

Ermenegildo Zegna Group

**SUSTAINABILITY
REPORT
2022**

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CHAIRMAN & CEO LETTER

Responsibility towards people, community and nature has been at our core since 1910. Now, as a publicly listed company, we feel this responsibility more than ever. The ringing of the opening bell on December 20, 2021 set us on a new course – a course that is bringing fresh challenges, successes, and opportunities. This is why at our first capital markets day in May 2022 we presented our ESG strategy, with 27 specific goals to guide and underscore our execution and accountability.

Our sense of responsibility leads us to join forces with other industry leaders and organizations: in the face of the huge challenges, we believe that a coordinated effort is a more effective way forward. We are proud of spearheading initiatives such as the Fashion Pact-led Collective Virtual Power Purchase Agreement (CVPPA), to accelerate the adoption of renewable electricity; and the Re.Crea Consortium (to manage products' end-of-life) in partnership with the Camera Nazionale della Moda Italiana (CNMI) and with our fellow leading Italian luxury brands. It also gives us great pleasure to be an early signatory to the COP15 Make it Mandatory campaign, for disclosure on biodiversity.

While we are conscious that most of the work still needs to be done, we are encouraged by the progress made thus far on our 27 sustainability commitments.

I am particularly proud of our progress on the road to traceability and circularity. In this area, we launched Oasi Cashmere in 2022, which marks the beginning of our journey to traceability, guaranteeing that the cashmere fibers used in Oasi Cashmere products are certified 100% traceable by 2024. We have started similar work on other fibers. We have also kicked off a pilot project with one of the leading Italian players in industrial textile waste recycling. This will enable us to strengthen our #UseTheExisting platform, an ideal foundation for developing, in the medium to long-term, more sustainable materials (e.g., non-oil synthetic materials).

In 2022, the Group submitted GHG emissions reduction targets in line with the Science-Based Targets initiative (SBTi)¹. The climate challenge is a responsibility we are taking seriously, for the future of our planet and for future generations.

The “S&G” (social and governance) of ESG were key focus areas for the Group during 2022. We are designing a robust people strategy, including comprehensive DE&I and talent management strategies, and the appointment of a DE&I Officer.

We are consolidating our connection to local communities and have prepared for the 2023 launch of Accademia dei Mestieri (our academy of crafts). To strengthen our governance and accountability, we introduced a long-term equity incentive plan for eligible executives, linked to our stated ESG commitments. Furthermore, the Board of Directors is now fully entrusted with the oversight of our ESG strategy.

I would like to end with a tribute to Oasi Zegna, the heart of our values and the place where everything started. Our commitment towards the environment was recognized by Camera Nazionale della Moda Italiana who bestowed Oasi Zegna with the Biodiversity Conservation Award during their Sustainable Fashion Awards. I am humbled and gratified at the recognition of the Group's ongoing efforts to sustain the natural ecosystem created by my grandfather Ermenegildo Zegna. Moreover, Oasi Zegna was internationally certified by the FSC® (Forest Stewardship Council) for forest management and ecosystem services for the community.

We aim to extend the Oasi model out into the other regions of our operations, across the world. We are evaluating potential projects in various areas around the world, whereby we will leverage the legacy of decades dedicated to creating a sustainable ecosystem.

To summarize, we are progressing on the ESG strategy and commitments set last year and on our increased focus on a healthy governance. This second Sustainability Report reaffirms our dedication to further strengthen the vision first created by my grandfather through long-term projects that align with the Group's current sustainability principles and ensure that we are accountable to our stakeholders to meet both our financial and ESG goals.



Ermenegildo Zegna
Chairman & CEO of Ermenegildo Zegna Group

¹ Prior to the publication of this report, in May 2023, the Group has received notice that the SBTi has verified Ermenegildo Zegna NV's net-zero target, both near-term by 2032 and long-term by 2050.

ERMENEGILDO ZEGNA GROUP



The Ermenegildo Zegna Group (the Group) was founded as a wool mill in Trivero, Italy by Ermenegildo Zegna, the grandfather of our current CEO and Chairman of the Board. Today the Ermenegildo Zegna Group is a leading global luxury Group listed on the New York Stock Exchange. (The listing took place on December 20, 2021). The Group is internationally recognized for its distinctive heritage of craftsmanship, quality, and design, associated with our Zegna and Thom Browne brands and the noble fabrics and fibers of our in-house luxury textile and knitwear business.

We design, manufacture and distribute luxury menswear and accessories under the Zegna brand, and womenswear, menswear, children's wear, and accessories under the Thom Browne brand. Through our Luxury Textiles Laboratory Platform — which preserves the practices of artisanal mills producing the finest Italian fabrics — the Ermenegildo Zegna Group manufactures the highest quality fabrics and textiles.

Over the decades we have charted “Our Road”: a unique path that winds through era-defining milestones as we evolved from a producer of superior wool fabric to a global luxury Group.

Since 1910, inspired by our founder's vision, our duty to our people and to the natural environment has defined the spirit of the Group. We have striven to produce the

highest quality goods, without compromising quality of life for future generations. Today, we are enacting this vision across our global footprint, in the interest of leaving a positive legacy, wherever we do business.

In pursuance of arrangements entered into in November 2022, on April 28, 2023, the Ermenegildo Zegna Group announced the completion of its acquisition of Tom Ford International LLC (“TFI”), the company that owns and operates the TOM FORD fashion business, as a part of a transaction in which sole ownership of the TOM FORD brand, its trademarks, and other intellectual property rights have been acquired by The Estée Lauder Companies Inc. (“ELC”). Before the completion of the acquisition, we already owned 15% of TFI, and in this transaction, we acquired the remaining 85% equity interest of TFI. In connection with the completion of the transaction, we became a long-term licensee of ELC for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile, and home design products, by a long-term licensing and collaboration agreement with ELC for 20 years with an automatic renewal for further 10 years subject to certain minimum performance conditions. The Group will be in charge of the end-to-end TOM FORD fashion business, from collection creation and development to merchandising, and production, as well as retail and wholesale distribution.

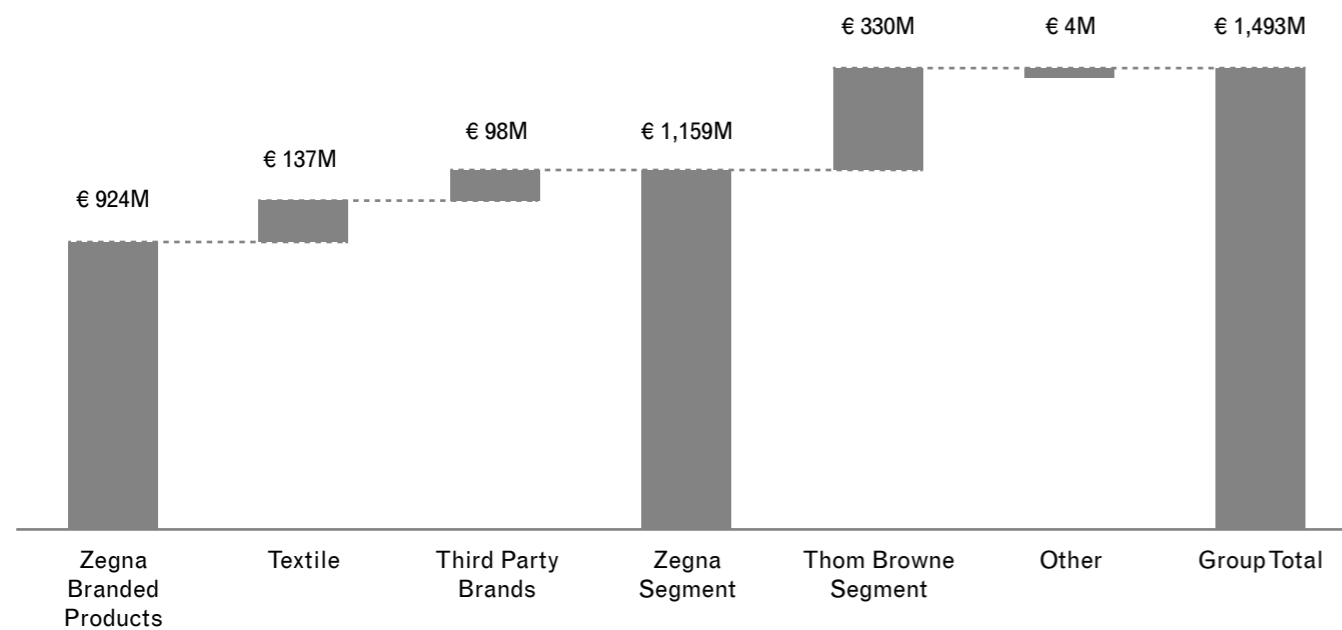
OUR ACTIVITIES

Ermenegildo Zegna is a well-known luxury Group. As of December 31, 2022, our Zegna and Thom Browne brands are sold through 302 stores in approximately 80 countries around the world, of which 239 are directly operated by Zegna and 63 by Thom Browne. We have 198 wholesale monobrand stores, 156 for Zegna and 42 for Thom Browne.

Our business covers the entire value chain and we are vertically integrated, from design to manufacturing and distribution.

Our goal is to provide customers with excellent products that reflect our tradition of fine craftsmanship, exclusive design content, and a style that preserves the exceptional manufacturing quality we are known for. The high-quality luxury experience we offer customers is further assured through the sourcing of superior raw materials, the careful finish of each piece, and the way they are delivered to them.

BREAKDOWN OF REVENUES BY PRODUCT LINE FOR THE YEAR ENDED DECEMBER 31, 2022



ZEGNA: THE SARTORIAL RESET

EVOLVING THE CRAFT OF TAILORING INTO LUXURY LEISUREWEAR

Established as a fabric maker in 1910, Zegna is internationally recognized as a leading global luxury menswear brand and part of the Ermenegildo Zegna Group. Under the artistic direction of Alessandro Sartori, the Zegna brand has entered an exciting new chapter in our history, as we continue along the same road that stretches back more than 110 years.

The journey has always been more important than the destination; and now the Zegna brand writes a new chapter with its 232 Road

Brand Mark, inspired by "Our Road". Our Road (the history by which we evolved into a global luxury Group) is not stitched into the fabric of our history and identity.

This new chapter in our branding sees our logo updated in a modernized font that encapsulates our vision. The singular name (Zegna) celebrates our family heritage, while expressing a proprietary aesthetic and attitude.

