

Supply Chain & Human Rights Due Diligence Report 2023/2024

BULGARI S.p.A.

B V L G A R I
ROMA

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Introduction

The purpose of this Supply Chain & Human Rights Due Diligence Report is to provide information to all Bulgari stakeholders on risk assessment and due diligence policies, activities and related findings, with a focus on diamonds, gold, silver, platinum, palladium and colored gemstones, as these materials are associated with inherent risks of significant adverse impacts on human rights.

The information here reported refer to Bulgari S.p.A. and its subsidiaries worldwide, with particular reference to its Jewellery and Watches Business Units.

Organisational structure and supply chain

Bulgari is structured in different Business Units: Jewellery, Watches, Accessories, Fragrances, Hotel & Resorts. Headquarters are in Rome, Italy, and the Group operates in several countries across the world. Bulgari business is operated mainly through Offices, Directly Operated Stores and Franchisees.

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 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 longstanding relationships that can facilitate a continuous improvement path over time.

The Bulgari Group is aware of the importance of raw material sourcing and of monitoring activities for supply chains. For this purpose, the Group defined a responsibility program to monitor and manage social and environmental impacts of procurement practices for the abovementioned key raw materials. 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.

Policies and commitments

Bulgari S.p.A. adopted **a set of policies** defining an ethical framework to **identify, prevent and mitigate human rights-related risks** within the Group's own operations and its global supply chains.

Bulgari fully adopted the **LVMH Code of Conduct** (CoC), updated in 2024, which is inspired by the Universal Declaration of Human Rights, the International Covenants on Civil and Political Rights and on Economic, Social, and Culture Rights, the United Nations Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labor Organization, the OECD's Guidelines for Multinational Enterprises, especially Chapter IV (Human Rights) and the Ten Principles of the United Nations Global Compact.

Bulgari promotes values and principles to be applied to its supply chain through the **LVMH Supplier and Business Partners Code of Conduct** (LVMH SCoC), also subject to an update in 2024. The LVMH SCoC outlines the social, labor, environmental and ethical principles that the Group requires its business partners to respect. Additional requirements for suppliers operating in mineral supply chains have been introduced in a dedicated section.

Bulgari requires its Suppliers to respect the principles presented in the LVMH SCoC and to put in place adequate internal policies and measures (including monitoring) to ensure compliance with the Code and to ensure that their own suppliers and subcontractors respect the same principles. Obligation to accept and comply with the LVMH SCoC and its requirements is a condition for doing business with Bulgari. To this regard, Bulgari also defined a responsible sourcing approach, which is outlined in its **Responsible Sourcing Policy for Mineral Supply Chains**. This Policy expresses Bulgari's commitment to responsibly source diamonds, gold, silver, platinum group metals (PGMs) 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 Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Moreover, Bulgari defined a **Human Rights Policy**. Full responsibility for both policies resides with the CEO of the Group.

All the mentioned policies can be **accessed by Bulgari internal stakeholders** via the Intranet **and externally** via Bulgari website.

The Bulgari Group is committed to continuously improving systems and controls for the respect of human rights across the supply chain. Therefore, the Corporate Sustainability and Social Responsibility Department in strict collaboration with the relevant Purchasing Departments, and the Ethics & Compliance Committee, regularly assess the adequacy of its procedures, which are described in the following paragraphs.

Since 2006, Bulgari S.p.A. is a member of the **Responsible Jewellery Council (RJC)** and it keeps maintaining, since 2011, the RJC Code of Practices Certification ('RJC CoP'). In 2023, Bulgari achieved the renewal of the RJC Code of Practices. 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.

Also, in 2015, Bulgari Gioielli S.p.A. achieved the Chain of Custody Certification ('RJC CoC'), for its gold jewellery products lines and periodically renewed it, the latest renewal date being 2024. The Certification promotes the usage of gold sourced in a responsible way among the whole supply chain,

implementing an appropriate internal and external management system, which ensures the segregation of CoC-certified gold in each step of the manufacturing process, from procurement to finished product delivery.

