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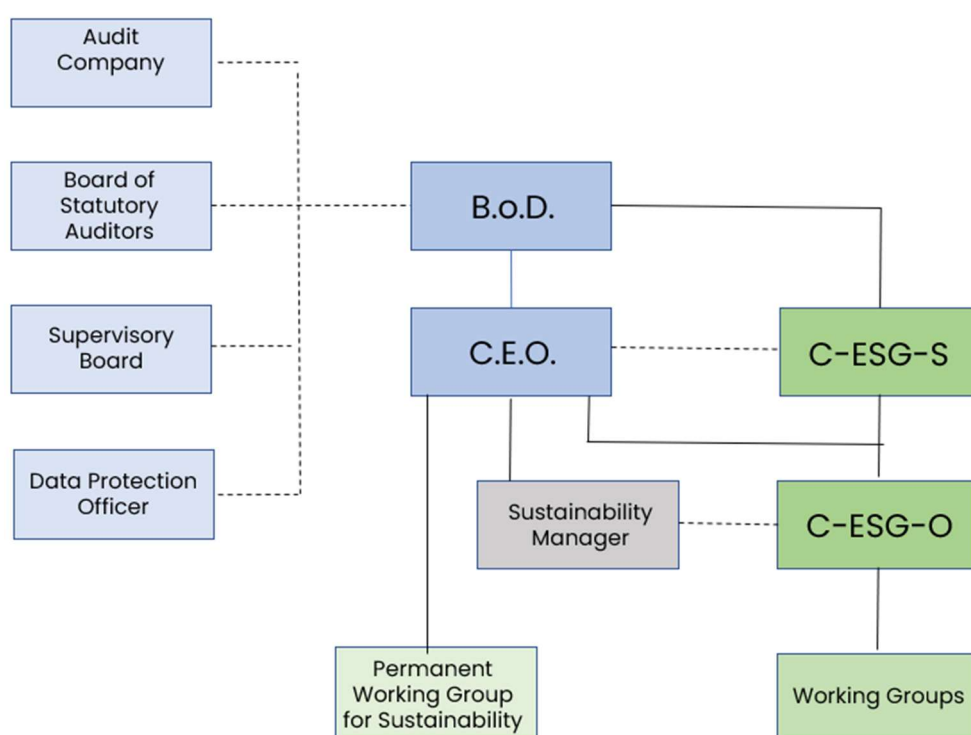


FOREWORDS

Zegna Baruffa Lane Borgosesia S.p.A. (hereinafter ZBLB) has implemented an ESG Governance to support the BoD and CEO to the enforcement of policies for the “sustainable” business management as well as to promoting an “ESG oriented” culture.

The Governance (cf. Figure 1) provides for the “Strategic” ESG Committee (hereinafter C-ESG-S), backing the BoD’s activity, and the “Operational” ESG Committee (infra C-ESG-O), whose mandate and functioning are described in the following paragraphs.

Figure 1 – ZBLB’s ESG Governance Chart



This document is therefore aimed at providing information on ESG responsibilities pertaining to the Board of Directors, the ESG-S and ESG-O Committees, as well as Working Groups, by also including herein the Company Control Bodies as far as they may be involved in “sustainability” matters.



1 BOARD OF DIRECTORS (BOD)

1.1 Appointment and members

According to ZBLB's Articles of Association, the Board of Directors consists of 8 members appointed by the Shareholders' Meeting, of which:

- 5 executive directors (i.e. 37.5%);
- 1 independent (i.e. 12.5%);
- none is of the female gender;
- 3 company beneficial owners; 4 entitled with direct or indirect shareholdings; 1 is manager

1.2 Responsibilities for ESG matters

The Board of Directors:

