

Ermenegildo Zegna

## ZEGNA RESPONSIBILITY

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## ZEGNA RESPONSIBILITY

The “culture of beauty” has always guided the Zegna Group 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 Group shares with all those who work within the company, and find their fullest expression in the Ermenegildo Zegna **Ethical Code**, a document that contains the rules of conduct and values that inspire every activity of the Group. The **Suppliers’ Code of Conduct**, on the other hand, guides Ermenegildo 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 Group 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 Ermenegildo Zegna’s creed.

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## ETHICAL CODE

### INTRODUCTION

The name Zegna immediately brings to the mind two irrevocably linked businesses: on the one hand, one of Italy's most longstanding family owned businesses, now headed by a third generation and, on the other hand, a leading multinational luxury menswear business that sells its products in more than 80 countries worldwide – 90% of its turnover generated by exports – with a strong presence on both mature and emerging markets.

This type of success is driven by careful diversification on the range of products offered – from apparel to accessories – and winning strategies that have led to the growth of the Ermenegildo Zegna brand worldwide.

#### **History**

Ermenegildo Zegna's early days as a family business date back to the second half of the 19<sup>th</sup> Century. Angelo Zegna, a watchmaker, decided to open a textiles factory. He had ten children and it was his youngest son, Ermenegildo, born in 1892, who took control of what would become one of Italy's best known and most dynamic family owned businesses.

The Lanificio Zegna wool mill was established in Trivero, a town surrounded by the Alps in the Province of Biella, in 1910. By the end of the 1930s, the company had more than a thousand employees and had brought wealth to what was still a poor and isolated town. Ermenegildo was an enlightened businessman, not only with regard to his manufacturing activities. He knew that the quality he was striving for in his products could not be separated from a positive relationship with the local area and community. He understood that the beauty of the natural environment and the well-being of people – not just his employees – were essential requirements for any business that hoped to be successful over a long period of time.

By 1932, he had already equipped the Trivero head office with a conference room, a library, a gym, a cinema/theatre and a public swimming pool. Within a few years, he built a Health Centre for the town with an out patient clinic, a nursery and a maternity clinic.

In the meantime, the business continued to expand.

In 1938, the company began exporting to the United States where tailors of Italian origin knew and trusted the Zegna brand.

In 1968, the company opened a new factory in Novara to produce coats, jackets and trousers. These products enjoyed great success immediately, largely thanks to the quality and strength of the fabrics.

Production was expanded in the 1970s to include accessories and leisure wear. The Made to Measure/Bespoke Tailoring service was launched in 1972.

During the 1980s, Ermenegildo Zegna continued to extend its business activities when it opened its first flagship store in Paris in 1980, followed by another one in Milan in 1985. These two stores represented the beginning of an extensive retail network that has spread over all five continents over the years.

At the end of the 1990s, the company adopted another successful strategy based on verticalisation, diversification and brand extension. The objective was to expand the accessories business and enrich the world of "Zegna Style" by combining excellence, quality and tradition with the sophisticated, cosmopolitan taste of Zegna's clients today.

#### **The Group**

Over the years, the Group has carefully expanded its scope of activities, acquiring the luxury women's fashion brand Agnona in 1999 and entering the fragrance business in 2003. The Group has since formed a new partnership with Estée Lauder Companies for fragrances and in 2013, signed a worldwide licensing agreement to produce and distribute sunglasses and eyeglasses with Marcolin, followed by a contract with Isa SpA in 2016 for the global development, production and distribution of a men's underwear line. In 2013, Zegna entered

into a long-term collaboration with Maserati to produce a limited-edition sedan, the Quattroporte by Ermenegildo Zegna.

To further consolidate and diversify its luxury offer, Ermenegildo Zegna has also acquired the controlling share of Bonotto SpA, a textile manufacturing company, Pelle Tessuta, a company specialized in woven leather, and Cappellificio Cervo, a historic hat producer from Biella. These were followed by a joint investment with Reliance Brands Limited in the Indian luxury menswear brand, Raghavendra Rathore Jodhpur. More recently, Zegna closed an agreement to purchase a majority share of Dondi Group, the global leader in high-quality jersey fabrics made exclusively in Italy. In August 2018, Ermenegildo Zegna Group self-financed the landmark acquisition of an 85% share in Thom Browne, Inc., a fashion company whose strong brand identity and well-balanced geographical reach among men and women provide great growth potential. These acquisitions demonstrate the pioneering strategic focus that has characterized the Group since the very beginning.

