

# BVLGARI

## UK MODERN SLAVERY ACT 2015 STATEMENT AND CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010 DISCLOSURE

### Introduction

Bulgari S.p.A. and all its subsidiaries in the entire world (hereinafter the “Bulgari Group” or the “Group”) is fully committed to complying with all applicable laws, regulations and national and international conventions, as well as with best practices, about ethics, human rights and social responsibility.

On this purpose, this statement is released in compliance with the UK Modern Slavery Act 2015 (Section 54) and the California Transparency in Supply Chains Act of 2010 (SB 657), for the financial year ending 31 December 2017.

The UK Modern Slavery Act 2015 is designed to tackle slavery in the UK and all over the world. Section 54 of the UK Modern Slavery Act requires every organization with a total global annual turnover of £36m that is carrying out a business (or part of a business) in the UK to produce a slavery and human trafficking statement for each financial year.

On 1 January 2012, the California Transparency in Supply Chains Act of 2010 went into effect in the State of California, USA. This law is designed to increase the amount of information made available by manufacturers and retailers regarding their efforts to address the issue of slavery and human trafficking, thereby allowing consumers to make better and more informed choices regarding the products they buy and the companies they choose to support.

Modern Slavery includes any form of slavery, servitude, forced or compulsory labour and human trafficking (collectively, “Modern Slavery”). The disclosure sets out the steps that the Bulgari Group has taken, and continues to take, to ensure that Modern Slavery is not taking place in its supply chain and its own business. The statement applies to all the companies of the Bulgari Group.

### Organisational structure and supply chain

Today part of the LVMH Group, the Bulgari Group was founded in Rome in 1884 and progressively imposed itself with its magnificent creations, emblems of the Italian excellence. The international success made the Bulgari Group evolving into the current dimension of a global and diversified player in the luxury market, with a retail network in the most exclusive shopping areas worldwide and a portfolio of products and services ranging from jewels and watches to accessories, perfumes and hotels. The Bulgari Group supply chain encompasses suppliers and business partners that provide raw materials for the relevant manufacturing processes and services to run its business. Each Business Unit (Jewelry; Watches; Accessories; Fragrances; Hotel & Resorts) is responsible for managing relations with suppliers and business partners, based on the specificity of its activities, processes and geographical presence.

Finished products are manufactured at both company-owned facilities in Europe (mainly Italy and Switzerland) and through an external network of suppliers. The supply chain is based on long-standing relationships that can facilitate a continuous improvement path overtime.

The Bulgari Group is aware of the importance of raw material supply chain. For this purpose, the Group defined a responsibility program to monitor and manage social and environmental impacts of procurement practices for key raw materials (gold, diamonds, colored gemstones, leather, precious skins and packaging), as described hereinafter.

In addition, the Group works with licensees to ensure they apply consistent standards, in alignment with those applied throughout the rest of the supply chain.

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The Group's international expansion has developed its geographic footprint worldwide. This generated other supply chain relationships related to general business operations, including but not limited to Offices, Directly Operated Stores and Franchisees.

The Bulgari Group continues to communicate its responsible sourcing commitments and principles designed to prevent Modern Slavery, in particular, through the Code of Conduct and the Business Partner & Supplier Code of Conduct. Further details are set out below.

## **Policies**

Bulgari S.p.A. adopted the LVMH Code of Conduct ('CoC') in March 2018. The documents constitute the evolution of the previously existing Code of Ethics. The principles set out in the CoC define an ethical framework for all the actions of the Group and its staff, providing the foundations for the corporate culture. The CoC is inspired by the Universal Declaration of Human Rights, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guidelines on Women's Empowerment. In particular, the 'Providing a fulfilling work environment and valuing talents' section of the CoC sets the fundamental rights at work principles: elimination of discrimination with respect to employment and occupation; elimination of all forms of forced and compulsory labor; effective abolition of child labor; freedom of association and the effective recognition of the right to collective bargaining.

The Bulgari Group works with business partners & suppliers who agree to comply with the requirements of the Business Partner & Supplier Code of Conduct ('BP&SCoC'), approved by Bulgari S.p.A. in March 2018. The BP&SCoC is based, among others, on the principles stipulated in the Conventions of the International Labour Organization. Bulgari Group requires its business partners & suppliers to make their best effort to respect human rights in their conduct as detailed in the 'Human Rights' and 'Labor Standards and Social Responsibilities' sections of the document.

The Group is aware of the potential social impacts of its activities connected, in particular, to the sourcing of raw materials. For this reason, it has defined a responsible sourcing approach to conduct its business in an ethical way and respecting human rights.

With specific reference to diamonds, the Bulgari Group is committed to acting responsibly engaging with trusted suppliers based in countries adhering to the Kimberley Process, a joint government, industry and civil society initiative to stem the flow of conflict diamonds through an international certification scheme. Moreover, all Bulgari suppliers are members of trade associations, such as the World Diamond Council, which aim to implement the Kimberley Process through a self-regulation system.