Evolving the craft of tailoring in a luxury leisurewear direction is the road that Artistic Director Alessandro Sartori follows, as his creation reflects the very evolution of the culture around us. Our Road continues to cross new frontiers, while up-holding an innovative and ethically responsible spirit. In doing so, the brand's Artistic Director is resetting Zegna's identity, following a clear agenda in which practicality and pragmatism put a progressive spin on tradition, meeting the needs of the modern person. By reinventing the sophisticated wardrobe, he transforms our very idea of luxury, celebrating self-expression and effortless versatility.

Sartori's creative take transcends dress codes to reflect the rhythms of contemporary life. Under his direction, the Zegna brand finds new ways to tailor the modern person, with a dynamic selection of hybrid garments that are fluid, comfortable and adaptable. As a recognition of his work, in 2022 Alessandro Sartori received the WWD Award for Menswear Designer² of the Year.

He has spearheaded a major stylistic shift for the brand: the One Brand architecture has evolved into a One Brand strategy. This strategy includes the following elements: create new iconic products and attract new customers. The Triple Stitch™ luxury shoe and Oasi Cashmere collection are just two of the Zegna brand icons that will help us to become recognizable and desirable, conveying a new idea of timeless luxury. Among the successful collaborations for 2022, the Zegna brand announced a unique partnership with Real Madrid by becoming Real Madrid's Official Luxury Travel-wear Partner. With both having histories that began in the early years of the twentieth century, the Zegna brand and Real Madrid are now in a dialogue to transform formal attire into luxury leisurewear.

² For more information on the WWD Award for Menswear Designer see here.



Zegna's Creative Director Alessandro Sartori at the WWD Award for Menswear Designer 2022



THOM BROWNE: REDEFINING MODERN TAILORING



Actress Gwendoline Christie

"The idea of uniformity is interesting because it shows true individuality, and it shows true confidence" (Thom Browne).

Thom Browne is widely recognized for redefining modern tailoring. Through his collections for men, women and children, Browne conveys a true American sensibility.

In 2003, Browne began his business with five grey suits in a made-to-measure shop in New York city's West Village. With each jacket and trouser, he paired a grey cardigan, a white oxford shirt, a grey tie, silver tie-bar, and classic black brogues. This is the Thom Browne uniform.

Thom Browne has since expanded to include ready-to-wear for both men's and women's lines, footwear, accessories, eyewear and fragrances. The Brand is now known for his runway presentations and films, which have gained global attention for bringing viewers into his unique world. Each collection represents a new story of its own, taking traditional fabrics and reinterpreting them in a new way.



Thom Browne Artistic Director, Thom Browne

Now a global brand, Thom Browne continues to challenge expectations with his approach to design, tailoring and presentation. His influence is evident through the culture-defining individuals who wear Thom Browne. The grey suit remains elemental to all he does, signifying a singular point-of-view and the commitment to exceptional quality in fabrics and tailoring.

To uphold the Brand's standards of craftsmanship, fabrics are globally sourced from the highest quality fabric mills, starting from the Group's Textile unit in Italy, as well as from Japan, the United Kingdom, France and the United States. Thom Browne works with the most advanced production facilities to ensure these standards are met. Since joining the Ermenegildo Zegna Group, the Thom Browne brand is sourcing more from the Group's internal supply chain.

In January 1, 2023, Thom Browne became the new chairman of the CFDA (Council of Fashion Designers of America). He was honored with the CFDA Menswear Designer of the Year Award (2006, 2013, 2016), the GQ

Designer of the Year (2008), the FIT Couture Council Award (2017), as well as the Cooper Hewitt National Design Award (2012). His designs are recognized by museums around the world, including the Costume Institute at the Metropolitan Museum of Art, the Museum of Modern Art, the Victoria & Albert Museum, the Costume Museum at Bath, and the Mode Museum (MoMu), Antwerp.

The Thom Browne brand is currently offered in over 300 leading department store and specialty boutique doors across 40 countries; and through 105 retail stores, flagships, and shop-in-shops in key cities such as New York, London, Milan, Tokyo, Hong Kong, Beijing, Shanghai, Seoul, San Francisco, Singapore, and Vancouver.

TEXTILES: A MADE IN ITALY LUXURY LABORATORY PLATFORM

INNOVATION MEETS BELIEF

Fabric is fundamental to the Ermenegildo Zegna Group: it is our essential truth woven into everything we have done for over 110 years. Fabric was the means by which the founder intended his business to be a force for good in the world. Fabric represents our culture of beauty; the Group remains a master of fabric, with an unrivalled manufacturing legacy, forward-looking creativity, technical proficiency, and an innovative approach to sustainability. Over the years the Group has acquired established Italian companies, each a specialist in its sector. The vision was to build, what we call, our "Luxury Textiles Laboratory Platform". The Group continues to produce the highest quality fabrics, while safeguarding the uniqueness of the Italian supply chain, and of Italian craftsmanship.

Our in-house laboratory allows us to make innovative, high performing fabrics. A modular approach to the manufacturing process, varying with the needs of production, gives us flexibility and efficiency, an important competitive advantage.

Through our long-term relationships with our suppliers, we enjoy favored access in the procurement of the finest fibers and fabrics, and enhanced traceability and quality

control of raw materials. Thanks to our experienced in-house teams, our personnel dedicated to research and development, and our leading technological capabilities, we can manage the entire production process throughout its stages, either in-house or through our trusted, long-standing external manufacturers.

Through Lanificio Zegna, Bonotto, Dondi, Pettinatura di Verrone, Filati Biagioli, Tessitura Ubertino and Tessitura di Novara, we act as a platform that collects different know-how in a constant quest for creativity, innovation and quality.

Our Luxury Textiles Laboratory Platform companies

Lanificio Ermenegildo Zegna

Founded in 1910, Lanificio Ermenegildo Zegna Wool Mill (Lanificio) is the mainstay of the Group's growth. Lanificio has pioneered sophisticated men's fabrics that are lighter, smoother, more refined, and with improved performance and functionality.

The Lanificio performs the entire production process — from raw material selection to finishing. Lanificio Ermenegildo Zegna Wool Mill is located in Piedmont, Northern Italy, where the pure water of the local mountain rivers washes its fabrics, giving them a particularly soft finish. Commitment to quality and the use of modern technology to back up artisan craftsmanship is our living tradition, linking past, present and future.

Tessitura di Novara

The Group acquired Tessitura di Novara, a company specialized in high quality silk weaving, in 2009. This historic Italian manufacturer was founded in 1932 and has since become a leading producer of pure silk and other high-end natural fabrics. Thanks to the quality and uniqueness of its textiles, Tessitura di Novara's customers includes many of the most important international luxury fashion brands. With its combination of artisan skills and innovative technologies, Tessitura di Novara has been seamlessly integrated into the Luxury Textiles Laboratory Platform of the Ermenegildo Zegna Group.

Pettinatura di Verrone

In 2012, the Group acquired shares in Pettinatura di Verrone, together with Schneider 1922 S.p.A., Marzotto Wool Manufacturing S.r.l. and Loro Piana S.p.A. With this action the Group contributed to the preservation of this sophisticated fabric company and the wealth of knowledge and human resources in the textile district of Biella, where it was founded in 1960. Specializing in the combing of superfine wools, cashmere and vicuña, Pettinatura di Verrone continues to produce remarkably fine natural fibers of the highest quality, further enriching the Luxury Textiles Laboratory Platform of the Ermenegildo Zegna Group.



Bonotto

In 2016, the Group acquired a majority stake in Bonotto, a fourth-generation textile manufacturer based in Molvena, Italy. Founded by Luigi Bonotto in 1912, the brand celebrates the Slow Factory movement against mass production at low cost, focusing instead on hand craftsmanship and traditional techniques. Bonotto is known for the creative and experimental dimensions of its fabrics. Inside the factory, there are over 24,000 works of art from the Bonotto Foundation, which inspire the production processes and make Bonotto an authentic creative source of fashion textiles. The brand consists of a style center devoted to research and development, a weaving and warping plant, and a dyeing and finishing plant.

Cappellificio Cervo

In 2018, the Group acquired this milliner, which is based in Biella, Italy, and whose history stretches back over 120 years. Cappellificio Cervo was founded in 1897 by local master craftsmen who then turned it into one of the world's most prestigious hat brands. The company still owns some of the original machinery from the 1800s, which allows it to showcase its detailed work methods. Tradition and innovation are key features of this company, which has contributed so much to crafting excellence in Italy, and helped to promote the Made in Italy movement.

Dondi

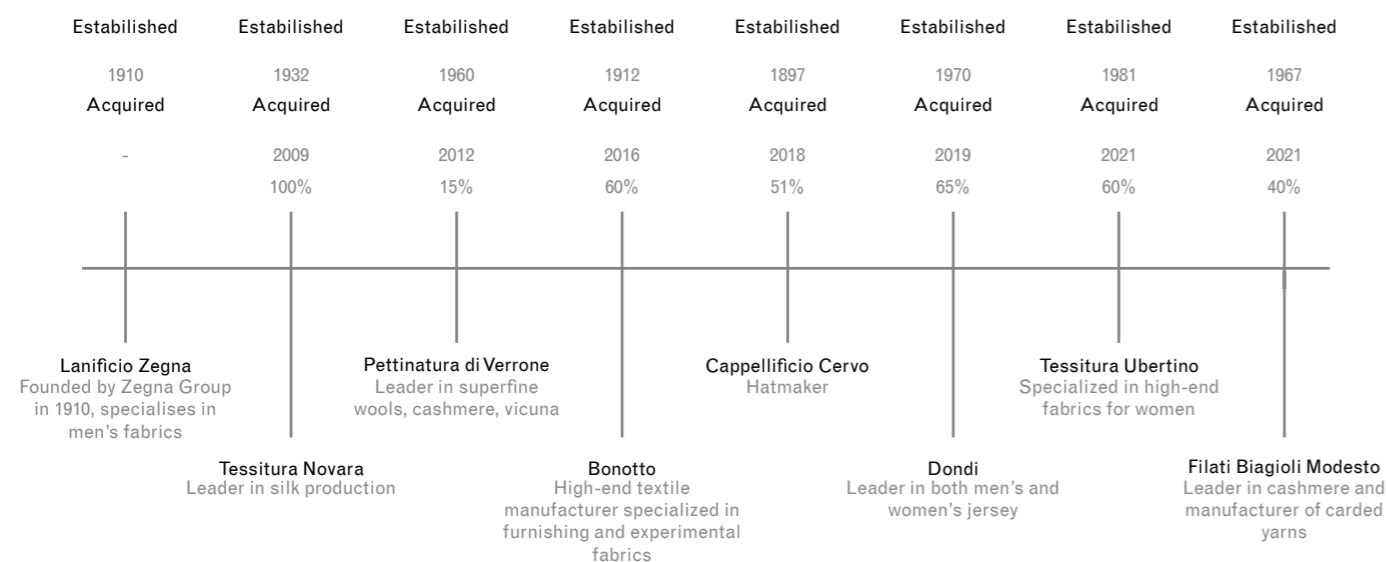
For over 50 years, Dondi has been a leading manufacturer of high-quality jersey fabrics for men and women. In 2019, the Group acquired a majority stake in Gruppo Dondi. With this acquisition, the Group expanded its capabilities in the textile supply chain.