- Sets-up the C-ESG-S, appointing its members and establishing its mandate to manage corporate ESG issues;
- Ensures, through close cooperation with the C-ESG-S, that environmental, social and governance (ESG) issues are integrated into company's strategies by approving the **ESG Policy**¹ and providing the C-ESG-S with specific guidelines for this purpose;
- Assesses and approves the company's industrial and financial plans, including the **ESG Strategic Masterplan**² drafted by the C-ESG-S, taking into account environmental, social and sustainability issues, as well as the Code of Ethics, human rights and the principles for an international market participation in accordance with lawfulness criteria, respect for cultures, fair competition and the fight against corruption. Furthermore, the BOD also takes care to verify that the ESG Strategic Masterplan:
 - is being built-up on sound analytical assumptions, including the following assessments:
 - the '**ESG Risk Management**' (i.e. endogenous risk assessment), drawn up by specifying the type and degree of risk detectable in the business operations as well as ensuring that the ESG impact appraisal on ZBLB's risk profile has been taken into due consideration. Insights released by C-ESG-S, in cooperation with the C-ESG-O, are a key assumption at the scope;
 - the **Due Diligence** (i.e. exogenous risk assessment), as readied by the C-ESG-S in cooperation with the C-ESG-O, aimed at identifying, preventing, mitigating and, where possible, eliminating ZBLB's operations/value chain actual or potential environmental and human rights impacts;
 - the **Materiality Analysis** developed by the C-ESG-S in cooperation with C-ESG-O, notably the process that, through the seamless involvement of the stakeholders, enables the identification and appraisal of main ESG issues (by including social and environmental matters) within the value chain;
 - the key principles dealt-with-under the ESG Policy and any related guidance provided by the Board of Directors are taken into consideration.
 - sets-forth a complete set of **Key Performance Indicators** (KPIs), as jointly drafted by the C-ESG-S and C-ESG-O, to measuring and monitoring business ESG impacts as well as the improvement actions taken.

¹ The ESG Policy sets-forth pivotal principles for the suitable sustainability issues management and grounds any company's operations

² The plan steers the company's operations from an ESG point of view, providing tools, resources and identifying short-medium-long term objectives according to the business needs



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- d. Supported by the C-ESG-S, pursues lobbying with stakeholders in order to foster or participate to synergies with third parties for the development of sustainability strategies, as well as takes care to keep-up with updates on ESG topics;
- e. Ensures that stakeholders, including workers and collaborators, are able to report (whistleblowing) law or policies infringements, being guaranteed of a feedback, confidentiality of the reporter identity and people involved or mentioned in the report as well as no retaliation in accordance with Legislative Decree no. 24 of 15 March 2023;
- f. Reviews and approves ZBLB's Sustainability Report, as drafted by the C-ESG-S in cooperation with the C-ESG-O, and supervises relevant disclosure and communication process;
- g. On the basis of the Strategic Masterplan and/or the analysis of specific needs/requirements filed by the C-ESG-S in relation to certain projects and/or for the mitigation of ESG risks referred-to-in the relevant analysis and/or due diligence, ensures adequate human, technological, organisational and financial resources so that the processes are implemented.

1.3 Functioning

The Board of Directors acts according to Law and the Articles of Association to achieve company's business and sustainability objectives.

Decisions are taken by a majority of those present (quorum: 6 directors). A casting vote is awarded to the Chairman in the event of a tie between preferences and dissents.

For further details, please refer to the Articles of Association and provisions dealt-with-under Italian Law.



2 COMMITTEES IN CHARGE OF ESG MATTERS

2.1 STRATEGIC ESG COMMITTEE (C-ESG-S)

2.1.1 Appointment and members

The C-ESG-S is set-up by the BOD that:

- Appoints its members;
- Defines and approves its mandate.