To reach higher standards in its production and in order to become totally integrated, in 2014 the Group acquired the majority share of the Achill wool farm, an Australian property located in the New South Wales state where Merinos sheep are bred. The purchase represents a decisive step for the company: Zegna has now taken direct responsibility for the production phase of one of its primary raw materials. This both reconfirms Zegna's longstanding support of the wool industry and completes its verticalization strategy, thus guaranteeing a higher level of unmatched quality and uniqueness.

### **Mission and philosophy**

The Zegna Group wishes to maintain the prominence of the idea that product quality can only be achieved through a "culture of beauty", founded upon respect for the environment and the community at large. This mission has been entrusted to the Ermenegildo Foundation which was set up in 2000.

The Foundation extends and implements the family's commitment by supporting projects and studies in environmental, social, cultural and scientific fields. It promotes the idea of sustainable development on an international scale. This includes improving the quality of life of people and communities, safeguarding and promoting the environment and culture, developing the potential of people and supporting research.

The Zegna Oasis is an example of this commitment. It is a natural park, created in 1993, that covers more than 100 square kilometres in the Trivero area. It offers a range of activities whose aim is to bring people into contact with the natural beauty of the Biella area while teaching them to respect the environment as a whole.

The Zegna Group's philosophy is now based on long-term goals. They include control by the family to ensure continuity and solidity based on a shared ethical approach and the implementation of rigorous corporate governance.

### **Objectives**

Today, the objectives of the third generation of the Zegna family include the continued promotion of the values and actions that descend from the philosophy of the founder of the Group and that now form part of the heritage not only of the family but of everyone who works for the business.

Accordingly, the Group has decided to draft and adopt an Ethical Code that summarises the main ethical principles and rules of conduct that will inspire its activities. The aim is to spread a strong sense of ethical integrity and a corporate culture highly geared towards compliance with applicable laws in Italy and the other countries in which the Group operates.

The Zegna Group has chosen to fall into line with the provisions of Legislative Decree no 231 of 8 June 2001 ("Regulation of the administrative responsibility of entities with legal personality, companies and associations – including those without legal personality – in terms of Article 11 of Law no 300 of 29 September 2000). The said Decree (hereafter also "the Decree") introducing into Italian law the concept of the administrative responsibility of companies in relation to a range of predefined criminal offences committed by persons within the company with roles of representation, administration or management or by persons subject to the management or supervision by such persons.

Each Group company shall adopt, with regard to their internal relations and relations with third parties, a series of rules of conduct intended to promote, at all levels of the business, a concept of strong ethical integrity and compliance with the law. This is founded upon the belief that a clear declaration of the fundamental values that should inspire everyone in pursuit of their objectives is of central importance to the proper conduct of their activities and constitutes a valuable element in support of the organisation, management and control model that each company is required to adopt under the Decree.

Given the above, this document (hereafter “the Ethical Code”) has been approved by the Company Board of Directors which has undertaken to ensure that it is adopted on as widespread a basis as possible and that compliance with it becomes an essential condition for the proper functioning of the Group, to safeguard its reliability and reputation and to achieve ever greater customer satisfaction. All of these factors contribute towards the current and future success and development of the Company.



## CHAPTER I – GENERAL PROVISIONS

### 1. SCOPE OF APPLICATION AND PERSONS SUBJECT TO THE CODE

The Zegna Group bases all actions, operations, dealings and transactions undertaken in the course of its business activities on the ethical principles and rules of conduct set out in this Ethical Code.

This Ethical Code supplements the provisions already contained in the Code on Workplace Conduct. It is binding on all those who, within the Group companies, carry out functions of representation, administration or management or who exercise management and control, as well as on all employees, collaborators (e.g. freelance consultants, suppliers, agents, representatives, brokers etc) and on anyone who has business dealings with the Group (hereafter “The Persons subject to the Code”).

