

# Gucci Modern Slavery Statement for financial year 2020

---

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657) and sets out the steps completed by Gucci to ensure slavery and human trafficking is not taking place in our supply chains or in any part of our business.

This statement covers January 2020 to December 2020.

## INTRODUCTION

At Gucci, we have a zero-tolerance approach to any form of Modern Slavery. We believe that protecting the dignity and rights of all people is paramount to good business. Therefore, we take it as our duty to be cognizant of the human rights concerns in our business and supply chains. It is within our core values to fight against exploitation and to strive toward eradication of forced, bonded, and slave labor throughout our supply chain.

Gucci is committed to a Culture of Purpose, putting positive environmental and social impact at the very heart of the brand. As a company, we are resolved to manage the planet's finite resources, and build a culture in which our people respect these, and while doing so, are also free to innovate, create, and grow. Responsible business for all generations of today and tomorrow.

On June 2020, Gucci launched the next generation of Gucci Equilibrium portal at [equilibrium.gucci.com](https://equilibrium.gucci.com), which aims to inspire and unify a community of voices to join the conversations around topics that are increasingly critical in today's world. Defined by the two pillars, People and Planet, [equilibrium.gucci.com](https://equilibrium.gucci.com) encompasses Gucci's commitments and actions to reduce its environmental footprint and protect nature, while supporting people's rights and championing inclusivity and respect, so that everyone in the global Gucci community is free to express their authentic, diverse selves.

## OUR BUSINESS AND SUPPLY CHAIN

Gucci is a leading Italian luxury brand, retailing fashion and leather goods. Gucci is part of the Kering Group, a world leader in apparel and accessories that owns a portfolio of powerful luxury brands.

Gucci operates from its head office in Florence, Italy. With 483 directly operated stores, as well as having a large online-retail space, Gucci's offices and operations have an extensive global presence. The average number of employees is 17,953 (full time equivalent). Over 20.000 people work for Gucci, indirectly throughout our supply chain.

Gucci work with an international portfolio of suppliers. We have various direct suppliers around the world; although 95% of our manufacturers are based in Italy, meaning 95% of our suppliers are covered by collective bargaining agreements (we use a small percentage of suppliers outside of Italy for specific phases of component production).

## POLICIES

**Gucci Sustainability Principles:** Gucci prioritizes the well-being of its employees and partners and is dedicated to enhancing the lives of all those involved in making its products through the responsible and innovative management of its supply chain. This commitment is shown in the Gucci Sustainability Principles, containing the following principles: respect for human rights, promotion of a quality working environment, contribution to socio-economic development, effective relations with stakeholders and continual supplier engagement.

Gucci expects all its partners within its supply chain to comply with our zero-tolerance towards human trafficking and slavery, which is outlined in the Sustainability Principles and the Supplier Charter within the Kering Group Code of Ethics, as stated below:

### **Kering Code of Ethics -**

Since 2005, when the Kering Code of ethics replaced the Ethics Charter issued in 1996, the Code of ethics has defined the major principles which frame and guide the daily actions. This Code provides a framework for what is expected in professional activities, and in the relationship with employees and customers, shareholders and business partners. It also defines the commitment to the environment.

The Code of ethics, as updated at the end of 2018 and widely distributed in 2019, powerfully reaffirms the Group and all its Houses, therefore Gucci, to commit to respect for human rights, not only for all the employees, but also for all those who work in the supply chains. Gucci mobilizes all its energy and vigilance to combat notably child labor, forced labor, human trafficking and the exploitation of the most vulnerable groups, in particular migrants, as well as to combat all violence and discrimination, especially against women.

Integrated in this Code is Kering Group Suppliers' Charter, developed in 2013 and updated in 2018, which embeds responsible practices throughout the supply chain.

**United Nations Global Compact** – Kering is a signatory to the United Nations Global Compact and has a longstanding commitment to comply with the provisions of the International Labor Organization (ILO) conventions concerning abolition of slavery and forced labor.

The Kering Group implements these policies and procedures throughout its supply chain, ensuring identification and mitigation of sustainability risks (including modern slavery) across the Group. The strategy is distilled by all Kering brands, including Gucci, and requirements and standards are clearly defined in all business engagements.

### **Kering Takes Care to Behave with Integrity and Responsibility**

Taking an ethical approach to business under all circumstances guarantees longevity. Success and sustainable development in our markets depend on the trust of our customers, employees, shareholders, and commercial and social partners. This trust is built over time and has to be earned day in and day out. Ethics in a business environment covers many issues that may sometimes appear contradictory. This is

especially true when speaking about a group of brands operating on every continent, in countries with different cultures, at varying stages of economic development. However, these differences can be structured through a small number of simple but powerful shared principles, which in the spirit of responsibility and common sense should guide our actions.