Tessitura Ubertino

Tessitura Ubertino (based in Pratrivero, Biella, Italy) specializes in high-end fabrics for women. In 2021, the Group consolidated its Luxury Textiles Laboratory Platform with the acquisition of a majority stake in Tessitura Ubertino, which was founded in 1981. Today it is a well-known research laboratory and hub for textile innovation in the global luxury fashion industry.

Filati Biagioli Modesto

In 2021, the Ermenegildo Zegna Group and the Prada Group, acquired a majority shareholding in Filati Biagioli Modesto, which is based in Montale, Italy. For over a century Biagioli Modesto has excelled in the production of cashmere and other noble yarns, demonstrating its superior production processes in transforming fibers into high-quality yarns.



KEY HIGHLIGHTS

Governance

- ✓ Assigned oversight of ESG strategy & implementation to the Board
- ✓ Approved top executives' long-term incentives linked to ESG targets
- ✓ Started climate-related impact assessment aligned with TCFD framework

Social

- ✓ Appointed DE&I Officer
- 69%** Engagement rate from employees' DE&I survey (86% employees surveyed, 80% response rate)
- ✓ Accademia dei Mestieri ready for launch

Environment

- ✓ The SBTi has verified Ermenegildo Zegna NV's net-zero target, both near-term by 2032 and long-term by 2050
- 46%** Of Group electricity purchased from renewable sources (+25pp vs 2021)
- ✓ Completed first Group water footprint assessment
- 25%** Of traceable & lower-impact top priority raw materials (+9pp vs 2021)

OUR ROAD TO TOMORROW

Our journey started in 1910; over 110 years later and we are still journeying down that beautiful SP232 Road which our founder helped to develop in Piedmont, Northern Italy. At the time it was no more than barren rocks and one man's unwavering dream for the future. His road was made up of ideas and principles, of the very fabric of tomorrow. This road is our inspiration; it defines our path, woven into everything we do by echoing the essential truth of our founder. It is Our Road to Tomorrow.

Our founder's mission and visionary entrepreneurial flair, passed from one generation to the next, is to create beautiful things of the finest quality, applying a responsible approach to production. In this sense, superb fabrics, impeccable clothing and outstanding accessories combine to sustain a unique ecosystem.

The business model of the Group includes a commitment to both vertical integration and a widening span of activities within our industry. A bold vision and a quest for innovation and beauty underpin our expansion. By investing in a culture of beauty we promote knowledge and skills acquisition (human capital), social capital of trust, as well as symbolic capital of identity and recognition (intellectual capital, social and relationship capital). Our commitment to the value of beauty inspires new thought, new connections and new dialogue, as we reach out to partners and stakeholders globally. Community and collaboration fuel our journey along Our Road to Tomorrow.



OUR STAKEHOLDERS

We are conscious of the role we play in the economy, and in communities near our operations. Our stakeholder map shows the main stakeholder categories whom our operations can reasonably be expected to affect. This includes stakeholders who have a legitimate interest in our ESG strategy and performance. In categorizing stakeholders, the Group considers its roots as a family-owned Italian business, and its recent listing on the New York Stock Exchange (NYSE).

The main categories of stakeholders we identified are employees, investors, customers, suppliers, business partners & resellers, trade associations, non-governmental organizations (NGOs), community members, academics and the press.



The Group believes in maintaining ongoing dialogue with all its stakeholders, in the interest of building trusting, enduring relationships. In the following pages we show an overview of how we communicate with all the interested parties.

Employees:

Several tools allow employees to stay up to date with the Group's latest news, e.g. the EaZy intranet, the Zegna4U newsletter, and the My Zegna World platform, which is dedicated to welfare initiatives; employees are engaged also through specific surveys, such as the DE&I one launched in 2022. Ad hoc events help to spread news about collections, financial performance, and Group objectives. We offer training and performance review programs to employees, and an induction program for new hires, with the goal of building a welcoming Group culture.

Investors:

The Group has built a solid investor base through open and consistent communication that involves regular updates on performance, strategic objectives, and latest developments. Through presentations and events such as webcasts, the Group provides insights and updates, while actively soliciting feedback from its shareholders. Information about the Group can be found on the institutional website, and specific queries can be submitted to the Investor Relations Director.

Customers:

We dedicate the utmost attention to our customers, both in-store and online, thanks to our experienced retail teams, whose goal is to convey the brands' values and heritage, as well as offering a unique and personalized experience. Events at stores and customized services, such as the made-to-measure offering, allow customers to enter into each brand's world. Customers can reach the brands through Client Support services (email and phone service) and the CRM teams.

Suppliers:

Building a strong and long-lasting relationship with our suppliers is at the core of our strategy. We maintain day-to-day communication with our suppliers and over the years we have built a collaborative approach based on mutual trust and mutual sharing of knowledge to drive innovation. We engage with our suppliers in the development of materials and product standards, and we actively involve them in projects to foster more responsible practices along our value chain.

Business partners & resellers:

To relate with business partners & resellers, the Group follows a collaborative approach that fosters long-term relationships built on trust: understanding their needs and providing them with the necessary support to achieve their goals, such as access to marketing materials and training, apart from constant communication by phone and email.

Trade associations & NGOs:

Our engagement with trade associations reflects our commitment to supporting the broader fashion industry. By working closely with key organizations and by participating in industry initiatives, the Group is helping to drive positive change in the fashion industry and enabling a platform for collaboration and sharing of best practices.

Community members:

The Group is active in local communities. One example is the Oasi Zegna, a nature reserve open to the public in Alpi Biellesi built by the Founder, Mr. Ermenegildo Zegna, in the 1930s. Local communal activities such as shops and restaurants enjoy benefits such as rent-free space to pursue their commercial activities.

Academics:

The Group believes in education and its role in empowering individuals and communities to build a better future. The development of Accademia dei Mestieri (academy of craft) is an example of how we collaborate with the education system. Collaborations and participation in technical and vocational education-focused activities and events, such as curricular internships and support to students allow a continual dialogue with academic institutions.

The Press:

We engage with the press and media through interviews with key people, and through events such as our fashion shows. The Group also maintains a strategic social media presence; and the media section on our website is kept up-to-date with the latest communications. Our Corporate Communication Team, as well as each brand's dedicated communication team, maintains daily contact with the media and press.



ASSOCIATIONS & ORGANIZATIONS

We take part in various organizations, as we believe in maintaining a dialogue with local and international organizations and participating in working groups. Further, we are committed to increasing our transparency along our supply chain and in participating in responsible market initiatives such as the Fashion Pact and Textile Exchange. Our Thom Browne brand joined the Textile Exchange in 2021, followed by our Zegna brand in 2022.

Altgamma:

Since 1992, Altgamma Foundation gathers High-End Italian Cultural and Creative Companies, representing the Italian luxury businesses in fashion, design, gastronomy, and hospitality. It promotes the Italian craftsmanship, innovation, and creativity globally with continuous activities of institutional relations at national and international level.

Associazione Tessile e Salute di Biella:

The Group is a member of the Textile and Health Association of Biella, promoting health and well-being in the textile industry. The association aims to raise awareness of possible health risks and to promote best practices for workers and consumers, providing information, training, and support to make a safer and healthier workplace.

CNMI (Camera Nazionale della Moda Italiana):

The CNMI (National Chamber of Italian Fashion) supports Italian fashion brands through training, promotion, and advocacy. The CNMI upholds the principles of Italian craftsmanship and organizes the Milan Fashion Week.

Re.Crea:

In 2022, the Group contributed to founding the Re.Crea consortium, an organization dedicated to promoting sustainability in the fashion and textile industries and

coordinated by the CNMI (National Chamber of Italian Fashion). Its goal is to manage the end-of-life phase of textile and fashion products, and to promote the research and development of innovative recycling solutions.

SMI (Sistema Moda Italia):

Sistema Moda Italia is the Italian fashion industry's national trade association, which is part of Confindustria. The organization is dedicated to promoting Italian fashion excellence and fostering industry growth. SMI serves as a collaborative and advocacy platform, advancing the interests of its members and the industry, both locally and abroad.

Textile Exchange:

Textile Exchange is a non-profit organization that promotes sustainable textile materials and processing methods. Textile Exchange provides tools, resources, and certifications to support businesses in moving to more sustainable models, collaborating with various stakeholders for a more sustainable future.

The Fashion Pact:

The Fashion Pact is a coalition of fashion and textile companies aiming to address environmental challenges faced by the

industry. The Group joins industry leaders in working to reduce fashion's environmental impacts, with initiatives focused on climate, biodiversity, and ocean health.

Unione Industriale di Biella:

The Biella Industrial Union represents local businesses in the textile, fashion, and manufacturing industries, promoting their development and competitiveness through networking, training, advocacy, and financial advice.

Unione Industriale di Novara:

The Industrial Union of Novara promotes the interests of its industrial sector members and supports the local economy via initiatives and services, working closely with local stakeholders and institutions to drive economic development and foster innovation and competitiveness in the region.

Unione Industriale di Parma:

The Industrial Union of Parma represents companies from various sectors. It fosters their development and competitiveness through networking, training, and advocacy. It provides services such as legal and financial advice, and organizes events and programs to promote the local economy and stimulate economic growth and innovation.



OUR ESG MATERIALITY ASSESSMENT

In 2022, the Group updated its material topics, giving more emphasis to the economic, environmental, and social (including human rights) impacts, positive, negative or potential, of our activities. This updated emphasis is in compliance with the 2021 GRI Universal Standards. The 2021 materiality assessment (which was part of the Group ESG strategy presented in the 2021 Sustainability Report) was the foundation for the updated analysis.

The impact analysis assessed the Group's contribution, positive or negative, to sustainable development, across the three categories of economy, environment, and people. We asked ourselves, "What are the effects, positive and negative, of the Group's value chain on the economy, the environment, and on people?" And we posed the question for each of the four steps (in terms of deriving material issues) stipulated by the GRI Standards:

- Understand the organization's context;
- Identify actual and potential impacts;
- Assess the significance of the impacts;
- Prioritize the most significant impacts for reporting.

The GRI sector standards for the textile, apparel and footwear industry have yet to be released. Nevertheless, in the interest of ensuring we meet future standards, the Group conducted an analysis of sector trends and risks, benchmarking peers and competitors' material topics, and consulting official sources (e.g. World Resources Institute, the UN, and the Fashion Pact).