Members:

- C.E.O.
- Director of Production and Health and Safety Management
- Chairman, CEO and Environment Chief Executive Officer
- Managing Director for Purchasing of Raw Material
- Administrative and Financial Director
- Human Resources Director
- Head of Legal and Corporate Affairs
- Sustainability Manager

2.1.2 Responsibilities

- act on ESG Policy and BOD guidance basis;
- In cooperation with the C-ESG-O, the C-ESG-S shall:
 - Draft the Materiality Analysis³;
 - Prepare the ESG Risk Management³ related to the business;
 - Draw-up the Due Diligence³ on ESG impacts;
 - Review the proposal of Key Performance Indicators (KPIs)⁴ readied by the C-ESG-O.
- Draft, on the basis of points (a) + (b) above, the ESG Strategic Masterplan that:
 - Defines the objectives for each of the thematic areas of sustainability;
 - Defines the actions and measures to be undertaken, as well as the resources and technologies required to achieve the objectives in accordance with ZBLB's business;
 - Defines the responsibilities for implementing the measures;
- Set-up procedure for drafting the Sustainability Report to be submitted to the BOD approval, detailing C-ESG-O's tasks at the purpose, which also include the collection and processing of the necessary data and information.
- Coordinating and approving C-ESG-O's activities in view of the execution of the **Action Plans**⁵.
- Whether requested, support the BOD in lobbying;

³ Cf. definition at point 1.2.c.1

⁴ Cf. definition at point 1.2.c.2

⁵ i.e. the management plans for the different ESG areas in accordance with the Strategic Masterplan and whose results can also be measured by means of specific KPIs. The Action Plan even provides for the monitoring of planned actions and their frequency



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- g. in collaboration with the C-ESG-O, reporting with respect to customers' audits or inspections by Public Authorities;
- h. Monitor international and national sustainability initiatives in the textile-fashion sector;
- i. Report to the Board of Directors at least every six months.

2.1.3 Functioning

The C-ESG-S reports to the Board of Directors, to which it submits the ESG Strategic Masterplan for approval.

The C-ESG-S meets at least once every six months or whenever needed to address sustainability issues.

Meetings are convened by the CEO, or by the Sustainability Manager at his request, to discuss items on the agenda. The C-ESG-S may also meet whenever at least two members file specific request to the CEO to discuss specific topics.

The minutes of the meetings are kept by the Sustainability Manager, who submits them to the CEO.



2.2 OPERATIONAL ESG COMMITTEE (C-ESG-O)

2.2.1 Appointment and members

The C-ESG-O is set-up by the CEO, who:

- Appoints its members;
- Defines and approves the mandate.

Members:

- CEO
- Director of Production and Health and Safety Management
- Sustainability Manager
- Environment and Safety/Security Manager
- Chemical Manager
- Controller
- Administrative and Financial Director
- Legal Manager
- Head of Raw Material Procurement
- Purchasing and General Warehouse Manager
- Maintenance Manager (Energy and Water Manager)
- Quality Control Manager
- Information Technology Director
- Human Resources Director

2.2.2 Responsibilities

- Support the C-ESG-S in the ESG impacts management. To this end, collaborate with the C-ESG-S in drafting the Materiality Analysis⁶, Risk Analysis⁶ and Due Diligence⁶.
- Propose to the C-ESG-S the Key Performance Indicators⁷ by detailing about:
 - data type and quality to be collected;
 - data collection and measurement methodology;
 - data collection frequency;
 - data storage and consultation;
 - methods and time for data and KPIs assessment.
- Communicate to the C-ESG-S:
 - updating relevant to the ESG Action Plans implementation, as drafted by the C-ESG-O and executed by the Working Group in charge of;
 - proposal of annual or multi-years projects and Action Plans to be carried-out according to specific ESG targets submitted to the Working Groups;
- Monitor:

⁶ Cf. definition at point 1.2.c.1

⁷ Cf. definition at point 1.2.c.2



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- and overseeing the actions and measures execution according to the ESG Strategic Plan in order to assure the utmost effective and efficient implementation;
 - the proper implementation of KPIs, also through the Working Groups;
 - through the Sustainability Manager, the Working Groups activities.
- e. Support the C-ESG-S in the preparation of the Sustainability Report according to the tasks referred-to-in the relevant procedure and/or requests by the C-ESG-S;
- f. Report to the C-ESG-S at least quarterly.

2.2.3 Functioning

The C-ESG-O is coordinated and supported by the Sustainability Manager, who reports to the CEO.

