



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

This statement is made pursuant to the California Transparency in Supply Chains Act of 2010 and to Section 54 of the Modern Slavery Act 2015.

The disclosure is intended to set out the steps Loro Piana has taken to ensure slavery and human trafficking is not taking place in its supply chain and its own business, as well as identifying further steps that Loro Piana intends to implement in order to enhance the scrutiny of its supply chain.

This statement is valid for the financial year ending on December 31, 2020.

**ABOUT LORO PIANA**

The Loro Piana family began trading wool fabrics in the second half of the Nineteenth Century. The company then started its own manufacturing processes, focusing on high-end products and becoming the eastern world's foremost cashmere manufacturer and the world leader in innovation and the pursuit of excellence in the textile industry.

Loro Piana employs about 3,000 people and manufactures its products in nine facilities (eight of which in Italy).

The Company is structured into two business divisions: the Textile Division, producing top quality fabrics, yarns and textiles, and the Luxury Goods Division which offers high-end garments for men, women and children, leather goods, accessories and gifts, that are distributed through 150 single-brand stores and a selected network of multi-brand stores worldwide and through the e-commerce channel as well as textiles for interior design and home décor that are sold to exclusive stylists, interior designers and architects.

Loro Piana belongs to the multinational group LVMH, the market leader in the luxury and high-end goods sector, present in all of the main markets in Europe, Asia, Africa, America and Oceania.

**SUPPLY CHAIN**

Loro Piana supply's chain is comprised of suppliers based throughout the world that provide raw materials and services related to the textile and clothing manufacturing processes.

Loro Piana strives to do business with reputable suppliers committed to Loro Piana's ethical standards and business practices and expects its suppliers to act in a manner compatible with standards that contribute to Loro Piana's worldwide reputation.



Loro Piana, has implemented a number of policies, due diligence processes and training to ensure that the business is conducted in an ethical and transparent manner.

## **POLICIES ON SLAVERY AND HUMAN TRAFFICKING**

Loro Piana is committed to acting ethically and with integrity in all its business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in its supply chains. For this purpose, it has introduced a number of policies that include:

Organization, Management & Control Model ("Model") adopted on March 24, 2017, pursuant to the Legislative Decree No. 231/01 that has introduced an administrative liability of entities as regards certain types of criminal offences perpetrated in their interest or to their advantage by executives or persons under their management or supervision. To ensure that the criminal offences under the Legislative Decree are prevented, Loro Piana has adopted the Model and has appointed a Supervisory Body, overseeing the functioning and observance of the Model adopted by the Company. It is important to highlight that the offence of placing or holding persons in conditions of slavery or servitude as well as the offence of illicit intermediation and labor exploitation (the so-called "caporalato") are included among the criminal offences considered by the above mentioned law and therefore addressed by the Model.

Code of Conduct which reiterates the LVMH Code of Conduct and commitment to act according to the highest standards of integrity, respect and engagement in the behaviors and in the way the Company's employees conduct business every day, everywhere.

Suppliers Code of Conduct that is specifically designed for Loro Piana's suppliers and includes a strict set of requirements that any business partner is requested to sign and comply with. These requirements cover legal obligations as well as good business practices related to different ethical aspects such as forced labor, child labor, illegal, clandestine and undeclared employment, harassment and abuse, discrimination, wages and benefits, freedom of association, working hours, health&safety, and other business integrity related issues. When national legislation or other applicable regulations address the same issues as the Supplier Code of Conduct does, the highest standards or most restrictive provisions shall apply.

Procurement Policy that sets out the rules to be followed to select and approve suppliers in compliance with all applicable laws and regulations.

## **DUE DILIGENCE**

Prior to starting a business relationship Loro Piana requires each supplier to sign and acknowledge the Suppliers Code of Conduct which includes provisions on the prohibition of slavery and human trafficking. Furthermore, by signing the Supplier Code of Conduct, the suppliers confirm their availability to undergo periodical assessments carried out by Loro Piana's staff and by third party auditing firms.

All the suppliers and their approved subcontractors shall, as far as practicable, supply the necessary information and grant access to the Loro Piana's representatives who seek to verify compliance with the



requirements of the Suppliers Code of Conduct. The Suppliers shall also keep proper records to prove compliance with the Suppliers Code of Conduct and, as far as practicable, provide access to complete, original, and accurate files to Loro Piana's representatives.

The selection of suppliers to be included in the annual audit plan is carried out annually through a risk analysis process that involves each related contract owner and different teams across the Loro Piana's business functions. This risk analysis is carried out following pre-selected criteria and KPIs, in order to firstly select suppliers to be audited and secondly, based on the audit's result, to monitor their performances through follow-ups aimed to verify the resolution of non-conformities. This methodology considers both Tier 1 and Tier 2 of our supply chain and include many different suppliers' categories (e.g. packaging, logistics, services and manufacturing). Audits are performed according to social and environmental requirements that are included in our Supplier Code of Conduct and shared with the LVMH Group. Failure to comply with such requirements constitutes a serious breach and results in the imposition of sanctions, to be determined in conformity with the Disciplinary System of the Model, ranging from the payment of penalties up to the immediate termination of the relationship with the Supplier. Over the last few years, an average number of more than 30 audits/year and related follow-ups, have been performed. Loro Piana has defined and implemented a consistent methodology in order to scale up this process and reach out more suppliers every year following the LVMH Group's targets.

#### **TRAINING/INFORMATION**

Employees of Loro Piana who are directly responsible for suppliers are made aware of the policies on human trafficking such as forced labor and child labor, and required to comply with them. The Company has also created a specific function in charge of sustainability matters that works as well to prevent and mitigate the risk of modern slavery and human trafficking.

As far as suppliers's compliance is concerned, it is worth mentioning that this topic is always included in the agenda of the Supplier Forum event, organized by Loro Piana on annual basis (except in 2020 due to Covid-19 restrictions) where suppliers are given an update about Loro Piana's business priorities and plans. In past, the forum has been focused on Sustainability and especially on building suppliers' awareness about the company Code of Conduct and related working practices.

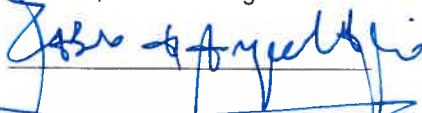
The employees have access to a LVMH whistleblowing channel which represents a grievance mechanism allowing to report any breach of the Code of Conduct and/or of the Model, allowing therefore the Company to address potential violations relating, amongst all, to human rights. The LVMH Group is also working on extending the tool to third parties that are working with its maisons, among which Loro Piana.

Loro Piana's commitment to prohibiting slavery, servitude, and the use of forced labor in its supply chain is an ongoing process. The steps taken so far form part of a long term program to uncover and tackle the issue of forced labor.

Loro Piana will continue to assess its business and supply chains to ensure that risks of modern slavery are considered.



Approved by the Board of Directors on March 25<sup>th</sup>, 2021 and signed on its behalf by:

  
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Fabio d'Angelantonio  
Chief Executive Officer  
Loro Piana S.p.A.