After mapping potential impacts, the Group's Sustainability team has evaluated and prioritized them, by taking into consideration internal evaluations and the results of the stakeholder engagement activities that took place in February 2022. After this analysis, we subjected the results to the review by three sustainability experts, as suggested by the GRI Standards. These experts were chosen from among university faculty in the field of the fashion/consumer goods sector. They conducted a completeness and prioritization analysis of our work. We requested that for their review, they consider global risks, challenges and opportunities, trends related to the sector in which the Group operates, and

distinctive features of the Group according to the experts' knowledge. The results of the expert consultation confirmed the internal analysis, moreover the insights received by the experts were an opportunity to re-group the material topics appropriately.

Thus, after extensive internal discussion, and a review from outside sources, we developed an updated list of issues that are material to value creation, or destruction, over the short to long-term, for the Group.

It is worth noting some of the modifications from our 2021 Materiality Matrix.

The material topic *Raw materials traceability & chemical management* was split up and merged with other topics. In particular, the topic of *Raw materials traceability* is no longer referred to directly, but implied in the topic *Sustainable sourcing*. *Chemical management* is now part of the topic *Water & chemical management*. The 2021 topic *Animal welfare* remains of material concern to us, and now falls under the topic *Sustainable sourcing*.

Remuneration also remains of material significance, but is now considered in terms of *DE&I*, and *Employee wellbeing*.

To include a broader set of impacts, and to align with the benchmark, the topic *Transparency, reporting & responsible communication* is now rendered as *ESG culture, integrity & transparency*. This includes a range of the 2021 material topics: *Stakeholder engagement*; *Sustainability ambassadorship*; *Board-level accountability of ESG issues*; *Management of ESG-related risks*; and *Sustainable finance*.

Governance

Sustainable sourcing
& animal welfare

Data privacy
& cybersecurity

ESG culture, integrity
& transparency

Social

Human & labor rights

Employee wellbeing

DE&I (diversity, equity
& inclusion)

Education & training

Community & philanthropy

Environmental

Water & chemical
management

Packaging & plastic pollution

Circularity, durability
& eco-design

Biodiversity loss
& deforestation

Carbon emissions
& energy management

OUR SUSTAINABILITY COMMITMENTS

Sustainability has been part of our journey since the beginning, when our founder Ermenegildo Zegna transformed his dream into actions with the aim to support both the local community and the surrounding natural environment.

Thanks to his contribution, a hospital with a maternity department and an indoor swimming pool were constructed to improve local communities' quality of life. In addition, he financed the reforestation of more than 500,000 trees, creating the Oasi Zegna, and he constructed a 26-kilometer road connecting the city to the surrounding countryside.

Ermenegildo Zegna believed that his workers should take advantage of as many outdoor activities as they could, given that they spent the entire week working in the plant. Not only,

he also tried to help his workers' families by providing summer vacation camps in the mountains for their children.

We want to honor our founder's legacy and build a brighter future for our children today based on the lessons he taught us. For this reason, we have started a new journey as a Group called "Our Road to Tomorrow."

Our Road to Tomorrow is the result of a careful examination of the ESG positions of our stakeholders, as well as our impact on the environment where we operate, giving our Group the chance to identify our ESG strategy. The strategy, launched during the Capital Markets Day held on May 17, 2022, consists of 3 commitments, defined in 27 goals which are presented below.



Commitment 1: Made in Italy, transparently!

We are proudly Italian and we commit to having the majority of our value chain in Italy, marking the clothing we produce with a “Made in” label that reflects the highest quality and craftsmanship in the world, we commit to further enhancing the traceability of our raw materials and manufacturing processes. From sheep, to shop we will continue our commitment to turning materials from source to resource and will update our #UseTheExisting initiative to maximize waste reuse.

- Top priority raw materials (wool, cashmere, cotton, leather, man-made cellulosic, polyester) with at least 50% traced to the geography of origin and from lower-impact sources by 2026;
- >90% Made in Italy supply of yarns & fabrics by 2025;
- Product raw materials tracking: >95% of products enabled with a product traceability system by 2030;
- Expand innovative #UseTheExisting initiative and explore new avenues for the reuse of industrial waste and pre-consumer waste;
- Group animal welfare policy formalized by 2022 and embedded in lower-impact raw material certifications;
- Adoption of an innovative and open digital platform to allow suppliers to share energy sources, water, chemicals, product certifications, and emissions data, covering at least 30% of the Group supply volume, by 2024;
- Board oversight of ESG strategy & implementation;
- Top executives' long-term incentives linked to ESG targets by 2022;
- Transparent reporting (audited Group sustainability report, GRI & SASB reporting standards) by 2022;
- Join relevant trade associations (United Nations Framework Convention on Climate Change, Textile Exchange, Sustainable Fiber Alliance, Zero Discharge of Hazardous Chemicals, Leather Working Group) by 2023.

Commitment 2: Weaving the fabric of tomorrow

Since 1910, we have cultivated Italian craftsmanship and know-how and invested in Italian communities. This is one of the ways we give back to who has given us the most, Italy. We also want to give back to the communities we operate in, around the world: from the heart of our business to the world around us. Echoing the dreams of our founder we weave the fabric of a tomorrow that feels worthy of our dreams.

- Develop a biodiversity laboratory in Oasi Zegna, in collaboration with NGOs and universities, to study the impact and adaptation strategies to climate change for alpine environments;
- Impact investing on wool, cashmere & cotton raw material sources with regenerative agriculture and carbon sequestration initiatives, from 2023 onward;
- Map private forests of the world, promote and lead the responsible private forest management association globally;
- Kick-off Accademia dei Mestieri by 2022;
- Appointment of the Diversity, Equity, and Inclusion (DE&I) Officer & Governance to manage the deployment of the DE&I strategy, by early-2023;
- By 2023, develop talent acquisition & retention approach according to DE&I strategy, to become an equal opportunity employer;
- Parental leave benefits extended to all markets, above local law requirements, by 2023;
- 80% of employees with DE&I training completed by 2023.

Commitment 3: Oasi, Home of our values

Oasi Zegna is our ecosystem. It is a unique example of a man-grown natural territory with a perfect balance of people, nature, and wildlife. It also embodies our vision and mission to extend our environmental legacy globally. Our goal is to showcase humanity's better nature, grounded by a thoughtful spirit to think and act responsibly.

- Climate change commitment with Science-Based Targets initiative (SBTi) submitted by 2022;
- 100% electricity from renewable sources in Europe & US by 2024, 100% for the Group by 2027 (scope 2);
- 100% fully electric or plug-in hybrid corporate vehicles by 2025 (scope 1);
- Assess water footprint & commit to reduction targets, aligned with Science-Based Targets Network (SBTN) evolution (internal productions by 2022, external by 2025);
- Chemical management: ZDHC Foundational Compliance Level (Manufacturing Restricted Substances List - MRSL, wastewater) for all Group production sites by 2023;
- Consumer packaging from lower-impact materials (paper or recycled plastics from 2022, distribution packaging by 2030);
- At least 50% content of plastics from recycling in business to consumer packaging by 2025 (business to business by 2030);
- Community service –1 day/year for every employee, to be donated locally;
- Export Oasi Zegna to the world: 10,000 trees cultivated in every city³ (mini Zegna Forests) where the Ermenegildo Zegna Group opens or relocates Zegna boutiques⁴ starting from 2023.

³ Urban planning constraints may apply, potentially reducing the number of trees to donate.

⁴ The term Zegna Boutique refers to Zegna Brand self-standing directly operated stores, excluding concessions, shop-in-shop and department store corners, pop-in and pop-up formats, outlet stores and third-party-operated point of sales.

In the below table we report all ESG goals with target year at 2022 as well as ESG goals beyond 2022 with a significant progress. We will keep disclosing progress on the Group's ESG goals in the following sustainability reports.

Commitment	ESG goal	Target year	Progress
Commitment 1: Made in Italy, transparently!	Group animal welfare policy formalized and embedded in lower-impact raw material certifications	2022	Achieved. Please see chapter "Raw material traceability & circularity"
	Top executives' long-term incentives linked to ESG targets	2022	Achieved. We developed a LTI plan, which includes an ESG multiplier on account of an ESG performance-based indicator reflecting relevant environmental and social performance at the end of the three-year period
	Transparent reporting (audited Group sustainability report, GRI & SASB reporting standards)	2022	Achieved
	Join relevant trade associations (United Nations Framework Convention on Climate Change, Textile Exchange, Sustainable Fiber Alliance, Zero Discharge of Hazardous Chemicals, Leather Working Group)	2023	In progress, the Group joined Textile Exchange in December 2022 and is considering further engagements with relevant industry associations
	Board oversight of ESG strategy & implementation	-	Achieved. From 2023, the Board of Directors is formally in charge of overseeing the Group ESG Strategy and its implementation; the Board is also in charge of approving the Sustainability Report
	Expand innovative #UseTheExisting initiative and explore new avenues for the reuse of industrial waste and pre-consumer waste	-	In progress. Please see chapter "Raw material traceability & circularity"

Commitment	Target	Goal year	Progress
Commitment 2: Weaving the fabric of tomorrow	Kick-off Accademia dei Mestieri by 2022	2022	Preparation activities completed. Accademia dei Mestieri ready for launch, planned for 2023
	Appointment of the Diversity, Equity, and Inclusion (DE&I) Officer & Governance to manage the deployment of the DE&I strategy	2023	Achieved. The DE&I Officer & Governance was appointed in September 2022
	80% of employees with DE&I training completed	2023	Training design development started in FY 2022. Please see chapter "Diversity, equity & inclusion"
Commitment	Target	Goal year	Progress
Commitment 3: Oasi, Home of our values	Climate change commitment with Science-Based Targets initiative (SBTi) submitted	2022	Letter sent to SBTi in August 2022, approved in May 2023
	Assess water footprint & commit to reduction targets, aligned with Science-Based Targets Network (SBTN) evolution	2022 (Internal productions) 2025 (External)	Achieved. Please see chapter "Water"
	Chemical management: ZDHC Foundational Compliance Level (Manufacturing Restricted Substances List - MRSL, wastewaters) for all Group production sites.	2023	Work in progress. Lanificio Ermenegildo Zegna, Dondi, Bonotto and Tessitura Ubertino already achieved ZDHC Foundational. Please see chapter "SASB Report"
	100% electricity from renewable sources (scope 2)	2024 (Europe & US) 2027 (Group)	Work in progress. Please see chapter "Climate"
	100% fully electric or plug-in hybrid corporate vehicles (scope 1)	2025	Work in progress. Collaboration with Stellantis Group. Please see chapter "Climate"
	Consumer packaging from lower-impact materials	2022 (Paper or recycled plastics) 2030 (Distribution packaging)	Work in progress. Please see chapter "Packaging & Waste"

GOVERNANCE & ETHICAL COMMITMENT



Ermenegildo Zegna Group HQ, Milan

CORPORATE GOVERNANCE

Ermenegildo Zegna N.V. is a public limited liability company, incorporated under the laws of the Netherlands and listed on New York Stock Exchange (NYSE), since December 20, 2021, under the ticker symbol ZGN. The holding company complies with NYSE rules for foreign issuers, and the principles and provisions of the Dutch corporate governance code (DCGC). Compliance with (and departures from) the DCGC are explained in the 2022 Dutch Statutory Annual Report, according to the “comply or explain” principle.

