS pages 71-72; 135	
403-10	In 2019 a case of occupational burnout disease was recorded in the Netherlands. The employee was supported by the Company in returning to work with a reorganisation of working context and workload.	
<b>ASPECT: TRAINING AND EDUCATION</b>		
103-1		
103-2	NFS pages 56-60; 64-65; 148	
103-3		
404-3	NFS pages 63-64	
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES</b>		
103-1		
103-2	NFS pages 60-61; 68-69; 148	
103-3		
405-1	NFS pages 24; 49-52; 68-69; 132-134; 137	
405-2	NFS page 134	
<b>ASPECT: LOCAL COMMUNITIES</b>		
103-1		
103-2	NFS pages 124-127; 148	
103-3		
413-1	NFS pages 124-127	
<b>ASPECT: SOCIAL ASSESSMENT OF SUPPLIERS</b>		
103-1		
103-2	NFS pages 82-84; 148	
103-3		
414-2	NFS pages 82-84	
<b>ASPECT: CONSUMER HEALTH &amp; SAFETY</b>		
103-1		
103-2	NFS pages 93-95; 137; 148	
103-3		
416-1	NFS pages 93-95	
416-2	NFS page 137	
<b>ASPECT: MARKETING COMMUNICATIONS</b>		
103-1		
103-2	NFS pages 137; 148	
103-3		
417-3	NFS page 137	

## ADDITIONAL GRI INDICATORS

GRI ID	PAGE NUMBER (OR DIRECT LINK)	OMISSIONS
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>STRATEGY</b>		
102-15	NFS pages 28-29; 30-32; 40	
<b>ETHICS AND INTEGRITY</b>		
102-17	NFS pages 24 – 25; 40 - 46; CE (Paragraph: Reporting breaches of the Code of Ethics)	
<b>GOVERNANCE</b>		
102-19	NFS page 33	
102-20	NFS page 33	
102-21	NFS page 33	
102-22	NFS pages 22-24; 33; CGR (Paragraphs: Board of Directors; Composition and Functioning of the Board of Statutory Auditors.	
102-23	NFS pages 22-24; CGR (Paragraphs: Chairman of the Board of Directors; Table 2: Structure of the Board of Directors and Committees)	
102-24	CGR (Paragraph: Board of Directors - Appointment and Replacement of Directors).	
102-25	NFS pages 22-24; CE (Paragraphs: Contributions and Sponsorships; Conflicts of Interest); PRP.	
102-26	NFS page 33	
102-27	NFS pages 28-29; 30-32; 33	
102-29	NFS pages 28-29; 30-32; 40-41	
102-30	NFS pages 28-29; 30-32	
102-31	NFS pages 28-29; 30-32	
102-32	NFS pages 33;129-130	
102-33	NFS pages 24-27; 42	
102-37	NFS pages 60-61	
<b>TOPIC – SPECIFIC DISCLOSURE</b>		
<b>CATEGORY: FINANCIAL PERFORMANCE</b>		
<b>ASPECT: FINANCIAL PERFORMANCE</b>		
201-2	NFS pages 111-115. Partial disclosure of indicator. The opportunity of expanding the scope of analysis will be considered in the future.	
201-3	NFS pages 62-63. CGR (Paragraph: Employee Benefits)	
201-4	During 2019, pursuant to the requirements of Law No. 124/2017, it should be noted that the Moncler S.p.A. company benefitted from a tax credit relating to research and development for 2018 for an amount equal to 2,973 thousand euros and Industries S.p.A. benefitted from grants for employee training paid by Fondimpresa for 40 thousand euros. For the purposes of the aforementioned obligations, in relation to any other grants received that fall within the provided cases, please also refer to the appropriate available national register.  It should also be noted that in 2019, the Romanian company Industries Yield S.r.l collected a public grant of approximately 2.5 million euros for local socio-economic development and the Chinese company Moncler Shanghai Commercial Co. Ltd collected a public grant of approximately 1 million euros for the benefit of the local business.	
<b>ASPECT: MARKET PRESENCE</b>		
103-1		
103-2	NFS pages 51-52; 60-61	
103-3		
202-1	NFS pages 60-61	
202-2	NFS pages 51-52	
<b>ASPECT: INDIRECT ECONOMIC IMPACT</b>		
103-1		
103-2	NFS pages 124 - 127	
103-3		
203-1	NFS page 124	
<b>ASPECT: ANTI-CORRUPTION</b>		
103-1		
103-2	NFS pages 24-25; 26-27; 31	
103-3		
205-1	NFS pages 26-27; 31	
205-2	NFS pages 24-25	

