

# Gucci Modern Slavery Statement for financial year 2018

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This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and California Transparency 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 2018 to December 2018.

## 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, no matter how small, 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. In 2018 Gucci launched Gucci Equilibrium at [equilibrium.gucci.com](http://equilibrium.gucci.com), a portal designed to connect people, planet and purpose. Gucci Equilibrium builds on the Culture of Purpose that governs Gucci on a day-to-day basis and is anchored by three pillars covering the environment, people and new models of sustainable innovation.

## 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 and sport and lifestyle brands.

Gucci operates from its head office in Florence, Italy. With around 500 stores, as well as having a large online-retail space, Gucci's offices and operations have an extensive global presence. There are approximately 4.922 people in Italy and 17.139 globally working directly for Gucci;

Around 25.000 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 (we use a small percentage of suppliers outside of Italy [within Europe] 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 our partners within our supply chain to comply with our zero-tolerance policy on human trafficking and slavery policy, 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** - 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. Integrated in this code is Kering's Supplier Charter, developed in 2013, which embeds responsible practices throughout the supply chain.

**Kering United Nations Global Compact** - We are signatories to the United Nations Global Compact and have 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 implement 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:**

Behave 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 goods and resources with the interests of the Group and its shareholders in mind;

Support our employees' initiatives in community involvement and sustainability;

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 our suppliers to ensure compliance of its Code of Ethics and Code of Conduct.

Under SA8000 Gucci are 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.

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**

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 2018 alone, 64% of all Gucci suppliers were subject to at least one full audit or a follow-up audit. In total, 1678 audits were carried out across our supply chain. We ended our relationship with 49 suppliers who did not meet our required standards after being issued with and supported through corrective actions.

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We have 26 audit pending processes and should the corrective plan we addressed to the suppliers be not successfully met, Gucci will terminate the relationship with such suppliers.

## TRAINING

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

Since Kering introduced its Code of Ethics in 2014, it has offered a training programme on ethics for all Group employees across all locations which is updated on an annual basis. Available in nine 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 2017, 90% of Group employees worldwide completed the training.

In 2015, an Ethics Hotline was set up for all employees across the Kering Group in their country or area of operation. The hotline assists the Ethics Committees in reporting information, questions and complaints from employees and can be called by anyone in the Group who prefers this system over contacting one of the three Committees directly. The information, although confidential, is then pooled together in order to inform further employees on ideas surrounding ethics and asking the right questions when dealing with situations and dilemmas they may face at work.

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.

## 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

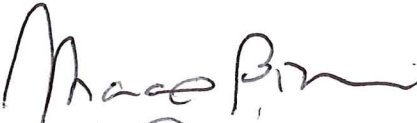
Looking ahead, we will continue to promote our zero-tolerance policy to modern slavery.

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:**

**JOB TITLE**

**DATED:**

NARCO BIZZARINI   
Gucci - President and CEO  
April 4th, 2019