COMPOSITION OF BOARD OF DIRECTORS AND COMMITTEES

In accordance with its Articles of Association, Ermenegildo Zegna N.V. is managed by a one-tier Board of Directors, consisting of one or more executive directors having responsibility for day-to-day management, and one or more non-executive directors having oversight responsibilities but not responsibility of day-to-day management. The non-executive directors oversee the executive directors' policy and performance of duties and supervise the Group's general affairs and its business.

As per our Articles of Association, executive directors and non-executive directors are jointly responsible for the strategic management of the Group, with a focus on long-term value creation, taking into account relevant stakeholders' interests.

The Board may allocate its duties and powers to directors and the committees of the Board, in accordance with mandatory Board regulations.

Our Board consists of one executive director and ten non-executive directors. The sole executive director is Mr. Ermenegildo Zegna di Monte Rubello, who serves as the CEO and Chairman of the Board.

The Board of Directors established three permanent committees in charge of assisting and advising the Board in its decision-making process, whose scope of responsibilities include:

- **Audit Committee:** entrusted with the oversight of, among other things, the integrity and quality of the financial reporting and the effectiveness of the Group's internal control systems and procedures;
- **Compensation Committee:** responsible for assisting and advising the Board in determining remuneration structure, executive compensation, and implementation of equity incentive plans, consistent with the Group's Remuneration Policy⁵; and
- **Governance and Sustainability Committee:** responsible for assisting and advising the Board in determining the criteria for professional and personal qualifications of Board members, and periodically assessing its composition and functioning. This committee also monitors and evaluates the implementation and developments of strategic guidelines for sustainability-related issues.

The Audit Committee consists of at least three non-executive directors, who, as per NYSE rules (Rule 10A-3 of the Exchange Act) and the rules of the DCGC, are independent.

The Compensation Committee, and the Governance and Sustainability Committee each consist of at least three non-executive directors; more than half of their respective members (including the Chairperson) are independent under the DCGC.

In 2022, the Ermenegildo Zegna Group Board was composed of eleven members, as shown in the following table:

Directors	Nationality	Executive	Non-Executive	Independence			Committees		
				NYSE Rules	Dutch Rules	Audit	Compensation	Governance & Sustainability	
Ermenegildo Zegna di Monte Rubello (Chairman and Chief Executive Officer)	Italian / Swiss	●							
Sergio P. Ermotti (Lead Non-Executive Director)	Swiss		●	●	●	●			
Andrea C. Bonomi	Swiss / American		●	●					
Angelica Cheung	Chinese		●	●	●				●
Domenico De Sole	American		●				●		
Ronald B. Johnson	American		●	●	●	●			●
Valerie A. Mars Audit Committee Chairman	American		●	●	●	●	●		
Michele Norsa Governance & Sustainability Committee Chairman	Italian		●	●	●				●
Henry Peter Compensation Committee Chairman	Swiss / French		●	●	●		●		
Anna Zegna	Italian		●						
Paolo Zegna	Italian		●						

⁵ For further information please see: [Remuneration Policy document](#)

CEO, CHAIR AND LEAD NON-EXECUTIVE DIRECTOR

The Board has granted Mr. Ermenegildo Zegna di Monte Rubello the titles Chairman and Chief Executive Officer. The Board appointed Mr. Ermotti as Lead Non-executive Director and Chairman (*Voorzitter*) of the Board under Dutch law, responsible for ensuring that the Board and its committees function properly and that meetings are led in a proper manner, with adequate time for deliberation and decision-making. He also acts as a guarantor of the prevention and mitigation of conflicts of interest within the Board. In light of the above, the Lead Non-executive Director also serves as an appropriate counterbalance to the CEO & Chairman.

NON-EXECUTIVE DIRECTORS

The Board determines the number of executive directors and non-executive directors, provided that the majority of the Board consists of non-executive directors. NYSE listing standards generally require a majority of board members to be “independent” as determined under the NYSE listing standards. While the DCGC, in principle, also requires that a majority of board members be “independent,” The definition of “independent” under the DCGC differs in its details from the definition of “independent” under the NYSE listing standards. In some cases, DCGC requirements are stricter; in other cases the NYSE listing standards are stricter. During 2022, the majority of the members of the Board were independent both under NYSE rules (7 out of 11) and under Dutch provisions (6 out of 11).

On April 5, 2023, Sergio P. Ermotti became Group Chief Executive Officer and President of the Group Executive Board of UBS Group, with which the Group has a lasting and significant relationship; as a result, the Board currently comprises 5 independent members out of 11. Meetings of the Board are generally followed

by an executive session, i.e. a meeting of the non-executive directors chaired by the Lead Non-executive Director, who reports thereon to the Chairperson.

BOARD DIVERSITY

Directors are appointed for one year by the general meeting on a binding nomination by the Board. Each director is appointed for a term ending at the close of the first annual general meeting following his or her appointment, and may be reappointed.

In December 2021, the Board adopted a Diversity Policy⁶ to ensure gender representation and diversity in the composition of the Board. The diversity policy is meant to ensure that the Board has sufficient diversity of views and the expertise needed for a good understanding of current affairs and longer-term risks, as well as strategic opportunities. Diversity also helps the Board to consider the nature and complexity of the Group's business activities and the social and environmental context in which the Group operates. According to the Diversity Policy, the Board's composition should also attempt to reflect the geographic spread of its business and the strategic orientations of the Group.

Notwithstanding the above, the selection of candidates for appointment to the Board is primarily based on merit. The Board and its Governance and Sustainability Committee consider and propose candidates who, in respect of (among other things) nationality or cultural background, age, gender, and educational and professional experience, bring an appropriate combination of skills and expertise demanded by the strategic orientation of the Group and the markets in which it operates.

In 2022, the Group met these diversity targets:

- Non-executive directors include directors with an Asian, European and/or North-American background (nationality, working experience or otherwise), consistent with the geographic presence of the Group's business;

- Non-executive directors have a strong and balanced diversity of skills and complementary expertise that elicits fruitful discussions and enables the Board to perform its oversight duties in the best interests of the Group;
- At least 30% of non-executive directors are women.

BOARD COMPOSITION⁷ BY AGE TIER AND GENDER

	Gender	Age Tier
Chairman & CEO		
Ermenegildo Zegna	Male	>50
Non-Executive Directors		
Sergio P. Ermotti	Male	>50
Andrea C. Bonomi	Male	>50
Angelica Cheung	Female	>50
Domenico De Sole	Male	>50
Ronal B. Johnson	Male	>50
Valerie A. Mars	Female	>50
Michele Norsa	Male	>50
Henry Peter	Male	>50
Anna Zegna	Female	>50
Paolo Zegna	Male	>50

ANNUAL EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS⁸

In accordance with the DCGC, the Board regulations, and the charters of the three committees, we instituted an annual evaluation of the functioning of the Board and the three committees. This also includes evaluations of the performance of the individual directors. For its first evaluation in 2022, the Board was assisted by an external firm with extensive experience in board assessments. They circulated a comprehensive questionnaire, inviting frank and open comments. This external firm also conducted individual interviews with directors.

The feedback from the questionnaires and interview was discussed among non-executive directors and shared with the Chairman and Chief Executive Officer.

The conclusion of the first assessment was positive overall, and highlighted the good diversity of skills and professional experience in the composition of the Board. The evaluations of the committees concluded that there was no immediate need to amend the size or composition of the Audit Committee, the Compensation Committee or the Governance and Sustainability

⁶ For more information see: [Diversity Policy for the Board of Directors of Ermenegildo Zegna N.V.](#)

⁷ For more information regarding the Board members, please refer to the Group's corporate site or to [ITEM 6. A Form 20-F](#).

⁸ For more information see: [Ermenegildo Zegna N.V. Board Regulations, 9. Annual evaluation of directors](#)



Committee, nor was there any reason to amend their charters. It was suggested that the Lead Non-executive Director be permanently invited to the meetings of the Governance and Sustainability Committee.

FOCUS: Governance & sustainability

Sustainability has been part of our ethos since inception. It is as much part of our history as the quality of our products. This carries over into everything we do, from the technology used to create products to the constant dialogue with customers and suppliers, shareholders, potential shareholders and analysts. In this regard, a policy on bilateral contacts with shareholders and other stakeholders has also been adopted by the Board and is available on the corporate site.

In accordance with DCGC and Board regulations, the Board, with the support of the Governance and Sustainability Committee, is continually working towards long-term value creation, taking into account business impacts on the economy, environment, and people, as described in this report.

Governance and Sustainability Committee

The Governance and Sustainability Committee advises the Board and acts under authority delegated to it by the Board with respect to:

- Drawing up the selection criteria and appointment procedures for directors of the Group;
- Periodic assessment of the size and composition of the Board and, as appropriate, making proposals for a composition profile of the Board;
- Periodic assessment of the performance of individual directors and reporting on this to the Board;
- Proposals to the non-executive members of the Board for the nomination and renomination of directors to be appointed by the shareholders;



- Supervision of the policy on the selection and appointment criteria for senior management and on succession planning;
- Monitoring, evaluating and reporting on the sustainable policies and practices, management standards, strategy, performance and governance globally of the Group and its subsidiaries;
- Reviewing the annual sustainability report of the Group before Board approval and reviewing any governance-related public disclosures.

In 2022, the Governance and Sustainability Committee consisted of Mr. Michele Norsa (Chairman), Mr. Ronald B. Johnson and Mrs. Angelica Cheung.

In 2022, three meetings of the Governance and Sustainability Committee took place. The Governance and Sustainability Committee supported the Board in carrying-out the directors' independence analysis

and the review of their continuation, both analyses being performed on an individual basis. In consultation with the Lead Non-Executive Director, the Governance and Sustainability Committee prepared the annual evaluation of the functioning of the Board and committees and of the individual performance of the directors, and preselected the external firm that has been in charge of it. In the field of sustainability, the Governance and Sustainability Committee assessed the sustainability strategy proposed by management and made recommendations thereon. It reviewed the sustainability report and assisted the Board in adopting a remuneration criterion based on sustainability commitments. It checked the status and key-performance indicators monitoring diversity, equity and inclusion. The Governance and Sustainability Committee reviewed the governance sections of the annual reports.