The C-ESG-O meets quarterly, and meetings are convened by the Sustainability Manager to discuss the items on the agenda. The C-ESG-O may also meet, either in plenary session or partially, whether at least two members file request to the CEO to discuss specific topics

The team-leader of each Working Groups shall report to the C-ESG-O as well as to the Sustainability Manager, who shall share relevant information with the C-ESG-S.

The minutes of the meetings are kept by the Sustainability Manager, who submits them to the CEO.



3 WORKING GROUPS

3.1 Appointment and members

The CEO, as a C-ESG-O member and, taking into account the ESG Strategic Masterplan, is entitled to set-up Working Groups (hereinafter WG) to carry-out specific projects and Action Plans with respect to key issues of ZBLB's strategic development.

The composition of each WG will be specifically defined by the CEO according to the purpose for which it has been set-up. The WG may include C-ESG-O's members and further employees due to their expertise in the topics the working group is in charge of.

3.2 Responsibilities

At the time a WG has been set-up, a project or Action Plan is detailed, to wit:

- Objectives
- Expected results
- Time
- Resources for managing activities

3.3 Functioning

Each WG is coordinated by a C-ESG-O member, who is responsible for convening meetings and carrying-out activities.

The team-leader reports WG's progress to the C-ESG-O quarterly.

The Sustainability Manager monitors the WGs' activities as well as, whether certain projects are assigned to more WGs, coordinates the information sharing and commitments according to their needs.



4. PERMANENT WORKING GROUP FOR SUSTAINABILITY (PWGS)

The PWGS is set-up by the CEO and supports the commercial department activity.

Members:

- Director of Production and Health and Safety Management
- Environment and Safety/Security Manager
- Sustainability Manager
- Quality Control Manager
- Chemical Manager
- Legal Manager
- Head of Raw Material Procurement
- Human Resources Director
- Responsabile Segreteria e Ufficio Certificazioni

Responsibilities:

- Assessing customers' sustainability requirements and defining the necessary measures to ensure compliance with contractual commitments;
- Support the operations during ESG audits conducted by Clients;
- Coordinate with the C-ESG-S in the event of remarks made within Clients' audits in order to find-out the appropriate solutions and safeguards.



5. CONTROL BODIES

5.1 SUPERVISORY BOARD (SB)

5.1.1 Appointment and members

The Supervisory Board as per Legislative Decree 231/2001 consists of three members appointed by the ZBLB's Board of Directors on the basis of the following criteria:

- qualified experts in the legal, tax or risk analysis;
- they do not work in ZBLB, neither do they have a conflict of interest with ZBLB, being thus able to operate with full independence;
- They have not been bankrupted, disqualified, convicted for predicate offences pursuant to Legislative Decree no. 231 of 8 June 2001 or for offences involving inelegality as public officer or companies legal representative.
- In their capacity and performance of duties, they are not subject to the hierarchical and disciplinary power of any corporate body or function;
- As per proposal of the Board of Directors, financial resources are available to the SB which may be used for the proper performance of its incumbencies;
- SB's time to office: three years renewable; functions are retained until the new Body is appointed.

5.1.2 Responsibilities

Pursuant to Law and the Supervisory Board's bylaws, the SB has the following incumbencies:

- a. Oversee the adequacy of the Model to represent an effective tool for preventing offences, proposing for amendments whether any misfunctions or gaps arise;
- b. Supervise the effectiveness of the Model and compliance with the rules by employees, corporate bodies, consultants and partners;
- c. Guarantee the Model's enforcement over the time, providing for the updating in relation to changing in the company and/or regulation;
- d. manage the whistleblowing tool pursuant to Legislative Decree 24/2023;
- e. Report to the Board of Directors about the Model implementation;
- f. Furthermore the Supervisory Board is also entrusted with the following tasks:
 - f.1. Promote ZBLB's stakeholders information concerning the Model procedures, being the SB in charge of relevant drafting and updating;
 - f.2. Ensures the continuous risks mapping and assessment relevant to the predicate offences pursuant to Legislative Decree 231/2001
 - f.3. Carries-out targeted checks on specific business areas by conducting internal investigations aimed at ascertaining eventual violations of the Model;



