



POLICY

PRINCIPLES FOR A “ESG” ORIENTED COMPANY CULTURE AND SUSTAINABLE BUSINESS

Growth and sustainability are the pillars of Zegna Baruffa Lane Borgosesia S.p.A.’s business and operations, based on the assumption that ethics and profit should move on common ground in order to foster a properly balanced social and environmental development.

According to the foregoing, Zegna Baruffa Lane Borgosesia S.p.A. acknowledges the herebelow key-sustainability-principles:

- The United Nations’ “2030 Agenda” and notably the following *Sustainable Development Goals – SDGs*:
 - **Goal 3. “Health and well-being”:**
3.9 - By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
 - **Goal 5. “Gender Equality”:**
5.5 - Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.
 - **Goal 6. “Clean water and sanitation”:**
6.3 - By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
6.6 - By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
 - **Goal 7. “Affordable and clean energy”:**
7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix.
7.3 - By 2030, double the global rate of improvement in energy efficiency.
 - **Goal 8. “Decent work and economic growth”:**
8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
8.4 - Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.
8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
8.6 - By 2020, substantially reduce the proportion of youth not in employment, education or training.
8.7 - Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
 - **Goal 10. “Reduce inequalities”:**
10.2 - By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
10.3 - Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.
10.4 - Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
 - **Goal 11. “Sustainability cities and communities”:**
11.4 - Strengthen efforts to protect and safeguard the world’s cultural and natural heritage.
 - **Goal 12. “Responsible consumption and production”:**
12.2 - By 2030, achieve the sustainable management and efficient use of natural resources.
12.4 - By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.



12.5 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

▪ **Goal 13. “Climate action”:**

13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.2 - Integrate climate change measures into national policies, strategies and planning.

▪ **Goal 14. “Conserve and sustainably use the oceans, seas and marine resources”:**

14.1 - By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

▪ **Goal 15. “Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss”:**

15.3 - By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

▪ **Goal 16. “Peace, justice and strong institutions”:**

16.2 - End abuse, exploitation, trafficking and all forms of violence against and torture of children.

16.5 - Substantially reduce corruption and bribery in all their forms.

16.7 - Ensure responsive, inclusive, participatory and representative decision-making at all levels.

- The “Principles of Corporate Governance” provided for by the OECD;
- The “Guiding Principles on business and human rights”, implementing the ONU framework “Protect, Respect and Remedy”.
- The National Collective Labour Agreement applicable to “Textile, Clothing, Fashion” enterprises and workers;
- The Directive (EU) 2022/2464 on Corporate Sustainability Reporting Directive (CSRD), which amend the prior Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU on the specific topic. Especially, the European Sustainability Reporting Standards’ principles (ESRS) have been integrated and sorted into categories concerning environment (ESRS E), social (ESRS S) and governance (ESRS G).

With particular reference to the European Sustainability Reporting Standards, Zegna Baruffa Lane Borgosesia S.p.A. committed to developing an ESG Policy, by balancing the sustainability of business to cultural inputs based on respect for people and environment, mutual cooperation, impacts detection and mitigation, rights safeguarding.

At the purpose, 3 different “areas of sustainability” have been laid-down:

A) ENVIRONMENT, ECOSYSTEM, BIODIVERSITY

The environment well-being represents an all-encompassing concern for the whole international community thus the present policy pays special attention thereto.

Climate-change as well as ecosystems and biodiversity depletion are an un-intended side-effect of contemporary lifestyle. It is therefore pivotal to carry-out suitable endeavors, by providing for reasonable means with everyone’s contribution, in order to mitigate impacts and achieve a proper balance between “Ecosystem” and “Human Being” in the natural-resources consumption.

By this point of view, Zegna Baruffa Lane Borgosesia S.p.A. committed to respecting and implementing the following principles/targets in their daily operations:

Climate change

- **Climate change mitigation**
 - reduce greenhouse-gas emissions by favouring the use of energy from renewable sources and adopting production and organisational facilities for the purpose of cutting energy consumption and related climate-changing gas;



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- implement appropriate measures to monitor carbon footprint relevant to scope 1, scope 2 and scope 3.
- **Energy**
 - seeking for production and organisational solutions suitable to ensure more efficient manufacturing processes in order to reduce and/or minimize energy consumption;
 - fostering the use of renewable energy sources.