As a further action, Bulgari S.p.A. became member of the Responsible Jewellery Council in 2006. In addition, in December 2011 it achieved the RJC Code of Practices Certification, having adopted the RJC Standard System in every phase of its jewellery production and processing phase, ensuring full application of ethical and responsible practices through an independent auditing system. In December 2014 and subsequently in December 2017, Bulgari S.p.A. achieved the renewal of the RJC Code of Practices Certification, confirming its commitment, in close collaboration with its stakeholder, to promote responsible and ethical practices within its business operations and core strategy through a continual dedication to improvement.

In June 2015 Bulgari Gioielli S.p.A. achieved the Chain of Custody Certification ('RJC CoC'), subsequently renewed in June 2018, for its gold jewellery products lines. The Chain of Custody Standard, settled from the Responsible Jewellery Council (RJC) in accordance with the OECD Guidelines, promotes the usage of precious metals sourced in a responsible way among the whole supply chain. Aiming to ensure the long-term compliance with RJC CoC Standard provisions, Bulgari Gioielli S.p.A. has implemented an appropriate internal and external Management System, which ensures the segregation of RJC CoC certified material in each step of the manufacturing process, from metal procurement to finished product delivery.

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The Bulgari Group is committed to make the best effort to strength systems and controls for the respect of human rights across the supply chain. Therefore, the Corporate Social Responsibility Department in strict collaboration with the Purchasing Department, regularly meets to assess the adequacy of the procedural framework as well as to identify opportunities for continuous improvement.

## **Assessing risk within the supply chain**

In association with LVMH programs and the principles promoted by the Responsible Jewellery Council, Bulgari S.p.A. monitors social and human right risks across the supply chain.

For this purpose, Bulgari S.p.A. has put in place a Suppliers Risk Management Process, constituted by the following three steps: 1) supplier risk assessment; 2) social & environmental audit to suppliers; 3) follow up. Each supplier included in the risk assessment compiles a CSR self-assessment questionnaire with a focus, among others, on the following topics: child & forced labour; freedom of association; discrimination; disciplinary and grievance procedures; hours of work; remuneration and general employment terms.

Furthermore, during 2017 a risk mapping activity at Operations and Supply Chain level started as part of a broader Ethics & Compliance project launched by LVMH. Risk mapping results highlight Bvlgari's exposure to Human Rights risks and constitute, where necessary, an input for the definition of mitigation action plans.

## **Due Diligence and supplier audit**

Bulgari S.p.A. defines on an annual basis a supplier audit plan for each Business Unit, based on the results of the risk assessment analysis. Bvlgari has included in agreements with suppliers the right to visit suppliers' factories. Audits can be announced, semi-announced or not announced and are based on the most recognized standards: SMETA (Sedex Members Ethical Trade Audit); Social Accountability SA 8000; ISO 14001; RJC Code Of Practices; RJC Chain Of Custody. In case of non-conformities, every effort is made to work with the supplier to implement corrective actions.

Bulgari S.p.A. is currently working to build and implement new policies and supply chain tools to continue its deepening commitment to responsible sourcing with a specific focus on Due Diligence methodology for diamonds and colored gemstones. On this purpose Bulgari S.p.A. is an active player of the RJC Standards Committee and of the Colored Gemstones Working Group. This group brings together luxury jewellery brands to better understand and manage the risks and opportunities for positive environmental and social impact in the sourcing of colored gemstones.

## **Training, awareness and performance indicators**

As holding company, Bulgari S.p.A. is committed to raise awareness around the organization on policies and principles for the respect of Human Rights and Labour Standards. This ongoing process starts with dedicated training initiatives. All employees have the opportunity to access the LVMH Ethics and Compliance site, including a number of tools and practical information to help promoting exemplary behavior in the day-to-day conduct of business activities. An e-learning module on the Code of Conduct and its main principles is available to all employees in 10 languages. Dedicated training modules on more technical topics like the RJC certification scheme and the Kimberley Process are offered to all employees, when joining the company, as part of their onboarding training and are available through the dedicated e-learning platform.

The Group promotes a culture of dialogue and transparency. An internal alert system is also available to all employees for the reporting of serious breach of the principles defined by the LVMH Code of Conduct.

Ongoing awareness activities are also in place with a focus on suppliers and business partners that have been engaged through audit activities. In this case, Bvlgari provides ongoing, demand-based support to address non-conformities or to boost further the social performance of its suppliers.

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Bulgari S.p.A. is constantly monitoring the impact and effectiveness of actions and measures in place for a responsible business conduct. In this regard, the Group has defined internal KPIs on the number of audits to be conducted on suppliers and the related follow-up actions, where necessary.

## **Outlook**

The Group has an ongoing commitment to conducting its business in a socially responsible manner and to prohibiting Moderns Slavery in the ordinary course of business. This commitment extends beyond the confines of the company and encompasses the promotion of ethical standards and socially responsible management practices throughout its entire supply chain.

The Group will work proactively for the continuous enhancement of responsible business practices by searching new ways to encourage the respect of human rights, a shared approach with suppliers and business partners as well as an advanced system of internal procedures.

Approved by the Board of Directors on October 16, 2018 and signed on its behalf by:

Jean-Christophe Babin  
Chief Executive Officer  
Bulgari S.p.A.

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