- f.4. Report to the Board of Directors and the Board of Statutory Auditors any detected violations of the Model, suggesting the adoption of disciplinary sanctions as well as monitoring, in cooperation with the HR Department, the application of those sanctions;
- f.5. Coordinate with the different corporate areas in order to assess Model updating needs in relation to changes in the company organisation;
- f.6. Verify, also with the support of other professionals, the adequacy of the Model in relation to changes in the Law;
- f.7. Collect, process and store all relevant information received in compliance with the Model;
- f.8. Receive and manage the Whistleblowing reports pursuant to Legislative Decree 24/2023, carrying-out investigations in accordance with to the procedure attached to the Model. The SB reports the relevant activities and the outcome within a confidential minute digitally signed and time-stamped.
- g. For the purpose of their duties, the SB shall have unrestricted access to all company information deemed relevant for the purposes thereby and may also request information from the Board of Statutory Auditors. The SB must also be guaranteed, by all corporate functions, any information concerning activities that may expose ZBLB to the risk that offences (as per Leg. Decree 231/2001) are committed.
- h. The SB reports to the BoD as regard to the implementation of the Model and in particular:
 - h.1. in writing every six months to ZBLB's BOD and BSA and responds in writing to their requests;
 - h.2. The SB's secretary or its chairman draws-up minutes of the meetings and send a copy thereof to the Chairman of the Board of Directors within ten days. The minutes shall be digitally signed, time-stamped and kept by the SB's Chairman in the meeting book.

5.1.3 Functioning

The functioning of the SB is laid-down in section 5 of the Supervisory Board's bylaws.



5.2 BOARD OF STATUTORY AUDITORS (BSA)

5.2.1 Appointment and members

The Board of Statutory Auditors consists of 3 permanent members and 2 deputies appointed by the ZBLB Shareholders' Meeting for a 3 years term of office according to the following criteria (cf. Articles 2399 and 2382 of the Civil Code):

- they are qualified professionals and experts in accounting and taxation;
- they do not perform any executive functions in ZBLB or its subsidiaries or affiliates, nor do they have any conflicts of interest with ZBLB, thus maintaining their operational and decision-making independence;
- They have not been bankrupted, disqualified, nor convicted for offences involving inelegality as public officer or companies legal representative.

5.2.2 Responsibilities

In accordance with the current legislation (cf. Article 2403 of the Civil Code) and the 'Rules of Conduct' issued by the Association of Chartered Accountants, the BSA has the following responsibilities, to wit:

a. - Supervisory duties concerning:

- Compliance with the law and articles of association;
- Compliance with the principles of proper business administration;
- Transactions with related parties or conflicts of interest also pursuant to Article 2391 of the Italian Civil Code;
- Adequacy and functioning of the company organisational framework;
- Adequacy and functioning of the internal control system;
- Adequacy and functioning of the administrative and accounting system;
- Annual financial statements and management report;
- set-up of the whistleblowing tool;
- denouncing suspicious circumstances.

b. - Control duties performed through:

- Inspections and audits;
- Request for information to top management;
- Sharing of information with the audit company;
- Maintaining of relations with the Supervisory Board pursuant to Legislative Decree 231/2001 (SB) and, in particular:
 - Requests information from the Supervisory Board concerning their responsibilities by Law, in order to supervise the adequacy, functioning and observance of the Model as per Leg.



