

Ermenegildo Zegna

## ZEGNA RESPONSIBILITY

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## ZEGNA RESPONSIBILITY

The “culture of beauty” has always guided Zegna in its choices, based primarily upon the deep respect for people and the environment. A value inscribed in the brand’s DNA ever since 1910 when Ermenegildo Zegna founded the company that bears his name, it attests to the belief that a quality product can only come from within a working context of inclusion, integrity, and well-being.

These principles are now part of the heritage that the Brand shares with all those who work within the company. The **Suppliers’ Code of Conduct**, on the other hand, guides Zegna’s social policy. There is also a constant commitment within the company to comply with laws and international conventions on ethics, social responsibility and environmental protection. Through the **HR Policies**, the Brand protects and promotes respect for human dignity, combating all types of discrimination and ensuring equal development opportunities for all employees. There is also a constant commitment to the training and development of individual talents.

Improving the quality of life for individuals and the community, developing the potential of each person, safeguarding culture and the environment, promoting research and good practices, inside and outside the company, have always been part of Zegna’s creed.

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## HR POLICIES

Zegna promotes and safeguards respect for human dignity against discrimination on the basis of age, gender, sexual orientation, social and personal status, race, language, nationality, political opinions, union membership, and religious beliefs (Code of Ethics).

Zegna has always acted with complete respect to the law, regulations, and current legislation in each of the countries where it is present. For each region, it has adopted internal policies and procedures aimed at valuing the contribution of every single employee and guaranteeing equal opportunities for all. To do so Zegna ensures the following:

- Employees enter their annual leave plan into the HR tracking systems
- Employees receive and are required to be aware of the Code of Ethics of the Group
- Job contracts are always provided in the local language and are signed by both the employer and the employee
- Specific Health and Safety training are performed recurrently for manufacturing workers where the plants are located. There are compulsory emergency exits and fire drill tests completed regularly in all the markets where the Brand operates.
- Working hours and breaks are usually mentioned in contracts and for most of the countries follow the local law.

Zegna is deeply committed to the training, development and retention of their employees and talents, and the enhancement of their capabilities and competencies.

Zegna creates the conditions for working in a climate of harmony and cooperation, with particular attention to fostering a positive work-life balance.

Zegna adopts market-led remuneration policies thanks to an efficient exchange of information between the head office and local markets, and the use of sector specialists who provide us with state-of-the-art statistics and benchmarks, with the aim of attracting and retaining the most high-performing and professional people.

Zegna remuneration policies, tailored to each specific role, guarantee a suitable balance of fixed salary and medium/long-term incentive plans, ensuring equity in everyone's compensation package. All of the direct, indirect and deferred aspects of the remuneration packages and the benefits applied according to specific company policies are subject to local pension and tax laws.

Zegna respects all local labour laws and legislation with regards to employment contracts and employees' rights. Working hours, breaks, the use of holidays and days off, paid and unpaid leave and notice periods are applied in line with local employment laws. In many countries, entitlements to maternity and paternity leave are integrated with Zegna Group policies with additional benefits.

Zegna provides local welfare packages in order to best meet the needs of our employees. The services offered include, for example: medical campaigns, campuses for children, company canteens, crèches, etc.

Zegna manages industrial relations with complete respect to current laws and regulations and is committed to working with unions, where they are present, to improve working conditions for employees.

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# SUPPLIERS CODE OF CONDUCT

## FOREWORD

The Code of Conduct is an important pillar of Ermenegildo Zegna's social policy. This means that we are committed to observing and complying with all regulations and national and international conventions, with regards to ethics, social responsibility, and protection of the environment.

This Code of Conduct shall apply to all employees in the production facilities of all external suppliers and represent a set of minimum standards to be respected.

## COMPLIANCE WITH LAWS

When national law or other applicable regulations address the same issue as this Supplier Code of Conduct, the highest standards or most restricting provisions must be applied. In case this Supplier Code of Conduct conflicts with applicable law, the applicable law must be applied.

Our suppliers remain guarantors, regarding the working activities performed by their authorized subcontractors and suppliers and must grant the compliance of this Supplier Code of Conduct.

## LABOUR, ENVIRONMENTAL CUSTOM STANDARDS AND SOCIAL RESPONSIBILITIES

We share with our suppliers a commitment to high ethical standards in order to grant the following principles of the Code of Conduct:

- ✓ **Workplace:** A workplace that complies with laws and regulations like proper break areas for general rest and dining purposes and guarantees reasonable minimum conditions of light, ventilation, minimum space, hygienic standards and access to a free drinking water supply.
- ✓ **Health & Safety:** Suppliers shall provide a safe and healthy work environment guaranteeing that the following health & safety requirements (among others) are in place: adequate medical resources, fire prevention measures including fire exits, safety equipment, etc.
- ✓ **Environment:** All our suppliers must comply with the national and international environmental rules, regulations and standards. In particular, the procedures and standards applied in the disposal of waste, the handling and disposal of chemicals and other hazardous substances as well as in the handling of emissions and wastewater must at least comply with the minimum statutory requirements. The supplier is required to continuously work on reducing and avoiding environmental pollution and to ensure that he uses natural resources as efficiently as possible.
- ✓ **Prohibition of Forced Labour:** Suppliers will not use involuntary, forced or trafficked labour, will maintain employment strictly on a voluntary basis.