205-3	NFS page 27	
<b>CATEGORY ENVIRONMENTAL PERFORMANCE</b>		
103-1		
103-2	NFS page 137	
103-3		
206-1	NFS page 137	
<b>CATEGORY ENVIRONMENTAL PERFORMANCE</b>		
<b>ASPECT: ENERGY</b>		
302-1	NFS page 112	
302-3	NFS page 112	
302-5	NFS page 112 – 115	
<b>ASPECT: WATER</b>		
303-2	The Group's main source of water supply is represented by water mains.	
303-3	Water consumption mainly relates to sanitary plumbing. During the reporting period, water consumption was approximately 253,000 cubic metres (the item does not include companies for which water is managed by Department Stores). The water used is neither recycled nor reused.	
<b>ASPECT: BIODIVERSITY</b>		
304-1	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 304-2, 304-3, 304-4 and 306-5 are not applicable.	
<b>ASPECT: EMISSIONS</b>		
103-1		
103-2	NFS pages 112 – 115, 121	
103-3		
305-1	NFS page 112	
305-2	NFS page 112	
305-3	NFS page 121	
305-4	NFS page 112	
305-5	NFS pages 112-115	
305-6	During the reporting period, there were no gas leaks in corporate offices in Italy.	
305-7	Given Moncler's business model, there are no known significant emissions at this time.	
<b>ASPECT: EFFLUENTS AND WASTE</b>		
103-1		
103-2	NFS pages 117-118	
103-3		
306-1	Water discharges are comparable to those of residential dwellings and are therefore drained into the sewage system.	
306-2	NFS pages 117-118; 136	
306-3	During the reporting period, there were no significant spills of pollutants.	
306-4	Moncler did not transport, import, export or treat any kind of waste deemed hazardous under the terms of the Basel Convention.	
<b>ASPECT: ENVIRONMENTAL COMPLIANCE</b>		
103-1		
103-2	NFS page 137. During the reporting period, there were no grievances filed related to environmental impacts.	
103-3		
307-1	During the reporting period, there were no fines or monetary sanctions for non-compliance with applicable environmental laws and/or regulations.	
<b>CATEGORY: SOCIAL PERFORMANCE</b>		
<b>ASPECT: EMPLOYMENT</b>		
401-3	NFS page 137	
<b>ASPECT: LABOUR/MANAGEMENT RELATIONS</b>		
103-1		
103-2	NFS page 75	
103-3		
402-1	NFS page 75	
<b>ASPECT: TRAINING AND EDUCATION</b>		
404-1	NFS pages 56-60; 72-73	
<b>ASPECT: NON-DISCRIMINATION</b>		
103-1		
103-2	NFS pages 24-27; 28; 68; 75	
103-3		

406-1	NFS pages 24-27; 68; 75	
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
103-1		
103-2	NFS pages 77; 82-84	
103-3		
407-1	NFS pages 77; 82-84	
<b>ASPECT: CHILD LABOUR</b>		
103-1		
103-2	NFS pages 77; 82-84	
103-3		
408-1	NFS pages 77; 82-84	
<b>ASPECT: FORCED OR COMPULSORY LABOUR</b>		
103-1		
103-2	NFS pages 77; 82-84	
103-3		
409-1	NFS pages 77; 82-84	
<b>ASPECT: INDIGENOUS RIGHTS</b>		
411-1	Considering the geographical areas in which it operates, Moncler believes there is no risk of violating the rights of indigenous populations.	
<b>ASPECT: HUMAN RIGHTS ASSESSMENT</b>		
103-1		
103-2	NFS pages 24-25; 77; 78-79; 82-84	
103-3		
412-1	NFS pages 83-84	
412-2	NFS pages 24-25	
412-3	NFS pages 77; 82-84	
<b>ASPECT: LOCAL COMMUNITIES</b>		
413-2	Considering Moncler's activities to date, no operations are deemed to have a significant actual or potential negative impact on local communities.	
<b>ASPECT: PUBLIC POLICY</b>		
103-1		
103-2	NFS pages 38-39	
103-3		
415-1	NFS pages 38-39	
<b>ASPECT: MARKETING COMMUNICATIONS</b>		
417-1	NFS page 137	
417-2	NFS page 137	
<b>ASPECT: CUSTOMER PRIVACY</b>		
103-1		
103-2	NFS page 137	
103-3		
418-1	NFS page 137	
<b>ASPECT: COMPLIANCE</b>		
103-1		
103-2	NFS page 137	
103-3		
419-1	NFS page 137	

## TABLE LINKING MATERIAL TOPICS AND THE GRI INDEX

MATERIAL TOPICS	LINK TO ASPECTS OF THE GRI	INTERNAL IMPACTS	INTERNAL IMPACTS
Product quality and safety	Client health and safety		Clients Suppliers
Responsible sourcing	Supplier assessment for labour practices Supplier assessment for human rights		Clients Suppliers
Diversity and inclusion	Diversity and equal opportunities Equal remuneration for women and men	Internal stakeholders	
Animal welfare	Supplier assessment for labour practices (*)		Clients Suppliers
Client experience	Labelling of products and services;	Internal stakeholders	Clients
Circular economy	(*)	Internal stakeholders	Clients Environment Suppliers
Climate change	Energy		Environment
Employee experience	Employment	Internal stakeholders	
Performance and development	Training and education	Internal stakeholders	
Employee health and wellbeing	Occupational health and safety	Internal stakeholders	
Employee welfare	Employment	Internal stakeholders	
Local communities	Financial performance Local communities		Community
Environmentally-friendly packaging	Materials		Environment
Biodiversity	Materials		Environment
Sustainable store format	Energy		Environment

(\*) With regard to this topic (not directly connected to an aspect provided for by GRI standards), the Statement 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 shop, 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' (façon) phase 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.

**Voluntary standard developed by the International Organisation for Standardisation (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](http://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 (SOCIALLY 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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