The persons indicated above as subject to the Ethical Code must, therefore, be aware of the provisions of the Ethical Code and the employees of Group companies are called upon to play an active role in ensuring that it is complied with. For this purpose, the Zegna Group undertakes to ensure that the Ethical Code is distributed as widely as possible, also through the use of means of information and training to raise awareness of its content.

### 2. EMPLOYEE OBLIGATIONS

Employees observe the Ethical Code when performing their duties.

In particular, employees are required to:

- report any suspected breaches of the Ethical Code during business activities to the Supervisory Board (as per chapter V par.9);
- cooperate fully with the investigation of any possible and/or suspected breaches of the Ethical Code;
- inform third parties with which they have business dealings about the provisions of the Ethical Code.

Dealings between employees of all levels and the third parties they come into contact with as a result of their work activities shall take place based on cooperation, fairness and reciprocal respect.

## CHAPTER II – ETHICAL PRINCIPLES

### 3. THE GROUP'S ETHICAL PRINCIPLES

The Zegna Group believes in, accepts and complies with the following ethical principles:

- legality;
- equality and impartiality;
- transparency, correctness and reliability;
- professionalism;
- confidentiality;
- the value of human resources;
- health and safety;
- environmental protection;
- fair competition.

#### 3.1. LEGALITY

When carrying out activities on behalf of or in the interests of the Group, the persons subject to the Ethical Code shall conduct themselves in full compliance with applicable laws and regulations in the countries they operate in.

#### 3.2. EQUALITY AND IMPARTIALITY

The Zegna Group promotes and protects the respect of human dignity and opposes all forms of discrimination based on age, sex, sexual orientation, personal and social condition, race, language, nationality, political opinion, trade union membership and religious belief.

When carrying out the various corporate activities and making all related decisions, the persons subject to the Ethical Code must conduct themselves in an impartial manner in the best interests of the Group. They shall make decisions professionally and objectively based on neutral and objective evaluation methods.

#### 3.3. TRANSPARENCY, CORRECTNESS AND RELIABILITY

All of the actions, operations, negotiations and, more generally, the conduct of those subject to the Ethical Code shall be based on the utmost transparency, correctness and reliability.

When managing the business, those subject to the Ethical Code shall be required to provide transparent, truthful, complete and accurate information.

### **3.4. PROFESSIONALISM**

The Group considers professionalism a value essential to its growth and establishment on domestic and international markets. A professional work environment is devoid of politics and requires all employees to focus on doing their very best and supporting others to produce high quality work. Accordingly, business activities take place with the professionalism, commitment and due diligence required given the nature of the duties and the responsibilities entrusted to each person.

### **3.5. CONFIDENTIALITY**

The Zegna Group considers confidentiality an essential rule for all of its actions. This means that information remains confidential, with the most rigorous compliance with applicable legislation on personal data security.

Consequently, the persons subject to the Code must not use confidential information relating to the Group or to third parties, that they came into possession of as a result of their work, for personal reasons or for any reason unconnected with their professional duties.

No employee or collaborator may gain a direct or indirect, personal or financial benefit from the use of confidential information. Information shall only be communicated to third parties by authorised persons and, in any case, in accordance with the company guidelines. When information is communicated to third parties for professional or work-related reasons, the confidential nature of the information must be highlighted and the third party in question must be asked to comply with the confidentiality requirement.

The passwords required to access password protected electronic information must only be known to the persons issued with the passwords and they must be kept safely and shall not be disclosed to any other parties.

### **3.6. THE VALUE OF HUMAN RESOURCES**

Human resources are indispensable and precious to the existence and future development of the Zegna Group.

Merit based assessment criteria have been adopted so as to develop the skills and abilities of all employees and equal opportunities are guaranteed to all. Human Resources management aims to improve the abilities of each employee, also through training courses and development activities.

Working conditions are designed to ensure that employees perform their duties in a climate of collaboration, respect and calm.

In order to guarantee full respect for the individual, the Zegna Group is involved in the fight against child labour in each of the countries it operates in and avoids all forms of exploitation of child labour.