Assessing risks within the supply chain

In alignment with LVMH programs and the principles promoted by the Responsible Jewellery Council, Bulgari, through its Business Units and Sustainability & CSR Department, continuously monitors environmental, social and human rights risks across the supply chains. For this purpose, a **Suppliers Risk Management Process** has been established, made up of the following three steps: 1) supplier risk assessment; 2) social & environmental audit to suppliers; 3) follow up. The Suppliers Risk Management Process integrates the Supply Chain Due Diligence requirements introduced for suppliers operating in the Mineral Supply Chains.

The classification of Bulgari suppliers from low to high risk is also influenced by the following criteria: volume of the business; strategic material supplied (diamonds, gold, gems.); geographical area. The risk could be reconsidered after a first audit. High social/environmental risk suppliers are subject to audit.

Bulgari is currently working on updating its suppliers' risk assessment methodology. This review will include a refresh of the risk metrics currently in use to promote the introduction of a more comprehensive supplier ESG risk rating.

Risk assessment results

During 2023 and 2024, Bulgari implemented the following **risk assessment activities** on Tier-1 and Tier-2 suppliers:

Socio-environmental assessments¹	2024	2023
Number of suppliers assessed	316	295
% of high-risk suppliers	4%	5%
% of medium-risk suppliers	30%	35%
% of low-risk suppliers	66%	60%

Traceability and management of CoC certified metal (gold suppliers only)	2024	2023
Number of suppliers assessed	176	190
% of high-risk suppliers	10%	13%
% of medium-risk suppliers	41%	36%
% of low-risk suppliers	49%	51%

Assessing suppliers

On an annual basis, Bulgari S.p.A. defines a supplier audit plan in accordance with each Business Unit, based on the results of the risk assessment analysis above described. Bulgari has included in the suppliers' agreements the right to visit suppliers' factories. Following LVMH Social & Environmental Audit Grid, 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.

¹ Considering the high number of suppliers, the risk assessment was focused on strategic suppliers, based on their turnover.

Audits are performed (by internal or external personnel) by the BU through the support of a platform developed by LVMH and implemented by all the Maisons of the Group. Ratings assigned to audits (*Satisfactory*; *Need Improvement*; *Need Major improvement*; *Unacceptable*) are automatically calculated by the platform according to the responses inserted.

In the case of non-conformities, the appointed auditor proposes a corrective action plan (CAP) registered on the platform, that is activated by the relevant business unit, which must be resolved by the supplier within the set deadline and which takes into consideration the severity of non-conformities and whether the supplier is new or is already a partner of Bulgari. A collaborative approach with suppliers is promoted, to accompany them towards improvement.

In case the supplier fails to implement the corrective action plan or its responses are considered insufficient/not adequate, a new audit may be planned and carried out within a pre-defined timeline or the relationship with the supplier may be ultimately terminated.

Specifically, in accordance with LVMH Group Guidelines, for audits whose result is “*Unacceptable*”:

- i) business activities with the supplier are temporarily suspended (except in cases where child or illegal labour issues are found, for which a zero tolerance policy is applied);
- ii) the supplier must immediately provide Bulgari with a response to the corrective action plan received;
- iii) the supplier is subject to a mandatory re-audit within 3 months, to show significant improvement. If the result of the new audit is still unacceptable, the supplier is phased-out.

Assessment results

As per the audit activities, the following actions have been implemented in 2023 and 2024 on gold, diamonds and colored gemstones suppliers²:

DIAMONDS	2024	2023
Number of socio-environmental audits	7	5
% of satisfactory	71%	80%
<i>% of need improvement</i>	-	-
<i>% of need major improvement</i>	-	-
<i>% of unacceptable</i>	29%	20%

GOLD AND PRECIOUS METALS	2024	2023
Number of socio-environmental audits	19	16
% of satisfactory	16%	25%
<i>% of need improvement</i>	58%	6%
<i>% of need major improvement</i>	16%	44%
<i>% of unacceptable</i>	10%	25%

Number of social audits on Tier 1 and Tier 2 suppliers	13	-
% of satisfactory	8%	-
<i>% of need improvement</i>	69%	-

² It should be taken into consideration that suppliers are not supposed to be audited every year. Indeed, appropriate timing of audits is decided according to previous audit results. Results of audits performed by Maisons other than Bulgari are also taken into consideration when it comes to suppliers' risk assessment and follow-up actions to be implemented.