Pollution

- **Air, water and soil pollution, substances of “concern” and “high concern”**
 - take appropriate measures to prevent and reduce emissions of pollutants into the atmosphere, soil and water;
 - implement a chemical risk-management aimed at curtailing pollution through the reduction of chemicals, both in production processes and, as far as possible, along the supply chain, by eliminating or replacing most critical substances with chemicals less detrimental to humans and environment according to current technical knowledge and through the enforcement of ZDHC MRLS;
 - maintaining relations with the supply chain, promoting a culture of awareness and aimed at reducing the chemical risk.

Water

- **Water consumption, withdrawals and discharges**
 - take appropriate measures to encourage the reduction of water consumption and wastewater;
 - ensure the steady monitoring as well as the improvement of production-related water quality.

Ecosystems and animal welfare

- **Impacts on the state of species**
 - preferring, where possible, raw materials from farms oriented towards animal welfare and reduction of environmental footprint as well as traced and certified raw materials according to biological farming, animal husbandry and breeding good management practices;
 - limiting the purchase of raw material from farms which avail of painful practices for animals, advocating the adoption of alternative measures.

Circular Economy

- **Resource outflows related to products and services**
 - focusing innovation on eco-design and circularity of products and materials.
- **Waste**
 - manage the manufacturing-process waste in a correct and responsible manner, seeking and favouring solutions aimed at reducing its production as well as increasing reuse and recycling practices in order to foster the transition to a circular economy.

B) SOCIAL, INCLUSIVENESS, LOCAL COMMUNITIES

Zegna Baruffa Lane Borgosesia S.p.A. considers “People” as a key-factor to bring-forward and succeed the business.

Therefore, a corporate ESG mindset cannot refrain from focusing on well-being of all those who contribute and collaborate to Zegna Baruffa Lane Borgosesia S.p.A.’s business and reputation every day.



Furthermore, a company operating on the international market must respect cultures, customs and rules/practices of populations with which it liases to, seizing a unique cultural exchange opportunity; however, by also steadily paying special attention to local communities, where company's cultural and operational roots are located.

The compelling aim to protect internal and external Stakeholders' rights and interests is the assumption the following principles are inspired to:

Own workforce

- **Working conditions**
 - monitoring the compliance with social regulations as well as implementing suitable measures through appropriate procedures set-forth in the Organizational Model;
 - comply with the relevant National Collective Labour Agreement guidelines, measuring workforce KPI'S and employee turn-over rates;
 - give priority to permanent employment;
 - ensure the setting-up of a procedure, prior shared with and accepted by the employees, concerning working permits and leaves for a proper work/life balance;
 - guarantee salaries in line with the textile industry average;
 - guarantee the freedom of association, presence of workers' representatives and that rights of information, consultation, participation are acknowledged and implemented;
 - informing the personnel about commitments undertaken by the company for the management of social regulations and any other information related to;
 - ensure staff training on key issues concerning health, safety and ethics in the workplace;
 - appoint a reference-person in charge of Social Responsibility;
 - allow the company personnel to appoint their own representatives for Social Responsibility in so much that they can discuss with the management the implementation of and compliance with social regulations.
- **Equal treatment and opportunities for all**
 - ensure women and men equal treatment and opportunities in the recruitment process, career and training, remuneration policies, access to welfare for a better work-life balance;
 - ensuring all discriminations, including discrimination based on gender, are combated in the workplace;
 - ensure the access to appropriate harassment reporting tools, including sexual harassment and any act against personal dignity, by also guaranteeing the efficient and effective processing thereto as well as the protection of the reporter;
 - promote inclusion and foster decent employment conditions.
- **Other work-related rights**
 - repudiate in the Code of Ethics any form of child-labour and forced-labour within the company organisation;
 - ensure measures and tools in order to manage effectively, and in full compliance with privacy law, the recording, monitoring and storage of relevant data concerning the work organisation, including attendance records, working hours, management of hourly flexibility and training.