The Group respects Human Rights and guarantees employment founded upon principles of dignity and respect and without any form of coercion, mistreatment, abuse or corporal punishment.

### **3.7. HEALTH AND SAFETY**

The Zegna Group undertakes to organise and maintain safe and healthy workplaces in compliance with health and safety regulations in the countries in which it operates.

It promotes a safety-oriented culture and awareness of the risks involved in workplace activities. It expects employees at all levels to act responsibly and respect the safety system adopted and the company procedures that form part of it. Employees, collaborators and any other parties who, for any reason, enter the Group premises are called upon to contribute towards maintaining the safety and quality of the workplace environment.

The Group operates in accordance with the following principles:

- to conduct business safely in order to protect the health of its employees and the people living in the communities near its premises;
- to monitor the effectiveness of the system used to manage safety related risks on an ongoing basis while seeking continual improvement in this delicate area.

### **3.8. ENVIRONMENTAL PROTECTION**

The Zegna Group seeks to protect the environment. All activities of the Zegna Group will seek to strike the right balance between economic growth and the creation of value with respect for and protection of the environment.

### **3.9. FAIR COMPETITION**

The Zegna Group firmly believes that fair and healthy competition makes a positive contribution to the pursuit of its corporate mission. Accordingly, it complies with competition rules in the countries it operates in and does not engage in or encourage conduct that could lead to forms of unfair competition.

## CHAPTER III – RULES OF CONDUCT

### 4. CONTROL SYSTEM

The Group companies recognise the importance of an efficient and effective internal control system. Having such a system is essential if business activities are to be conducted in accordance with the principles laid down in this Ethical Code.

Therefore, they ensure the right organisational and environmental conditions to promote and encourage a control culture on all levels of the business. Employees are made aware of the importance of the internal control system and of the need to respect applicable laws and regulations and company procedures when doing their work.

The creation of an effective internal control system requires full and proper determination and assignment of duties and responsibilities to persons acting on behalf of the Group companies and the adoption of an appropriate system of delegated powers.

#### 4.1. CORRECT AND TRANSPARENT CORPORATE INFORMATION

All actions, operations and transactions must be correctly recorded in the accounting system in accordance with legal requirements and applicable accounting principles in each of the countries the Group operates in. They must also be properly authorised, verifiable, legitimate, consistent and reasonable.

In order to ensure that the accounting records meet the requirements of accuracy, completeness and transparency, sufficient supporting documentation must be retained for each operation. This guarantees the following:

- accurate accounting records;
- the immediate identification of the characteristics and underlying reasons for the operation;
- the timing and details of the operation can readily be reconstructed;
- decision making, authorisation and implementation processes can be audited and the various levels of responsibility identified.

Each employee shall perform their duties in order to ensure that any matters relating to the operations of the Group companies are recorded accurately and promptly in the accounting records.

Each accounting entry must precisely reflect the contents of the related supporting documentation. Each employee shall be responsible for ensuring that the supporting documentation can be easily found and is filed on a logical basis.

Information circulated within the Group for use in preparing the consolidated financial statements and ensuring a true and fair view of the Group income statement, balance sheet and financial position shall comply with the principles of truthfulness, completeness and transparency. The autonomy of each individual company and specific business area shall be respected.

## **4.2. THE PREVENTION OF CONFLICTS OF INTERESTS**

When performing their work, the employees and collaborators indicated in Chapter 1 must avoid situations where the parties involved in transactions have, or could appear to have, a conflict of interests.

A conflict of interests is a situation where a person subject to the Ethical Code pursues an interest other than the Group mission or performs activities that could interfere with their ability to make decisions in the exclusive interest of the Group or benefits personally from the Group's business opportunities.

Persons subject to the Ethical Code shall abstain from activities in contrast with the best interests of the Group in the knowledge that pursuit of such interests cannot, in any case, legitimate conduct in contrast with Group Principles.

If a possible conflict of interests arises, the Persons subject to the Ethical Code shall duly inform the relevant corporate governance body and comply with any decisions taken in this regard.

## **4.3. THE PREVENTION OF MONEY LAUNDERING**

With regard to various dealings involving with the Group, the Persons subject to the Ethical Code must not, in any way or under any circumstances, be involved in the laundering of money from criminal activities or, knowingly, in the receipt of goods or other items of unlawful origin.