% of need major improvement	15%	-
% of unacceptable	6%	-

Traceability and management of CoC certified metal	33 ³	35 ⁴
% of satisfactory	58%	66%
% of need improvement	36%	23%
% of need major improvement	6%	11%
% of unacceptable	-	-

COLORED GEMSTONES	2024	2023
Number of socio-environmental audits	4 ⁵	4
% of satisfactory	25%	-
% of need improvement	25%	75%
% of need major improvement	-	-
% of unacceptable	50%	25% ⁶

Due diligence on Mineral Supply Chain

The **Due Diligence on Mineral Supply Chain Procedure** provides specific actions and processes across the relevant supply chains, as further detailed below.

Diamonds

With reference to diamonds supply chain and in accordance with its '**Due Diligence Programme on the Responsible Sourcing of Diamonds**' set forth in 2019, Bulgari outlined specific responsible sourcing criteria.

All key diamond suppliers have been involved in the Due Diligence process through self-assessment questionnaires and, where necessary, onsite audits, highlighting a progressive and incremental approach in the implementation of processes and procedures in line with the OECD Due Diligence Guidelines.

Bulgari Group confirms its commitment to act responsibly and to engage with trusted diamonds 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. Indeed, Bulgari complies with the requirements of the **World Diamond Council (WDC)** System of Warranties (SoW) Guidelines, a self regulation system which aims to implement the Kimberley Process.

Additionally, to enhance transparency and trust within the upstream diamond supply chain, in 2024 Bulgari Jewelry Business Unit launched a new project to ensure that each serialized diamond purchased by Bulgari can be individually traced in a digital platform from its country of origin to the finished product. After selecting the information that needed to be tracked, the main suppliers were engaged, which account for approximately 90% of the serialized diamonds purchased by the Maison in terms of carat weight. After completing the tests and the onboarding process for each supplier, the traceability

³ 52 audits had been planned, but 19 were canceled due to the termination of the business partnership with those suppliers.

⁴ 42 audits had been planned, but 7 were canceled due to the termination of the business partnership with those suppliers

⁵ 5 audits had been planned, but one audit was rescheduled for 2025 due to unavailability of the auditor.

⁶ For this supplier, an additional audit was scheduled and carried out in 2024, which resulted in "Need improvement", thus a significant improvement was registered.

platform was officially launched in October. Future steps might include direct integration with suppliers' and Bulgari's ERP systems and potential blockchain registration.

In 2023 and 2024, Bulgari sourced over 99% of its diamonds from RJC-certified suppliers.

Gold, Silver, Platinum Group Metals (PGMs), Colored gemstones

With reference to gold supply chain, Bulgari implements the requirements of the OECD Due Diligence Guidance Supplement on Gold and therefore involves the relevant refiners and suppliers in its Due Diligence. In addition, Due Diligence has been extended to relevant refiners and suppliers of silver and platinum group metals.

Bulgari is committed to accelerating the adoption of the OECD Guidance across its mineral supply chain. Therefore, since 2019, Bulgari has been working for the implementation of the Due Diligence process also on its colored gemstones supply chain, involving key colored gemstones suppliers. In addition, as part of the LVMH Group, Bulgari joined the Coloured Gemstones Working Group (CGWG), whose objectives and operative tools reflect Bulgari's effort to increase responsibility and transparency in such a fragmented supply chain.

Bulgari is constantly monitoring the impact and effectiveness of actions and measures in place for a responsible business conduct. According to the results of the due diligence analysis, further desktop assessment may be implemented or on-site visits may be organized.

In 2023 and 2024, over 99% of Bulgari's gold was sourced from RJC CoC certified suppliers.

Due diligence results

As per the due diligence activities, the following results emerged in relation to actions implemented in 2024⁷:

- **89 suppliers identified**, to which a due diligence questionnaire was sent
- **2 red flags** according to OECD definition has been identified and successfully managed by suppliers⁸
- **85 desktop assessment** conducted⁹
- **+20 follow-ups on suppliers** done. Follow-ups actions implemented (or still in process of implementation) include:
 - calls with suppliers, to further investigate critical points and/or provide the suppliers with further information
 - sending e-mails to ask for additional evidences/documents to prove compliance of the supplier with Bulgari's requests
 - organizing on-site audits at the supplier's premises.

Human Rights Due Diligence

Bulgari designed and implemented a **Human Rights Due Diligence Procedure** based on four steps, in line with the UN Guiding Principles on Business and Human Rights.