Other Sustainability Committees

Due to the relevance of sustainability as part of the Group's strategy (with new sustainability projects being initiated by the Group) two managerial committees were also established in 2022: Strategic Sustainability Committee and Operational Sustainability Committee.

The Strategic Sustainability Committee acts as a think-tank to identify new sustainability risks and opportunities, best practices and paths for innovation with a view to long-term value creation. It monitors industry and global trends in the field of sustainability.

The Operational Sustainability Committee is in charge of designing, implementing and monitoring progress of initiatives and projects created under the stimulus of the Strategic Sustainability Committee. These two managerial committees are composed of permanent members, chosen among CEO direct reports and other employees directly involved in the management and development of the Group sustainability strategy. Other internal or external experts in sustainability strategy are also invited to join the meetings of these managerial committees from time to time.

The Group Sustainability department is responsible for carrying out on a daily basis, the sustainability strategy, and identifying any potential projects and improvement areas to ensure the achievement of commitments made. Moreover, it engages with external and internal stakeholders, contributing to the spread of a sustainability culture in the Group. It is responsible for preparing the Sustainability Report, and, together with the Investor Relations team, is also responsible for managing sustainability ratings.

CONFLICTS OF INTEREST

The Board is responsible for dealing with conflicts of interest, and has adopted in its Board Regulations, measures to prevent conflicts of interest between the Group and any of its directors.

A director will not participate in deliberations and the decision-making process if such director has a direct or indirect personal conflict of interest with the Ermenegildo Zegna Group or an associated business enterprise. But, in a case where the Board would be unable to adopt a resolution because all directors are unable to participate in the decision-making process due to a conflict of interest, the resolution may nevertheless be adopted by the Board, disregarding the identified conflict of interests for the specific instance.

Conflicts of interest may arise from the Group's relationship with related parties. Related parties are defined as entities and individuals, including close family members, capable of exercising control, joint control or significant influence over the Group and its subsidiaries. Related parties include the Group's controlling shareholder. Ermenegildo Zegna Group's related parties also include associates and joint arrangements, members of the Board and executives with strategic responsibilities, and their families and entities controlled by them. The Group also adopted a Related party transaction policy aimed at identifying, analyzing and evaluating related-party transactions carrying a potential conflict of interest⁹.

⁹ Annually disclosed in [ITEM 7.B Form 20-F](#).



CLIMATE CHANGE RISKS AND OPPORTUNITIES

The Ermenegildo Zegna Group contributes to responsible and sustainable development, and recognizes the importance of fighting climate change and pursuing our business success by including climate-related issues in our long-term strategy.

Our operations are exposed to climate change factors, both physical (acute and chronic) and transitional (policy & legal, technology, market and reputation), and we are committed to demonstrating the resilience of our strategy in different climate scenarios. We have decided to start a project to analyze and assess the financial impact of certain climate-related risks and opportunities, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD framework is a risk-based model, recognized worldwide as good practice, devised by the Financial Stability Board to assess the robustness and adaptability of corporate strategy. The TCFD recommendations support companies both in assessing climate-related issues and in disclosing the right information to stakeholders.

With regard to the assessment and management of climate-related problems, we have started a benchmarking analysis to identify best practices in fighting climate change and to identify our gaps compared to TCFD requirements and industry best

practices. The benchmarking and gap analysis allow us to identify climate-related risks and opportunities relevant to our business.

Our operations involve high quality raw materials, such as precious wool and cashmere, which are particularly rare since they are obtained from specific animals, bred by local highly qualified farmers in only a few places. Many physical risk events due to climate change, such as higher temperatures, droughts and water stress, may reduce the quantity and/or quality of these raw materials. This could affect our business and our financial performance in the long term through higher operating costs if we cannot obtain suitable alternative raw materials by diversifying our supply chain.

The increased frequency and intensity of weather events (such as storms and floods) due to climate change could cause business interruptions at our factories (mainly located in Italy and Switzerland). These weather events could disrupt our supply chain, cause more frequent closures of our directly managed brick-and-mortar stores, and/or lost sales as customers prioritize basic needs. We must therefore monitor these risks and define in advance mitigation actions, and containment and recovery plans to safeguard the continuity of our business while impacting the environment as little as possible.

Another risk to our financial performance is emerging climate-related regulations. The fashion and luxury sector is one of the most polluting industries, since some traditional production processes have very high impacts on the environment. A growing number of governments are monitoring industry practices, and defining new climate-related regulations for companies, whether operating at home or exporting their products abroad. These new national and international regulations may hinder our efforts to enter certain markets and/or raise the cost of regulatory compliance.

In our addressing of climate change issues, we are committed to invest in R&D with the aim of producing new highly sustainable materials (e.g., non-oil synthetic materials) with lower environmental impact than traditional natural fibers and leather. This sustainable strategy could be seen as both an opportunity, as the Group may gain market share by attracting customers particularly committed to climate issues, and a mitigation action, as these new and sustainable materials may reduce the impact on our business of reduced quantity or lower quality of our traditional raw materials. Further, these investments could mitigate our risk exposure to possible future changes in policy and regulation related to climate change.

In addition, to proactively resist climate change and to increase our attractiveness to B2B and B2C clients, we are committed to reduce the impacts of our operations. This sustainable strategy will include both the use of renewable energy, reducing Group emissions from electricity and from combustion, and the introduction of more efficient and sustainable processes, from production in our factories to sales in our directly managed brick-and-mortar stores.

The Group is committed to do more to fight climate change and we will do so by aligning our governance, strategy and risk management process to the TCFD recommendations. The TCFD framework will also help us to evaluate both financial and reputational impacts on our business, and to evaluate the resilience of our strategy and daily operations. In particular, the Group will strengthen its ESG and climate practices by assessing climate-related risks and opportunities in the short, medium and long term, through scenario analysis. The climate pathway scenarios will draw on internationally recognized authorities (such as the International Energy Agency, the IPCC, WWF, BloombergNEF, etc), which use advanced statistical modeling to represent the state of the climate and to forecast climate policy and future socio-economic development.

CODE OF ETHICS

The Ermenegildo Zegna Group has adopted a Code of Ethics¹⁰, approved by the Board of Directors on December 17th, 2021 and published on the corporate website.

The Code of Ethics is applicable to the whole Ermenegildo Zegna Group and it applies to all directors, officers, employees and collaborators, and anyone who act or has business dealings with the Group.

The Group believes in and complies with the principles and values of legality, integrity, equality and impartiality, transparency, correctness and reliability, professionalism, confidentiality, human resources and human rights, health and safety, environmental protection, fair competition. In this regard, the Code of Ethics is the cornerstone of the Group governance model, aimed at disseminating and promoting such principles and values across the organization.

To incorporate such principles into the day-to-day business practices, the Group has adopted the Group Code of Conduct for Suppliers¹¹ as well as specific policies related to anti-corruption, anti-money laundering and sanctions, as well as diversity, equity and inclusion. In 2023, the Group has also established an antitrust compliance program and is working on a tax policy to set out the principles shaping Ermenegildo Zegna Group's responsibility to tax.

It is crucial to have an adequate system of reporting and investigating any suspected breaches of the Code of Ethics. The Group has thus adopted a Misconduct Reporting Policy, aimed at reporting any misconduct. By virtue of it, employees and any other third parties are required to report any suspected breaches of the Code of Ethics committed in the course of business activities. Whistleblowers are guaranteed and protected from any kind of reprisal, in accordance with the principles of transparency, traceability and confidentiality.

The Code is brought to the attention of employees and third parties in the most appropriate manner. It is available in English and the six other main languages spoken in the Group. An online training program is regularly provided to the employees to ensure proper understanding and adoption of virtuous behavior, in line with the prescriptions of the Code of Ethics. Employees are requested to inform third parties with which they have business dealings about the provisions of the Code of Ethics, requiring compliance.

The Compliance & Risk Management function, with the support of the Legal affairs and Human Resources functions, monitors the effective observance of the Code of Ethics and the execution of internal training activities.

The Group has in place a standardized process for the implementation, cascading and training of its policies, guidelines and procedures. Cascading and training activities to the different legal entities are implemented through the most appropriate communication tools and channels.

In 2022, the Ermenegildo Zegna Group had zero non-compliance issues with laws and regulations.

A section of the Code of Ethics is dedicated to the importance of an efficient and effective internal control system. Such a system is essential if business is to be conducted in accordance with the Code of Ethics. During 2022 the Compliance & Risk Management and Group Internal Audit departments strengthened the internal control system and auditing activities.



¹⁰ Code of Ethics document.

¹¹ Through the Suppliers Code of Conduct the Group shares with its suppliers a commitment to high ethical standards, including the respect of human rights. For more information please see chapter "SASB Report"

WHISTLEBLOWING



The Misconduct Reporting Policy¹², adopted in December 2021, is intended to encourage everyone working for, or with, the Ermenegildo Zegna Group to report any misconduct confidentially and without fear of reprisals. The policy sets out reporting procedures, including how these will be followed up, and how whistleblowers are protected.

The Group encourages an open culture and emphasizes the importance of employees and other interested parties raising any concerns to assess, investigate and gather additional information if required. To facilitate the receipt of whistleblowing reports, the Group has adopted the following channels of communication:

- Web portal with multiple languages available; and
- Dedicated phone line.

Both are hosted by an independent supplier and are available 24 hours a day, seven days a week, with multiple language available.

Under the Misconduct Reporting Policy, employee and any other interested party who becomes aware of misconduct (referred to as “whistleblower”) may file a misconduct report through one of the channels of communication mentioned above. Employee may also seek advice and/or report the alleged misconduct to his or her immediate supervisor or his or her relevant HR representative.

¹² Misconduct Reporting Policy

Whatever the selected channel of communication, the Group ensures that employees will not be dismissed, demoted, suspended, threatened, bullied, or, discriminated against in the workplace because they lodged a good faith misconduct report.

The Group takes every misconduct report seriously. In order to provide maximum transparency to the entire process, a cross-functional managerial committee has been established: the Ethics Committee. The Ethics Committee conducts the initial assessment and classifies all misconduct reports received, based on the description of facts, events, or circumstances. In case the report is not sufficiently detailed, the Ethics Committee is entitled to request the whistleblower, where feasible, to provide additional information.