They are also required to obtain all available information about possible suppliers, partners, collaborators and consultants in order to check out their reputation and respectability before establishing business relations with them.

The Zegna Group and its member companies undertake to respect all Italian and international laws and regulations regarding the fight against money laundering.

## CHAPTER IV – DEALINGS WITH THIRD PARTIES

### 5. DEALINGS WITH PUBLIC ADMINISTRATION AND PUBLIC INSTITUTIONS

Dealings with all public administrations and institutions must take place with the most complete respect of applicable legislation and regulations. They must also comply with principles of honesty, correctness and transparency.

Dealings with all public administrations and institutions or with public officials or persons acting in public service i.e. entities, representatives, members, employees, consultants and other parties engaged to perform public duties must not improperly influence the decisions of the public administrations or institutions and, specifically, the persons involved in negotiations or decision making on their account.

During negotiations or business relations with Public Administrations or Institutions, the Group employees shall not engage in the following conduct:

- offer or grant work opportunities and/or commercial gains to public employees involved in negotiations or business relations or to their relatives;
- offer gifts or other benefits unless these are mere acts of commercial courtesy involving modest amounts;
- provide untruthful information or fail to disclose significant information when requested.

Any gifts of modest value or acts of courtesy or hospitality that do not compromise the integrity or reputation of one of the parties must, in any case, be authorised in advance.

The acceptance and sending of promotional materials and free samples must also be approved in advance by the relevant authorising Manager.

The representatives and employees of the Group shall not offer, either directly or through third parties, any sums of money or other items of any form and value to public officials, government representatives or public employees in payment for actions by them in their official capacity or to obtain or delay performance of actions in contrast with their public duties.

### 6. DEALINGS WITH CUSTOMERS

The Zegna Group bases its business activities on quality. Quality is not merely in regard to its products but also the special attention paid to customer requirements, professionalism, willing and promptness in dealing with commercial requests and handling any complaints in order to ensure that customers are fully satisfied.

When dealing with customers, the Persons subject to the Ethical Code shall act in a correct and clear manner. Where appropriate, dealings will be conducted in writing so as to avoid any disagreement and misunderstanding over the content of commercial relations.

## **7. DEALINGS WITH SUPPLIERS**

Similarly, the Zegna Group conducts its dealings with suppliers in a fair, correct and professional manner and seeks to establish solid and lasting relationships based on common trust.

Suppliers are selected and terms of purchase determined based on impartial, objective evaluations that take account of quality, price and the guarantees offered.

The Group observes the following principles in its dealings with suppliers:

- purchases are made by dedicated purchasing departments and or authorized personnel;
- forms of “reciprocity” with suppliers are not permitted: the goods/services sought by the Group are selected and purchased solely based on price and quality;
- any negotiations with a current or potential supplier shall only regard the goods or services subject to the negotiations with the supplier;
- personnel responsible for purchasing goods and services must not be put under any pressure by suppliers to donate materials, products or sums of money to charities or similar bodies.

During dealings with suppliers, persons subject to the Ethical Code shall act in a clear and transparent manner. Whenever possible, they shall conduct such dealings in writing so as to avoid disagreement or misunderstandings regarding the content of the commercial relations.

Any commitments made and dealings with current or potential suppliers shall take place in accordance with the provisions of the Ethical Code on the prevention of conflicts of interests.

## **8. DEALINGS WITH POLITICAL AND SOCIAL ORGANISATIONS**

The Group makes a positive contribution towards the well being and development of the community in which it operates. Accordingly, when conducting its business, it takes account of local and national communities by making time for and encouraging dialogue with local communities and the public institutions that represent them.

The Group's dealings with the representatives of political institutions take place in full compliance with applicable regulations.

It does not maintain any form of relations with any organisations, associations or movements that pursue, directly or indirectly, criminal or unlawful aims or activities.