- ✓ **Prohibition of Child Labour:** No employment of minors. For this purpose, we consider a minor as one who is below the minimum age mandated by the applicable law, or the age for completing compulsory education, whichever of the two is higher.
- ✓ **Prohibition of illegal, clandestine and undeclared workforce:** Our suppliers have to conform with all applicable regulations in order to avoid the employment of illegal, clandestine and undeclared workforce.
- ✓ **Treatment of Migrant Workers:** The United Nations defines migrant workers as: “A person who is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national.” Consequently, the suppliers that use migrant workers like a steady workforce have to define a policy on migrant workers in order to ensure compliance with all legal standards.
- ✓ **Prohibition of Harassment, Abuse and discrimination:** A workplace where there is dignity and respect, free from any form of harassment, abuse or corporal punishment. Respect and equality, regardless of race, religion, age, sex, social origin, political views, sexual orientation, or position.
- ✓ **Working Contract, compensation and benefits:** Employees and employers must have proper documentation related to employment on hand. This documentation could be either a working contract or any other legally acceptable document. The wage must be respectful of basic needs, minimum pay by category and all benefits mandated by law. Overtime compensation policies must be in accordance with local law. All wage deductions must not be used as a disciplinary measure.
- ✓ **Hours of Work:** Hours worked each day, and days worked each week and month, should not exceed the limitations of the country’s law. Suppliers will provide at least one day off in every seven-day period, except as required to meet urgent business needs.
- ✓ **Freedom of Association and Collective Bargaining:** Freedom of association and the right to join unions or other work or industry-related associations as well as the right to collective bargaining in accordance with local law.
- ✓ **Disciplinary Systems:** Our suppliers have to define a discipline process in order to evaluate that each employee ensures adherence to company policies and procedure and each violation must be grouped according to the gravity of the offense and the number of times violation has occurred. The disciplinary measurement will not be used to punish or embarrass an employee in order to maintain labour discipline. Deductions must be limited to those allowed by local law.
- ✓ **Customs Compliance and Security:** We require our suppliers to comply with applicable customs laws, including those relating to imports and the ban on transshipment of merchandise to the importing country. Facility security procedures to guard against the introduction of non-manifested cargo into outbound shipments (e.g. drugs, explosives, biohazards, and/or other contraband) have to be put in place.

## BUSINESS INTEGRITY REQUIREMENTS

Miscellaneous integrity requirements are requested to suppliers in the conduct of their business activities.

- ✓ **Anticorruption:** All our suppliers must respect all applicable laws regarding corruption and implement appropriate measures to prevent, detect and sanction any corruption, directly or indirectly, crosswise the scope of their activities.
- ✓ **Intellectual property:** All suppliers, who have been granted the use of Brands and distinctive belonging to Ermenegildo Zegna, must guarantee the correct use and compliance with all elements defined in the business agreement.
- ✓ **Protection of personal information:** We require our suppliers to comply with all applicable laws and regulations concerning the protection of personal information.
- ✓ **Trade restrictions and international sanctions:** All our suppliers must respect international trade restrictions and sanctions, and regulations concerning export controls.
- ✓ **Protection of assets:** Our suppliers are required to set up all necessary measures in order to protect our resources and assets, fight counterfeit, and guarantee adequate cooperation and communication flows.

## AUDIT AND INSPECTION

- ✓ **Audit and access to information:** We reserve the right to conduct periodic compliance audits at our suppliers and their own suppliers and subcontractors in order to verify the level of compliance with respect to this Supplier Code of Conduct. During the audit activities, the supplier must provide all information and data. The supplier auditee must define an action plan in order to define the corrective action in order to resolve the deficiencies identified.

In the event of any violation of this Supplier Code of Conduct by the supplier or one of its suppliers or subcontractors, Ermenegildo Zegna reserves the right to review the business relationship and possibly terminate it in conformity with applicable law.

# SUPPLIER SOCIAL AUDIT COMPLIANCE SYSTEM

## FOREWORD

Zegna has a Social Compliance Program to ensure a fair working environment within the global supply chain.

Our Social Compliance Program includes social standards, health & safety as well as environmental standards and ensures that they are being properly implemented within its finished goods suppliers.

## SUPPLIER SOCIAL AUDIT COMPLIANCE

The following scheme describes the process of the Supplier Social Audit Compliance Program:



### 1. SOCIAL AUDIT PLAN

The Audit Plan is defined by Zegna Internal Audit with respect to objective parameters that allow assigning a scoring (0 to 100) to the supplier to determine a priority audit ranking.

