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

Introduction

Under UK MODERN SLAVERY ACT 2015 (“UK ACT”) and CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT 2010 (SB-657) (“CALIFORNIA ACT”), companies of a certain size are obliged to disclose a statement on their efforts to eradicate Modern Slavery from their supply chains.

Modern Slavery includes any form of slavery, servitude, forced or compulsory labour and human trafficking (collectively, “Modern Slavery”).

Bulgari S.p.A. and all its subsidiaries¹ in the entire world (hereinafter the “Bulgari Group” or the “Group”) are committed to fully complying with all applicable laws, regulations and national and international conventions, as well as with best practices, about ethics, human rights and social responsibility.

As such, Bulgari has already released statements setting 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.

With this statement, for the financial year ending 31 December 2020, Bulgari wishes to highlight actions confirmed or started in the year 2020 to ensure slavery and human trafficking is not taking place in its supply chain or its own business. This statement applies to all the companies of the Bulgari Group.

Organisational structure and supply chain

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.

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.

Policies

Bulgari S.p.A. has in place the LVMH Code of Conduct (“CoC”) and the Business Partners and Suppliers Code of Conduct (“BP&SCoC”), with the aim to define an ethical framework for all the actions of the Group and for its Supply Chain. 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. The BP&SCoC, which is based on the principles

¹ Including Bulgari (UK) Limited and Bulgari Corporation of America

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stipulated in the Conventions of the International Labour Organization, was updated in 2020 in order to include new requirements for Mineral Supply Chains, implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Guidance”) and the UN Guiding Principles on Business and Human Rights.

Bulgari requires its Business Partners & Suppliers to respect the ethical principles presented in the Business Partners & Suppliers Code of Conduct and to ensure that their own suppliers and subcontractors do the same. Obligation to accept and respect the Business Partner & Supplier Code of Conduct is part of contractual terms.

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

In 2020, the Bulgari Group issued two new corporate policies publicly available: the Responsible Sourcing Policy for Mineral Supply Chains and the Human Rights Policy.

The Responsible Sourcing Policy for Mineral Supply Chains expresses Bulgari’s commitment to responsibly source diamonds, gold, silver, platinum group metals and colored gemstones, taking all possible measures to ensure that they are sourced from businesses that follow the law, respect the rights of workers and the communities in which they operate. Through this Policy, Bulgari Group commits to implementing the five-step framework of the OECD Guidance.

The Human Rights Policy, issued in accordance to United Nations Guiding Principles on Business and Human Rights, states the Group’s commitment to respect internationally recognized human rights standards and to prevent their infringement across its own operations and supply chain.

With specific reference to the jewellery production:

- Bulgari Group confirms its commitment to act responsibly and to engage 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 Bvlgari suppliers are members of trade associations, such as the World Diamond Council, which aim to implement the Kimberley Process through a self-regulation system;
- Bulgari S.p.A. since 2006 is a member of the Responsible Jewellery Council and it keeps maintaining, since 2011, the RJC Code of Practices Certification. The Certification confirms its commitment, in close collaboration with its stakeholders, to promote responsible and ethical practices within its business operations and core strategy through a continual dedication to improvement. In December 2020, Bulgari achieved the renewal of the RJC Code of Practices Certification against the new 2019 RJC Code of Practices Standard;
- Bulgari Gioielli S.p.A. achieved in 2015, and further renewed it, the Chain of Custody Certification (“RJC CoC”), for its gold jewellery products lines. The Certification promotes the usage of precious metals sourced in a responsible way among the whole supply chain, implementing 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.

The Bulgari Group is committed to strengthening 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, the Ethics & Compliance Working Group and the Ethics & Compliance Committee, regularly assess the adequacy of the procedural framework and identify opportunities for continuous improvement.

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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. In 2020, the Suppliers Risk Management Process has been updated, according to the Supply Chain Due Diligence requirements introduced for suppliers operating in the Mineral Supply Chains.

Furthermore, Bulgari completes periodically risk-mapping activities at Operations and Supply Chain level; the risk mapping process was updated in 2020 as part of a broader Ethics & Compliance project launched by LVMH. The risk mapping analyses, among others, the Human Right risk exposure. Bulgari has assessed the existing risk management actions (e.g. Suppliers Risk Management Procedure; Supplier Audit Plan) as adequate measures to manage and mitigate the level of risk identified.

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. Bulgari has included in the 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.

In 2020, Bulgari Group progresses in its effort to adopt the OECD Guidance, in line with its Responsible Sourcing Policy for Mineral Supply Chains.

With reference to gold supply chain, Bulgari involved in its Due Diligence process the relevant refiners and suppliers, implementing also the requirements of the OECD Due Diligence Guidance Supplement on Gold. In addition, in line with the RJC Code of Practices provision, the Due Diligence has been extended to relevant refiners and suppliers of silver and platinum group metals.

With reference to diamonds supply chain, in accordance with its 'Due Diligence Programme on the Responsible Sourcing of Diamonds' set forth in 2019, Bulgari outlined the Responsible Sourcing Criteria that all its suppliers of diamonds are expected to adopt and follow.

In addition, Bulgari, through LVMH, is an active player of the Colored Gemstones Working Group (CGWG) and thus has adopted the responsible sourcing tools to assess its own colored gemstones supply chain step-by-step, in accordance, among others, with the OECD Guidance and criteria set forth by the CGWG.

Finally, as part of the Due Diligence requirements, Bulgari introduced in 2020 a grievance mechanism, giving the possibility to external stakeholders to report any concerns regarding impacts that may arise from Bulgari's direct and indirect behaviours under the Business Partner & Supplier Code of Conduct, the Responsible Sourcing Policy for Mineral Supply Chains and the Human Rights Policy.

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Training, awareness and performance indicators

Bulgari conducts internal trainings to ensure that participants in the supply chain management are knowledgeable and aware of the issues and concerns about human trafficking and slavery.

Moreover, all employees have the opportunity to access the LVMH Ethics and Compliance intranet, including a number of tools and practical information to help promoting exemplary behavior in the day-to-day conduct of business activities.

In 2020, Bulgari launched an e-learning training on the LVMH Code of Conduct mandatory for all employees worldwide.

Training modules on more technical topics like the Kimberley Process and System of Warranties are periodically updated and available to all employees through a dedicated e-learning platform; a new training campaign was launched in 2020.

Bulgari promotes a culture of dialogue and transparency and it has in place an Internal Alert System, through an online interface dedicated to employees. The System provides a fully confidential and secure way of reporting activities regarding violations or alleged violations of any internal guidelines and procedures, as well as ethical principles, in addition to applicable laws and regulations.

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, Bulgari provides ongoing, demand-based support to address non-conformities or to boost further the social performance of its suppliers.

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 Modern 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.

As such, the Group is further strengthening its internal processes and procedures with specific reference to Due Diligence as described in the 'Due Diligence and supplier audit' section.

In addition, Bulgari will keep strengthening and updating its supplier risk management processes also considering potential risks that may arise in the context of a rapidly changing landscape due to the COVID-19 pandemic.

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 of Bulgari S.p.A. on March 29th, 2021, by the Board of Directors of Bulgari (UK) Limited on September 29th, 2021, and signed by:

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

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