## CHAPTER V – FINAL PROVISIONS

### 9. BREACH OF THE ETHICAL CODE AND RESULTING PENALTIES

The Ethical Code is among other a compulsory general principle of the Organizational, Management and Control model adopted by Group Parent Company Ermenegildo Zegna Holditalia S.p.A. in accordance with the provision on the “Administrative liability of legal entities deriving from offences” contained in the Italian Legislative Decree N. 231 of June 8, 2001 and subsequent amendments.

Ermenegildo Zegna Holditalia S.p.A. assigns the function of Guarantor to the Supervisory Board established pursuant to the above-mentioned Model. Each direct or indirect subsidiary, in Italy and abroad, entrusts the function to the relevant corporate body in accordance with local corporate governance rules

The Guarantor is entrusted with the task of:

- investigating reports of any violation of the Code by initiating proper inquiry procedures; taking action at the request of Zegna Employees in the event of receiving reports that violations of the Code have not been properly dealt with or in the event of being informed of any retaliation against employees for having reported violations;
- notifying relevant structures of the results of investigations relevant to the adoption of possible penalties; informing the relevant line/area structures about the results of investigations relevant to the adoption of the necessary measures.

Each information flow is to be sent to the following email address: [odv.holditalia@zegna.com](mailto:odv.holditalia@zegna.com).

Should they become aware of any possible breaches of the Ethical Code, employees and collaborators shall inform without delay the Supervisory Board set up for the purpose in accordance with the Decree.

This Board shall then proceed to investigate the alleged breach. If appropriate, it will interview the person who reported the breach and/or the person who allegedly committed it. Any penalties imposed by the Board shall be in proportion to the seriousness of the irregularities committed and shall, in any event, be compliant with local employment law and regulations.

The Supervisory Board shall be provided with information on any official action resulting from failure to comply with the Decree (e.g. action taken by the police, requests for legal assistance by managers and/or employees if any criminal proceedings have begun, etc).

Respect of the Code’s rules is an essential part of the contractual obligations of all Zegna employees pursuant to and in accordance with applicable law. Any violation of the Code’s principles and contents may be considered as a violation of primary obligations under labour relations or of the rules of discipline and can entail the consequences provided for by law, including termination of the work contract and compensation for damages arising out of any violation.

Compliance with the principles contained in the Ethical Code forms part of the contractual obligations taken on by collaborators, consultants and other parties involved in business dealings with the Group. Any breach of the Ethical Code might constitute a breach of contract and could lead to the termination of the contractual relationship and a liability to compensate for the damages caused, in accordance with applicable laws and regulations.

Any breaches of the Ethical Code by persons in positions of responsibility within the Group, by members of the Board of Directors or management shall see the competent body of corporate governance impose penalties or disciplinary measures in proportion to the nature and seriousness of the breach or irregularity and the position of the person who has committed it, in accordance with applicable laws and regulations.

## **10. ADOPTION OF THE ETHICAL CODE AND AMENDMENTS THERETO**

This Ethical Code was approved by the Board of Directors on July 26, 2010.

Any amendments or updates will be approved by the Board of Directors and the interested parties promptly informed.

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## HR POLICIES

The Zegna Group 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).

The Zegna Group has always acted with complete respect of the law, of regulations and current legislation and adopts internal policies and procedures aimed at valuing the contribution of every single employee and guaranteeing equal opportunities for all.

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

The Zegna Group creates the conditions for working in a climate of harmony and cooperation, with particular attention to fostering a positive work-life balance, for example, encouraging Smart Working wherever possible. The Zegna Group 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.

The Zegna Group 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. Specific remuneration packages, such as sales commission systems or incentive packages linked to Key Performance Indicators, have been implemented for our sales people in order to foster high performance. 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.

The Zegna Group 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 for parents in terms of longer leave periods, gifts, etc.

The Zegna Group 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.

The Zegna Group 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 observe and comply with all regulations and national and international conventions, in particular 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 has to be applied. In case this Supplier Code of Conduct is in conflict 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 measure including fire exits, safety equipment's, ect.
- ✓ **Environment:** All our suppliers must comply with national and international environmental rule, 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 waste water 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 worker 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 usage a migrant worker’s like steady workforce have to define a policy on migrant workers in order to ensure the compliance with all legal standards.
- ✓ **Prohibition of Harassment, Abuse and discrimination:** A work place 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 System’s:** 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 in 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 the compliant 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, fighting counterfeiting, and guarantee an adequate cooperation and communication flows.