SCORING	PRIORITY AUDIT RANKING
>67	High
33<=66	Medium
<32	Low
0	Supplier not active

The parameters are:

1. Supplier Status: Active or Not Active
2. Nature of Agreement
3. Number of Employees
4. Labour Rights Policies adopted
5. Anti-bribery, Corruption & Presentation of False Information
6. Health & Safety Conditions
7. Country/Countries where the Supplier operates

- 8. Use of subcontractor
- 9. Last Social Audit received (timing): 1 year, 2 years, etc.
- 10. Grading of the last Social Audit received: Low, Intermediate, High or Critical
- 11. Grading of follow-up of the action plan agreed: closed, in progress, on delay, action plan under definition

**1.1. REQUIRED SUPPLIER INFORMATION**

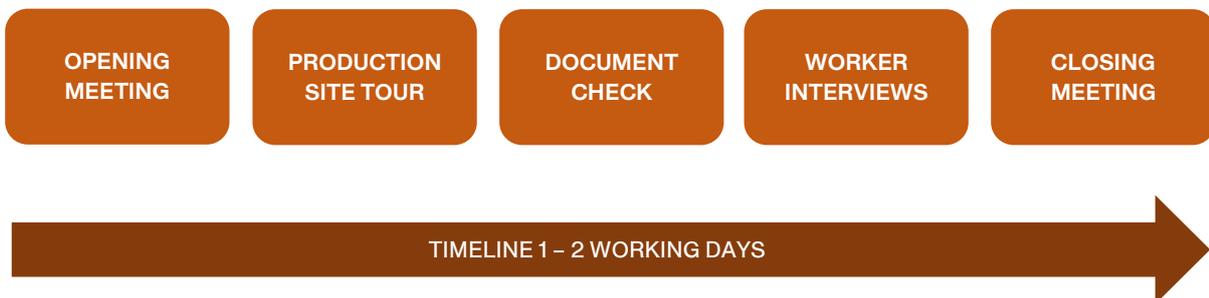
Zegna Supply Chain fills and periodically updates (at least once a year) the supplier master data with all information requested.

**2. AUDIT ORGANIZATION**

Social compliance audits are conducted by Zegna Internal Audit team or by a qualified third party.

**3. FIELDWORK**

The social audit process consists of five steps as shown in the following figure which are described in the following paragraphs.



**3.1. OPENING MEETING**

The audit starts with an opening meeting with the auditors and the supplier management involved in which the audit team gives an overview of the audit procedure as well as an explanation about the Zegna Social Standards. Any open questions that might arise will be addressed and answered to the full extent possible.

**3.2. PRODUCTION SITE TOUR**

During the production site tour the audit team will visit the entire factory, including, but not limited to, all production and non-production areas, such as material storage, chemical warehouse, waste storage, water treatment (if available), kitchen, dining rooms, clinic, dormitories, sanitary arrangements including restrooms and shower facilities, recreational areas, etc.

### 3.3. DOCUMENT CHECK

One of the major parts of the audit process is the analytical review of the supplier documentation provided.

Documents that must be received are:

- Business registration papers;
- Licenses on Occupational Health & Safety and Environmental Protection;
- Company policies and regulations, such as:
  - Anti-Bribery, Corruption & Presentation of False Information
  - Safety and environmental policies
- Health & Safety Documents
- Labour Rights Policies which include:
  - Child Labour
  - Contracts & Terms of Employment (including notice period, dismissal & disciplinary actions)
  - Forced & Bonded Labour
  - Foreign & Migrant Labour
  - Freedom of Association, Right to Organize & Collective Bargaining
  - Harassment & Violence
- Personal employees records archive, e.g. Employment Contract, Identity Cards;
- Payroll, attendance records system;

### **3.4. WORKER INTERVIEWS**

Interviewing the employees in the factory is the most important and sensitive part of the entire audit. The auditor must ensure that the interviews are to be conducted in a quiet and friendly atmosphere, without any disturbance from others.

The interviews may be done individually or within small groups, depending on the issue and on the information expected to be received during the interview.

Therefore, it is up to the auditor to conduct the interviews either: within the premises of the factory, on-site; or offsite at the convenience of the employee.

### **3.5. CLOSING MEETING**

At the end of the audit, a closing meeting will be held to share and review in detail the summary of findings. The supplier management can discuss and comment on any findings. The summary of findings document is signed by the supplier.

## **4. AUDIT REPORT AND CORRECTIVE ACTION PLAN**

### **4.1. AUDIT REPORT**

The audit report summarizes all findings and included a final grade for the audit that is generated as a weighted result based on individual findings. The final grade can be: Low, Intermediate, High, and Critical.

### **4.2. CORRECTIVE ACTION PLAN**

The Internal Audit team or by a qualified third party Zegna Internal Audit, at the end of every audit, prepares a Corrective Action Plan (CAP) which summarizes all findings identified and discussed with the supplier management during the closing meeting. The CAP is subsequently sent to the supplier for the remediation phase that includes the following information that must be filled in by the supplier:

- Correction to Prevent Recurrence of Finding
- Target Completion Date (it generally cannot exceed 6 months from the receipt of the CAP).
- Responsible Staff

The supplier must send the filled document within 30 days of the receipt.

## **5. CONTINUOUS MONITORING**

Zegna Internal Audit monitors all targets due dates defined by the supplier into the CAP.