Following the assessment of actual and potential human rights impacts, Bulgari defines a mitigation and prevention plan to address potential areas for improvement. Whenever adverse human rights impacts are identified, Bulgari is committed to providing for, or supporting, legitimate processes to enable the remedy of any impacts, defining an ad hoc remediation plan and engaging the Business Units and other stakeholders potentially involved, also relying on external experts to support the remediation

⁷ This kind of due diligence activity is carried out every two years in accordance with Bulgari procedures, thus the latest one was carried out in 2022; its results are disclosed in Bulgari 2022 Supply Chain & Human Rights Due Diligence Report.

⁸ One red flag supplier and one red flag circumstances. See the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for the definition of red flags.

⁹ One supplier was dismissed and therefore the questionnaire was not collected. Three questionnaires are still to be received and reviewed at the time of writing this Report.

activity. Bulgari is also committed to communicating with stakeholders about the Human Rights Due Diligence process and how impacts are addressed.

Training and awareness raising

Bulgari conducts internal trainings and awareness activities to ensure that participants in the supply chain management are aware of the issues and concerns around human rights.

All employees can access the LVMH Ethics and Compliance intranet, that includes a number of tools and practical information promoting exemplary behaviour in the day-to-day conduct of business activities. Trainings on ethical topics are accessible to all employees through the intranet and the Company's learning platform , including the mandatory training on LVMH Code of Conduct. In addition, training modules on more technical topics (like the Kimberley Process and System of Warranties) are regularly updated and available.

In 2024, Bulgari Watches Business Unit organized specific trainings on the sustainability challenges for gold, diamonds and precious stones targeting employees working on projects related to the development, design, purchasing and management of these materials. During the training, particular attention was paid to environmental and social issues related to the supply of these materials.

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

From an environmental point of view, in 2024, Bulgari Jewelry Business Unit performed an analysis on carbon footprint for its four main refiners. It was an occasion to restate Bulgari's environmental policies commitment to achieve its carbon emissions reduction objectives.

Training results

Here follows the main results achieved in 2023 and 2024, with reference to training to suppliers:

	2024	2023
Number of new suppliers who received training for management of CoC certified metal (<u>gold suppliers only</u>)	4 ¹⁰	4
Number of trainings delivered during audit performed by Business Units, covering also risk assessment and/or due diligence topics	44	41

In both years, for suppliers who were engaged in due diligence activities, dedicated meetings or phone calls were organized to better explain the information requested and provide explanations or support in case of need.

Grievance mechanism

Bulgari adopted the LVMH Alert Line (available in several different languages), the whistleblowing online interface that provides **any employee or external stakeholder** a fully confidential and secure way of reporting in good faith violations of the laws, regulations, or principles of internal conduct. The LVMH Alert line is hosted and operated by an external service provider specialized in the processing of alerts and which is bound by strong confidentiality and security commitments.

When the LVMH Alert line is used, the LVMH Group's Ethics and Compliance Department will reply first by sending the written Acknowledgment of receipt and immediately after forwarding the Alert to Bulgari Ethics and Compliance correspondent who will act as Coordinator and shall then address it to the investigation team. The key principles of the investigations are: compliance with applicable laws and

¹⁰ 3 cut labs and 1 stone setting workshop.

regulations; neutrality and impartiality; proportionality related to the nature and the severity of the allegations and the related risks; confidentiality. Furthermore, Bulgari keeps track of the closure, outcomes and resulting procedures.

In addition to LVMH Alert Line, which still remains the most recommended tool to use, employees can also raise complaints in a confidential way directly to their direct or indirect line manager. Then, he or she must contact Bulgari Ethics & Compliance Correspondent either to the Human Resources Director. With reference to 2023/2024 two grievances on supply chain and one related to Human Rights were recorded. All of those grievances were managed, investigated and closed

Final remarks

For further information on sustainability topics, please refer to Bulgari website, with particular reference to our Corporate Social Responsibility page ([Bulgari Sustainability](#)) and our latest [Modern Slavery Statement](#), and to [LVMH Annual Report](#) and [LVMH Social and Environmental Responsibility Report](#) (also available on Bulgari website) which include information and KPIs on sustainability matters for the Group, including Bulgari.