## AUDIT AND INSPECTION

- ✓ **Audit and access to information:** We reserve the right to conduct periodically compliance audits at our suppliers and their own suppliers and subcontractors in order to verify the level of compliance 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.

Date:

Name and address of supplier:

Name and position of supplier representative:

Signature:

Chop (if applicable):



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# SUPPLIER SOCIAL AUDIT COMPLIANCE SYSTEM

## FOREWORD

Ermenegildo 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 the environmental standards and ensures that they are being properly implemented within its finished goods suppliers.

## SUPPLIER SOCIAL AUDIT COMPLIANCE

The following scheme describes the main activities of Supplier Social Audit Compliance process.



### 1. AUDIT PLAN

The Audit Plan is defined respect to objective parameters that allow to assign a scoring (0 to 100) to the supplier in order to determine a priority audit ranking (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. Country of Supply
5. Use of subcontractor
6. Last Sustainability Audit (timing): 1 year, 2 years, ecc.
7. Last Grading of Sustainability Audit: Critical, High, Intermediate, Low.
8. Grading of follow up: Closed, in progress, on delay, action plan not yet defined.

## 1.1. REQUIRED SUPPLIER INFORMATION

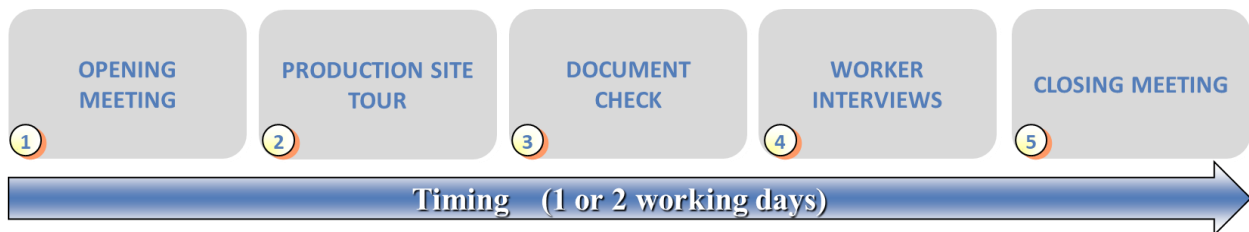
Ermenegildo Zegna Supply Chain fills and updates yearly the supplier master data sheet with all information's requested.

## 2. ORGANIZING THE AUDIT

Social compliance audits are conducted by Ermenegildo Zegna team or by a third party are usually announced with mail in advance, in order to give the supplier enough time to prepare the documents for the audit and to arrange the visit.

## 3. FIELD WORK

The audit process contains five steps as shown in the following Figure. The steps comprise Opening meeting, Factory tour, Document check, Worker interviews and Closing meeting. These steps are described in the following chapter.



### 3.1. OPENING MEETING

The audit starts with an opening meeting between the parties where the factory management is given an overview of the audit procedure and of the Ermenegildo 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 review of the supplier documents.

Documents which must be reviewed are:

- Business registration papers;
- Licenses on Occupational Health & Safety and Environmental Protection;
- Company policies and regulations;
- Employment records, e.g. Employment Contract, Identity Cards
- Payroll, attendance records;
- Safety and environmental policies.

### **3.4. WORKER INTERVIEWS**

Interviewing the employees working in the factory is considered to be the most important and sensitive part of the entire audit. The auditor has to 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 information expected to be received during the course of 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 in order to share and review in detail the summary of findings. The supplier management can discuss and comment on any findings in order to understand their reason. 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 list of findings is presented and signed by supplier representative at the end of the audit field work. The final grade can be: Low, Intermediate, High and Critical.

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

The Zegna Internal Auditing, at the end of every audit, prepare and send to the supplier a Corrective Action Plan (CAP). The CAP summarizes all findings that have been identified during the audit and discussed with the supplier management in the closing meeting.

The following information must be filled in

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

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

## **5. CONTINUOUS MONITORING**

The Internal Auditing Dpt. guarantees the monitoring of all target due date defined by the supplier into corrective action plan.