**The Ethical Principles Shared by all Employees are to:**

Act with integrity and a sense of responsibility;

Comply with applicable laws and regulations;

Respect the dignity and rights of each individual;

Act with respect for the natural environment;

Use the company's assets and resources in the interests of the Group and its shareholders;

Encourage our employees in their community involvement and sustainability initiatives;

Respect business confidentiality;

The implementation of these ethical principles should, above all, be based on a fair, honest, positive and creative attitude taken by everyone.

Gucci has obtained the internationally recognised certification for social accountability, SA8000. The Social Accountability certification SA8000 is a global standard that accounts for business ethics and responsible labour relations, the standard has specific requirements on ensuring no forced labour in supply chains. SA8000 deals with respect for people, workplace health and safety, workers' rights and equal opportunity, in line with the ILO (International Labour Organization) principles. Gucci is actively involved with Social Accountability International (SAI), which developed the SA8000 standard, and is a member of SAI's Advisory Committee.

All our manufacturing operations (including those at external sites) are covered by Gucci's SA8000 certification management system.

## DUE DILIGENCE, CONTRACTUAL CONTROLS AND SUPPLIER AUDIT

Gucci works diligently with its suppliers to ensure compliance of Kering Code of Ethics and Gucci Code of Conduct.

Under SA8000 Gucci is certified (through independent third-party audit) against the clause 9.10.1 which states: *The organization shall conduct due diligence on its suppliers/subcontractors, private employment agencies and sub-suppliers' compliance with the SA8000 Standard. The same due diligence approach shall be applied when selecting new suppliers/subcontractors, private employment agencies and sub-suppliers.*

As part of the contractual agreement with each supplier Gucci ensures the sign off by the supplier of 2 key documents: *The Code of Ethics and Suppliers' Charter and the Sustainability Principles, which include policy commitments on working conditions, wages and human rights relating to the supply chain.*

Furthermore, as part of Gucci's association with The Hercules Project, it undertakes continual monitoring risk assessments, and provides supply chain analysis for the production processes of Kering's Luxury activities.

The Hercules project is a compliance management system created by Kering in 2015. Its purpose is to create best practices, monitor risk assessments, and provide supply chain analysis for the production processes of Kering's Luxury activities. Gucci's involvement in such a project ensures a higher level of protection against corruption and extend the Group's Code of Ethics and Sustainability Principles to its entire supply chain.

In addition, at the onboarding stage and on regular basis during the contractual relationship, Gucci assesses for each supplier the possible reputational and criminal risks also in terms of Human Rights violations, through the available public sources and sanctioned lists.

Gucci feel their policies and management systems offer a robust action plan to combatting modern slavery and protecting human rights.

## ASSESSING RISK WITHIN GUCCI'S SUPPLY CHAIN

Gucci's commitment to environmental and social sustainability has been reinforced by the COVID-19 pandemic. Gucci pushed forward with its ten-year sustainability strategy, building on various industry-leading initiatives to minimize its impact on the planet and to protect the rights and status of people around the world.

During the COVID-19 pandemic Gucci implemented a series of initiatives to support its supply chain partners. In recognition of the sanitation emergency caused by COVID-19, Gucci continued to fully respect in its operations and across its supply chain workers' rights, fully complying with the health and safety protocols stipulated by the COVID-19 guidelines around sanitation and hygiene. Gucci also continued to regularly pay all supplier orders during the lockdown.

Furthermore, to support its suppliers' economic challenges resulting from the pandemic, Gucci worked with Intesa San Paolo bank in Italy to create a program to guarantee quick access to a wide range of loans, at the best terms and conditions, and with faster disbursement of loans. More than 36% of Gucci's suppliers in Italy have benefited from this initiative since 31 December 2020, totaling 202 million euros in loans. This was an extension of the "Sviluppo Filiere" programme, which was launched in 2015, and the Gucci and Intesa Sanpaolo collaboration helped small and medium-sized suppliers recover from the impact of the Covid-19 pandemic and launch their recovery and growth plans. In addition, in the early stages of the Covid-19 emergency, Gucci and Intesa Sanpaolo launched the "We Are All in This Together" fundraiser for the National Department of Civil Protection.