Decree n. 231/2001;

- Verifies that the Model provides for information flows terms and procedures from the SB to the BOD and the Board of Statutory Auditors;
- Requests information from the Supervisory Board concerning the organisational model adopted by the company, its operation and its effective implementation.

c. - Further duties:

- Attendance at Shareholders' and BOD's meetings;
- Power to convene the Shareholders' Meetings;
- Upon request of shareholders, reporting of censurable facts or serious irregularities pursuant to artt. 2408/2409 of the Italian Civil Code;
- Whether the case may occur, the BSA may sue a liability lawsuit;
- May substitute the BOD with vicarious powers in the event of omissions are ascertained;
- Maintains relations with the Supervisory Board;
- Pursuant to Article 28.2 of the AoA, BSA may advice on additional remuneration for Board members in charge of special duties.

d. - When it comes to financial statement auditing, ZBLB entrusted an independent auditing company (cf. Section 2.3).

5.2.3 Functioning

The functioning of the BSA is set-forth by the Italian Civil Code and Articles of Association, to which reference is made herein.



5.3 AUDIT COMPANY (AC)

5.3.1 Appointment

AC is an independent company with extensive expertise and international standing. It is appointed for a three-year term of office upon motivated proposal of the BSA to the BOD and approved by the Shareholders' Meeting as per art. 13 D. Lgs. 39/2010.

5.3.2 Responsibilities

Pursuant to the negotiated provisions and relevant legal obligations, the engagement for the statutory audit includes:

- a. audit of the annual financial statements;
- b. audit regarding the proper company accounts and records during the financial year;
- c. In particular:
 - c.1. The engagement is performed in accordance with the International Standards on Auditing (ISA Italy) and, as provided for in Article 14, paragraph 2 of the Decree, also entails verifying the consistency of the management report with the financial statements and its compliance with the law, as well as issuing a statement regarding the identification of any significant errors in the management report;
 - c.2. The audit is targeted to obtain reasonable assurance that the financial statements are free from material mistakes whether due to fraud or unintentional act. The audit includes the BCS's written opinion in this regard. The “reasonable assurance” is defined as a high level of plausibility which, however, does not provide full certainty that an audit performed as per International Standards (ISA Italia) will always identify a material mistakes (i.e., those errors that, considered individually or in the aggregate, are reasonably likely to influence the economic decisions of the company taken on the basis of the financial statements);
 - c.3. The audit is performed on the financial statements drafted by ZBLB on the basis of the Italian Law, which regulate relevant criteria as well as interpreted and integrated by the Italian Accounting Organisation's standards and provisions whereof Article 9 of Legislative Decree n. 38 of 28th February 2005;
 - c.4 Controls are also carried-out in order to sign Tax Declarations pursuant to Article 1, paragraph 5 of Presidential Decree n. 322 of 22th July 1998.

5.3.3 Functioning

AC functioning is set-forth within engagement agreement, as well as mandatory provisions of Legislative Decree No. 39 of 27th January 2010 “Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending by Directives 78/660/EEC and 83/349/EEC and Directive 84/253/EEC”.



5.4 DATA PROTECTION OFFICER (DPO)

5.4.1 Appointment

Pursuant to Article 37 of the GDPR EU/2016/617, the Data Protection Officer is appointed by the company attorney entrusted for privacy matters.

5.4.2 Responsibilities

According to art. 39 par 1 of the RGD, the DPO is responsible for carrying-out, in full autonomy and independence, the following tasks and functions:

- a) Inform and advise the data-controller, data-processor as well as employees in charge of data-treatment about their obligations under the RGD, or inherent national or EU provisions;
- b) Monitor compliance with the RGD, other national or EU data protection provisions and policies, including those concerning the segregation of duties, awareness training of personnel involved in processing and related control activities;
- c) Provide, if requested, an opinion on the data protection impact assessment and monitor its implementation pursuant to Article 35 of the RGD;
- d) Cooperate with the company attorney entrusted for privacy matters;
- e) Act as a reference person for matters relating to processing, including prior advising under Article 36, and carry-out consultations on any other matter where appropriate;
- f) Draft an annual report on activities, new legislation and any critical events that occurred concerning "data breach", "cybersecurity incidents" and security issues for the processed data.

5.4.3 Functioning

DPO's tasks are regulated by the appointment, as well as within GDPR UE/2016/617, to which reference is made herein.