The whistleblower is recommended to periodically access the web portal or the hotline to monitor the progress of the case or submit additional information or clarifications as may be required to investigate the reported matters. The web portal and the hotline are the exclusive communication channels between the whistleblower and the team investigating the case, which ensures full traceability of the investigation.

The Ethics Committee examines misconduct reports and decides whether the misconduct reporting was made in good faith or not;

it also decides whether to continue the investigation process. Depending on the circumstances, the investigation may be conducted by the internal audit department, with the involvement of other internal functions as necessary, or a third-party provider may be appointed. In 2022 no incidents of corruption or fraud and no illegal activities relating to behavior not in compliance with the applicable antitrust laws or monopoly practices were reported and detected after investigation across the Group.

The Audit Committee is systematically informed on any complaint regarding accounting, internal control of auditing matters and receives a periodic status update on the misconduct reporting activity.

DATA PRIVACY & CYBER SECURITY

The Ermenegildo Zegna Group endeavors to handle personal data with the utmost care and in compliance with applicable laws. The Group set up an internal data protection governance to ensure compliance with the standards of the EU General Data Protection Regulation and other national data protection regulations in the countries where the Group operates.

The Group therefore makes a priority of managing personal data collected in the course of its various business activities in a manner that strengthens the protection and security of all personal data collected against possible breaches.

Although the Group's IT systems are diversified, hosted in multiple server locations and supported by third-party cloud providers and a wide range of software applications adapted to the different regions and functions, the Group periodically assesses and implements actions to monitor and mitigate the risks inherent to these IT systems.

In addition, the Group implemented a robust set of policies and procedures to safeguard all the personal data. Among the initiatives that were taken, state-of-the-art technologies (Identity Governance,

Security Information Event Management and Compliance systems) have been adopted, in compliance with relevant applicable laws, access controls have been strengthened, and the IT systems are being monitored and tested on a regular basis to ensure that they remain secure and protected from cyber threats and data breaches.

The Group has also deployed across the entire organization a Security Education Platform to increase the level of employees' training and awareness of the matter, the Endpoint Management System and the Penetration Test, to assess and constantly raise the Group's level of protection in case of attacks.

The Group is committed to improving the accuracy and reliability of its services in order to minimize the risk of data breaches and protect the sensitive information of its customers, its employees and its stakeholders. With this aim, by taking a proactive approach to cybersecurity, the Group is currently developing additional initiatives for 2023 in terms of Governance, Security Architecture and Cyber Defense.

During FY 2022 we did not receive any substantiated complaints concerning breaches of customer privacy.

SOCIAL COMMITMENT



ERMENEGILDO ZEGNA GROUP PEOPLE



We are vertically integrated, in that much of our value chain is not outsourced but is part of the Group. Our workforce, with its artisanal and craftsmanship excellence, adds value to our brands (contributing to intellectual capital), while we are committed to improving their lives and the lives of those in the communities whence they come (contributing to human capital, social and relationship capital and guaranteeing human rights).

Our culture is inclusive and equitable, in the sense that no-one is discriminated on the basis of age, gender, sexual orientation, social and personal status, race, language, nationality, political opinions, union membership, and religious beliefs and all have the opportunity to improve themselves, to contribute to the Group, and to thrive in their craft or profession.

Being inclusive also means taking care of those who may be experiencing ill health,

or those who need special dispensation (e.g. for child bearing), and therefore our HR policies and commitments include promoting work-life balance, and promoting the general wellbeing of employees.

In 2022 we set ourselves on a “people path”, to be rolled out over the medium term (2-5 years):

- Reinforce virtuous behaviors that build a more inclusive culture;
- Grow a diverse and best-in class talent pool (enhancing management practices of delegation and accountability);
- Energize the workforce by enriching the employee experience;
- Anticipate and plan change to secure key capabilities that support business sustainability and growth;
- Enhance employees' and leaders' career journeys.

WORKFORCE

	At 31 December 2022	At 31 December 2021	Delta vs 2021
	Total	Total	
Employees	6,030	5,830	3.4%
Temporary employees ¹³	226	219	3.2%
Total	6,256	6,049	3.4%

As of year-end 2022, the Group had a total 6,030 employees, an increase of 3.4% from 2021. Our 226 temporary employees include personnel not on the payroll of the local branch of the Group, and generally recruited via temporary employment agencies.

EMPLOYEES BY GENDER

	At 31 December 2022					At 31 December 2021		
	Men	Women	Other	Not disclosed	Total	Men	Women	Total
Employees	2,331	3,683	1	15	6,030	2,256	3,574	5,830
<i>Delta vs 2021</i>	<i>3.3%</i>	<i>3.0%</i>	<i>N/A</i>	<i>N/A</i>	<i>3.4%</i>			
<i>% on the total</i>	<i>39%</i>	<i>61%</i>	<i>—%</i>	<i>0.2%</i>	<i>100%</i>	<i>39%</i>	<i>61%</i>	<i>100%</i>

Consistently with 2021, women still compose 61% of the overall headcount. The numbers of male and female employees increased at similar ratios in 2022. The gender categories Other and Not disclosed were introduced in FY 2022 in accordance to GRI Standards 2021.

EMPLOYEES BY EMPLOYMENT CONTRACT (FIXED TERM CONTRACT VS. PERMANENT CONTRACT), BY GENDER

	At 31 December 2022					At 31 December 2021		
	Men	Women	Other	Not disclosed	Total	Men	Women	Total
Permanent contract	2,241	3,535	1	14	5,791	2,165	3,469	5,634
<i>Delta vs 2021</i>	<i>3.5%</i>	<i>1.9%</i>	<i>N/A</i>	<i>N/A</i>	<i>2.8%</i>			
Fixed-term contract	90	148	0	1	239	91	105	196
<i>Delta vs 2021</i>	<i>(1.1)%</i>	<i>41.0%</i>	<i>N/A</i>	<i>N/A</i>	<i>21.9%</i>			
Total	2,331	3,683	1	15	6,030	2,256	3,574	5,830

In 2022 the Group employed a total of 2,331 men and 3,683 women; 96% of employees in both categories were on permanent contract, consistent with 2021 ratios. These high ratios reflect our commitment to invest in our people, to develop their professional skills, and to base the employer-employee relationship on a long-term commitment that promotes a stable work environment. The 2022 increase in women in fixed-term contracts (+43, from 105 to 148) is spread across several professional roles, and includes blue collar, white collar and retail personnel.

EMPLOYEES BY TYPE OF EMPLOYMENT (PART-TIME VS. FULL-TIME), BY GENDER

	At 31 December 2022					At 31 December 2021		
	Men	Women	Other	Not disclosed	Total	Men	Women	Total
Full-time	2,229	3,147	1	15	5,392	2,168	3,032	5,200
<i>Delta vs 2021</i>	<i>2.8%</i>	<i>3.8%</i>	<i>N/A</i>	<i>N/A</i>	<i>3.7%</i>			
Part-time	102	536	0	0	638	88	542	630
<i>Delta vs 2021</i>	<i>15.9%</i>	<i>(1.1)%</i>	<i>N/A</i>	<i>N/A</i>	<i>1.3%</i>			
Total	2,331	3,683	1	15	6,030	2,256	3,574	5,830

As of the end of 2022, about 11% of employees were working part-time. This shows that the Group is also able to offer flexibility to its workforce.

Our employee compensation combines a suitable balance of fixed and variable salary, allowing us to reward initiative and to promote talent, while ensuring a dignified salary package to lower-earning employees.

These matters are covered in detail in the Group's HR policies¹⁴. Salary rates are linked to those of the sector, with the aim of attracting and retaining the most high-performing, professional and talented people. Sales staff have been given specific remuneration packages that include KPI-linked incentives to foster high-performance standards.

¹³The term "Temporary Employees" is aligned with the definition used for the 20-F report of Ermenegildo Zegna Group.

¹⁴Zegna Responsibility document.

DIVERSITY, EQUITY & INCLUSION

We are grounded in the desire to embrace diversity in its many forms. We understand that there is value and cultural richness in diversity. Our brands are sold globally, and therefore we embrace how diversity can bring a global perspective to how we run our business and how we market our brands. We respect and celebrate the unique gifts of other cultures and communities.

For us, "inclusion" means fostering a welcoming and fair environment, encouraging employees to bring their authentic selves to work, to enjoy human connection and to contribute meaningfully to our purpose and vision.

Major initiatives executed in 2022, or planned for 2023:

- DE&I survey launched in 2022;

- Appointment of Group Head of DE&I in September 2022 - also part of the Group's ESG goals;
- DE&I policy¹⁵, approved by the Board of Directors in April 2023;
- DE&I training to 80% of employees by 2023 (including white collar, blue collars, sales) - also part of the Group's ESG goals;
- Councils and affinity groups to address DE&I related topics (e.g. ethnicity, gender, LGBTQ+, age) by 2023;
- By 2023, development of Talent acquisition & retention approach, according to DE&I strategy, to become an "equal opportunity employer" - also part of the Group's ESG goals;
- KPIs to measure progress with our gender balance in top and middle management positions, from 2023 onward.

WELCOME. WORKING FOR REFUGEE INTEGRATION

In 2022, immediately after the outbreak of the war in Ukraine, the Ermenegildo Zegna Group joined Camera Nazionale della Moda Italiana (CNMI) in supporting UNHCR, the United Nation Refugee Agency, through a significant donation providing aid to address the most pressing needs of the Ukrainian people.

As part of this initiative, the Ermenegildo Zegna Group also took part in the project "Welcome. Working for refugee Integration" with the aim to promote the broader involvement of the private sector, in conjunction with institutions and civil society organizations, in the inclusion of refugees in the labor market. The Group was among the companies that have promoted the employment of refugees. Starting from the second quarter of 2022 we have welcomed 23 refugees from Ukraine in our factories in Italy and Switzerland. Besides providing a permanent work opportunity, the Group has also liaised with local institutions and municipalities to facilitate their integration into an environment new for them.

¹⁵ For further information please see: [Diversity, Equity and Inclusion Policy](#)

BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY¹⁶ ACCORDING TO GENDER¹⁷

	At 31 December 2022					At 31 December 2021		
	Men	Women	Other	Not disclosed	Total	Men	Women	Total
Top management	96	28	0	0	124	98	24	122
Middle management	363	330	1	1	695	264	255	519
Office sole contributor	424	716	0	2	1,142	425	680	1,105
Retail personnel	996	990	0	6	1,992	1,039	1,030	2,069
Blue collar	452	1,619	0	6	2,077	430	1,585	2,015
Total	2,331	3,683	1	15	6,030	2,256	3,574	5,830

BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO AGE GROUP¹⁸

	At 31 December 2022					At 31 December 2021				
	<30	30-50	>50	Not disclosed	Total	<30	30-50	>50	Not disclosed	Total
Top management	0	63	60	1	124	0	59	61	2	122
Middle management	31	493	167	4	695	24	348	144	3	519
Office sole contributor	246	653	235	8	1,142	168	675	253	8	1,104
Retail personnel	438	1,333	221	0	1,992	456	1,405	208	0	2,069
Blue collar	202	934	804	137	2,077	172	924	807	113	2,016
Total	917	3,476	1,487	150	6,030	820	3,411	1,473	126	5,830

¹⁶ Employees in management positions were grouped into two separate categories: Top Management, i.e. positions mostly focused on group strategy design (e.g., CEO, Artistic Director, Group CFO, Group HR Director, Marketing Director, Head of Region etc) and Middle Management, i.e. positions responsible for executing functional strategy across the Team (e.g., HR Manager, Finance Manager, Retail Manager, etc).