To ensure continued compliance with the Code of Ethics and Suppliers' Charter and the Sustainability Principles, Gucci's suppliers and subcontractors (including raw material suppliers) are subject to regular audits by specialist Kering and third-party teams. Robust corrective action plans are put together following audits, wherever breaches of compliance are identified. Follow-up audits are then conducted to ensure any non-conformance has been rectified.

In 2020 alone, 825 Gucci suppliers were subject to at least one full audit or a follow-up audit. In total, 1066 audits were carried out across our supply chain.

Supplier Non-compliances are classified into four categories, with standard response for each:

a. **breaches by suppliers' subject to zero tolerance** (relating to the most serious situations liable to be encountered, specifically child labour, forced labour, irregular work, undeclared subcontractors, threats, discrimination, serious breaches of regulations, counterfeit, etc.). Identification of a zero- tolerance breach triggers the immediate establishment of a crisis unit bringing together the Kering audit team and the relevant House(s) to decide on the future of the relationship with the supplier: immediate shutdown of the approval process if the supplier is in the process of being activated but has not started working; and discussions about the possibility of remediation and support for the supplier or about the need to terminate the contractual relationship if the supplier is working on one or more orders. The brand is the ultimate decision- maker on the most appropriate response,

b. **serious compliance breaches by suppliers.** The supplier is given one month to resolve the serious breach of compliance, and a follow- up audit is scheduled to confirm that the issue has been resolved,

c. **moderate compliance breaches by suppliers.** The supplier is given three months to resolve the moderate breach of compliance, and a follow- up audit is scheduled to confirm that the issue has been resolved,

d. **observations.** These give rise to a corrective action plan and are the subject of a dedicated checklist at the next audit. The supplier has six months to remedy the observation.

Depending on the results of audits, suppliers are classified as: compliant (no zero-tolerance breaches, no supplier compliance breaches, whether serious or moderate, fewer than five observations); partially compliant (no zero- tolerance breaches, no serious compliance breaches, fewer than five moderate breaches); progress expected (no zero- tolerance breaches, more than five moderate compliance breaches or at least one serious breach); zero tolerance (at least one zero- tolerance breach).

In 2020, 60,25 % of suppliers were rated compliant, 29,30 % partially compliant, 3 % progress expected and 0,25 % were classified as having a zero-tolerance item.

We ended our relationship with 12 suppliers who did not meet our required standards after being issued with and supported through corrective actions.

## TRAINING

At Gucci, we realise the importance of maintaining clear, transparent communication and training in regard to human rights and modern slavery.

Since 2014, Kering has offered a training programme on ethics for all Group employees across all locations which is updated on an annual basis. Available since 2019 in 14 languages, it sets out the ethical ground rules in place at Kering and presents case studies and ethical dilemmas that help employees ask themselves the right questions. In 2020, 95,09% of Group employees worldwide completed the training.

Training is of particular significance in regard to Gucci's suppliers meeting our core Sustainability Principles. Each year we hold training seminars for each category product in order to share best-practice information relating to our sustainability strategy and key sustainability impacts in our supply chain.

## ALERT SYSTEM

Since 2018, the whistleblowing system has been strengthened and covered by a new procedure to meet all requirements of the Sapin II law. In application of this new procedure, the whistleblowing system is open to paid employees and interns of the Kering Group, as well as to external and occasional employees working for any service-provider or external partner with whom the Group and/or its Houses maintain contractual relationships.

In parallel with the Ethics Committees and the Compliance Organization, any person may also choose to make direct contact with the global Ethics hotline set up to register



and record issues referred to it, and to pass them on to the Ethics Committee(s) concerned and the Compliance Organization, via persons identified and authorized to guarantee the confidentiality and security of the information received. The Committee contacted or the Compliance Organization then contacts the complainant to confirm that it has received the referral. This hotline replies to employees in the languages most spoken in the Group, and is confidential.

### KEY PERFORMANCE INDICATORS (KPIs)

In order to assess the effectiveness of measures taken to mitigate modern slavery risks, Gucci monitors some KPIs which are reported on our Gucci Equilibrium platform ([www.equilibrium.gucci.com](http://www.equilibrium.gucci.com)), together with our sustainability projects.

### LOOKING AHEAD

Looking ahead, we will continue to promote our zero-tolerance policy to modern slavery.

We believe that every employee directly or indirectly working with Gucci has the right receive a sufficient and proportionate salary taking into account the quantity and quality of his work and in every case to assure a free and dignified existence to himself and his family. That is why both Kering and Gucci have developed a 2025 strategy to achieve a living wage for all workers across our supplier network.



SIGNED: Marco Bizzarri

JOB TITLE: Gucci, President & CEO

DATED: 26/03/2021