Workers in the value-chain

- **Working conditions - Equal treatment and opportunities for all - Other work-related rights**
 - favour relationships with partners pursuing the same social targets in compliance with the applicable regulations; overseeing, where possible, the correct application of the mentioned targets within the partner companies.



Affected communities

- **Land-related impacts**
 - support and cooperate with local public and private entities to foster the economic and employment development of the region;
 - give priority to collaboration with local partners in order to support the district's vitality and its economic, human and expertise resources.

C) GOVERNANCE AND LAWFULNESS PRINCIPLE

A “ESG oriented” corporate culture should be supported by a duly segregation of powers, key-roles and responsibilities in order to design a suitable governance of sustainability processes as well as to ensure social, environmental and legality topics are oversight.

A company should be aimed, through the persistent cooperation among top level management, controlling functions, and all business departments, at implementing appropriate policies for managing a sensitive topic with significant impacts on the company organisation.

A due governance framework is a main asset for the achievement of ESG targets along with a Strategic Plan comprehensive of short, medium, long-term objectives as well as of criteria for the monitoring of sustainability performance.

It is thus our pleasure to refer to the herebelow main principles on the topic:

Business conduct

- **Corporate culture**
 - make the corporate reputation, as a strongly rooted value in the company history, being assured and shared with Stakeholders;
 - ensure full compliance with enforced legislation;
 - ensure a Code of Business Ethics is set-forth;
 - pursuing a company Mission which openly embodies the “sustainability” and provide for relevant periodical statements and reports, including the Sustainability Reporting, will be readied;
 - set-up a corporate governance specifically dedicated to sustainability;
 - implement ESG investments and annual strategic plans;
 - contribute to get the process or product certifications implemented in the supply-chain upstream and downstream;
 - informing and training employees on company's sustainability projects;
 - periodically share with Stakeholders the achieved results and the new improvement targets;
 - set-up and implement appropriate procedures for the responsible management of business in accordance with the OECD Due Diligence Regulation and Guidelines;
 - set-up and implement appropriate procedures for the responsible management of business through an appropriate risk analysis;
 - ensure the traceability of company production processes;
 - provide for measurable sustainability KPIs;
 - adopt adequate procedures for reporting circumstances in breach of the Ethic Code and/or law, guaranteeing the reporter protection, confidentiality of concerned people as well as a timely and effective processing by also preventing retaliation against the reporter;
 - process personal data in such a way as to comply with obligations concerning protection of humans' fundamental rights and freedoms, including the right to privacy, familiar and private life, with regard to the processing of personal data;
 - ensure standards of solvency and financial stability;



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- ensure the traceability of raw materials and strategic suppliers;
- targeting partners and suppliers aimed to the same values and strategic objectives as well as able to keep-up-with the increasingly challenging market requirements;
- comply with the highest standards of transparency, probity and accountability;
- ensure the accuracy, diligence and honesty of all company documents, including expense reports, financial statements, operational and production reports, communications to auditors and government agencies;
- implement measures to prevent unlawful practices such as offering, promising, paying, demanding or receiving a bribe to obtain or retain personal or commercial advantages.

In view of the national and international principles mentioned above as regard to sustainability, Zegna Baruffa Lane Borgosesia S.p.A. hereby undertakes to:

- ensure suitable human, technological, organisational and financial resources so that the policy targets are achieved;
- involve and train employees on a seamless basis;
- diffuse ESG Policy principles to all departments of the organisation;
- make the ESG Policy public and communicate it to all interested Stakeholders, including employees, customers, suppliers and outsources;
- take care that the Policy will keep-up-with regulatory and ESG standards evolution;
- periodically apprise the effectiveness and implementation of the Policy principles through the company operations, through constant check on all opportunities to improve ESG performance and objectives achievement;
- ensure continuous improvement.

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