¹⁷ As requested by the GRI Standards, percentages related to breakdown of employees per employee category according to gender are reported in the Annex section, together with data related to FY 2021 for comparison.

¹⁸ Due to local regulations in Turkey, it is not possible to classify employees according to their age. Employees based in Turkey are therefore reported as age group "Not disclosed".

Diversity, equity & inclusion learning

In 2022 we launched Zegna Voices, a survey that reached 86% of our employees¹⁹. This was a key milestone on our DE&I journey to better understand the perception of employees in terms of how diverse and inclusive of an employer we are. The survey also included interviews and workshops with top management. The survey findings have been used to help set our DE&I strategy for the short to medium term.

The main goal of the Group DE&I strategy is to strengthen its own culture, making it more resilient, supportive and inclusive for the Group's current and future employees.

We identified three global priorities:

1. Promote virtuous behaviors on the basis of DE&I principles, communicating with transparency and adhering to our values;
2. Nurture our people by developing their competences, and encouraging them to express their full potential, while giving them recognition for their achievements;
3. Foster a better work-life balance, supported by management practices and behaviors, across Group offices and sites worldwide.

The Group is committed to training at least 80% of employees by the end of 2023²⁰ on the following topics:

- Meaning of diversity, equity and inclusion (i.e. understanding these terminologies applied to daily work activities and behaviors);
- Meaning of Allyship: what it means to be an ally and to actively support one another at work;
- Creating awareness on language and conscious/unconscious bias as barriers or bridges to inclusion.

We identified the above themes after having conducted workshops with employees, exploring the types of behaviors that may make others feel included or excluded.

¹⁹ The remaining 14% has already been surveyed.

²⁰ In selected countries (e.g. USA), employees have already completed mandatory DE&I training, according to federal regulations.

Discrimination cases

We promote and safeguard respect for human dignity; we reject discrimination based on age, gender, sexual orientation, social and personal status, race, language, nationality, political opinions, union membership, and religious beliefs. This principle of non-discrimination underpins our Code of Ethics and our HR policy. (Note: the Group reserves the right to use its judgement in hiring, promoting, and disciplining its employees, in keeping with laws and regulations, and on the basis of what is good for business and for the vision of the Group.)

In 2022, the Group managed a total of 13 incidents related to discrimination (including 7 new claims occurred in the reporting year), of which 10 have been closed at the present date while 3 are currently being reviewed.

Remediation plans being deployed:

- The Misconduct reporting policy was adopted in December 2021 and is publicly available;
- Wherever incidents were reported, they were escalated to the local head of HR and to the most appropriate senior supervisor in the given circumstances; and — according to the severity of the case and the level of management involved in the alleged misconduct — further investigated under the direct supervision of the Group Head of HR and Internal Audit functions;
- We implemented a systematic campaign of regular trainings and workshops at local level to promote awareness and sensitivity to behaviors that could be considered discriminatory.

WELFARE & EMPLOYEES' HEALTH & SAFETY

Pursuing the legacy of our founder, we promote the wellbeing of employees, as well as a sense of belonging and engagement.

63% of all our employees and temporary employees around the world are covered by collective bargaining agreements. These regulate relations between employers and workers and facilitate agreement on working conditions. Moreover, the Ermenegildo Zegna Group offers welfare packages to all eligible employees, the terms of which vary depending on local requirements.

The benefits of our welfare packages cover a wide range of services: medical care, crèches (depending on local availability), company canteens, meal vouchers, discounts (e.g. for travel), parking, and grocery shopping, to name some. We also offer benefits related to the Zegna online store. We hold summer camps (e.g. the Oasi Zegna Camp) in various locations, catering for children and young adults.

Wellbeing is a priority. We offer, where possible, the opportunity to work remotely according to employees' job tasks and local regulations. The Group provides its people with a wide range of psychological and medical services. These include a healthcare fund for Italy-based employees; and certain medical benefits (including free checkups on specific prevention issues) for Switzerland-based employees. For employees based in Switzerland and

Italy, the Group has partnered with a local health center to provide additional benefits for employees and their families, including care for the elderly, and support services to enhance family wellbeing.

In 2022, we concentrated on the theme of family, through a series of tailored initiatives. For instance, in China we extended insurance to employees' children. In some of our US offices, our family-oriented program provides resources for nursing mothers.

For employees with children between 10 and 16 years of age, we provide an online course on potential risks of the digital world. This includes supportive counseling and one-on-one coaching.

The Thom Browne brand offers extended parental benefits for its employees in the US, Switzerland, and Macau, which go beyond local legal requirements. For example, in 2022 Thom Browne extended paid sick leave (from 5 to 7 days), and in August 2022 implemented the Global Wellness Month initiative, promoting workouts, healthy eating habits, travel and time off, and in-office yoga for all employees.

Among the most significant steps taken by the Group, and an example of an effective welfare initiative, is My Zegna World, dedicated to employees of Zegna in the Italian and Swiss offices.

My Zegna World aims to improve employee welfare in four areas: financial matters, free-time activities, health, and safety. Through this platform, Italian employees can participate in Caro Vita, a program to help employees deal with the rise in the cost of living. We do so by providing eligible employees with funds to deal with the higher prices of necessities (groceries, energy, medical services, etc).

Health and safety is fundamental. All employees are protected by business travel insurance, which covers urgent medical expenses during trips on behalf of the Group. Most importantly, they are protected from accidents occurring in the workplace, thanks to various comprehensive preventive measures.

We have taken many steps to prevent accidents. We work with experts to identify hazards and apply mitigation measures, and also comply with local health and safety

regulations. Regular internal and third-party health and safety verifications are performed.

We regularly check stairs for damage, and keep surfaces clean and safe. We have introduced signs to encourage the use of handrails when using the stairs.

Falling objects are a common hazard for employees working in warehouses. We are reducing these incidents by fixing all shelves to the wall or floor, specifying maximum permissible load, and ensuring the proper storage of materials.

Employees can refer to the elected workers' representatives for any matters, including raising concerns, related to health and safety. Relevant information, including the organizational structure in place to manage this topic, is spread to all workers through training courses and direct communications with representatives.





Further, in the Italian offices and production sites, according to the local legislation, an appointed manager (RSPP), in charge of accident prevention and safety protection in the workplace, has the task of performing inspections which are recorded in dedicated reports. Inspections cover all areas and work activities, and risk assessments are updated as required, based on the results.

Our attention to health and safety is demonstrated by the low overall rate of work-related injuries. Considering that the business is heavily involved in manufacturing, our injury rates are relatively low, and very low for serious injuries. No fatalities were recorded in the present and previous reporting periods. Most injuries are related to minor wounds caused by the use of working tools such as craft knives and sewing machines. Others, included the single case of high-consequence injury, occur during the use of carts and staircases.

The Italian production sites of In.Co S.p.A.²¹ are ISO 45001 certified. The production sites of Consitex S.A. and ISMACO TEKSTIL LIMITED SIRKETI have adopted an H&S monitoring system and the Group is working to get the ISO 45001 certification by the end of 2024. Lastly, Dondi, Bonotto, Tessitura Ubertino and Cappellificio Cervo, have adopted an H&S monitoring system.

Training is mandatory for all new joiners and updates are provided periodically, and when there are changes in legislation. Additionally, for activities with particular tasks, on the job training is provided.

A health protocol is defined by an occupational physician, who carries out periodic examinations and assessments to monitor workers' health status.

²¹ The newly opened production site of In.Co in Parma is in the process of achieving the certification ISO 45001.

WORK-RELATED INJURIES²²

	2022		2021	
	Number	Rate	Number	Rate
Total number of work-related injuries for employees	54		34	
Of which fatalities as a result of work-related injuries	0	0.00	0	0.70
Of which high-consequence work-related injuries (excluding fatalities)	1	0.02	1	0.00
Of which recordable work-related injuries	53	1.04	33	0.00
Total number of work-related injuries for temporary workers	2		N/A	N/A
Of which fatalities as a result of work-related injuries	0	0.00	N/A	N/A
Of which high-consequence work-related injuries (excluding fatalities)	0	0.00	N/A	N/A
Of which recordable work-related injuries	2	1.04	N/A	N/A

The number of hours worked by employees²³ in FY 2022 were 10,229,435, against 10,260,800 in FY 2021.

During the reporting year the Group started gathering data on health and safety of temporary employees. The total number of hours worked by temporary workers was 276,310.

²²The rates of recordable work-related injuries, high-consequence work-related injuries, and fatalities as a result of work-related injuries are calculated by dividing the total amount of high-consequence work-related injuries and fatalities by the total amount of hours worked, multiplied by 200,000.

²³ When accurate data were lacking, an estimate was made.

TALENT MANAGEMENT



The Ermenegildo Zegna Group understands that talent is a strategic asset and a competitive advantage for achieving long-term business success. Our aim is to achieve global talent capacity and diversity through best-in-class recruiting, leadership, accountability, career development, and succession planning in order to boost people's competencies and skills, while preserving artisanal skills and specific know how.

Talent development

To pursue our objective we have in place two structured process: Performance Management Program (also PMP) and People Review. Performance Management Program includes defining objectives and priorities at the beginning of the year, then providing ongoing feedback, with a final evaluation at year-end.

Our annual People Review process helps us invest in, nurture and retain the most talented people. This process identifies

internal talent to meet tomorrow's challenges. Another aspect of the process is to encourage employees to reflect on their strengths and on areas for improvement.

The process also helps us to identify future leaders, and with our succession plans to fill key posts.

The Group is committed to clearly defining the organizational evolution of its talent, supporting career growth through a tailor-made development plan, and leveraging on-the-job training (as well as other training initiatives and special projects).

Each year we measure and review our progress in offering a stimulating and empowering work environment, with the aim of enabling employees to realize their full potential, while promoting diversity and equal opportunities. Finally, we monitor the retention of talent, internal mobility, and the ability of the Group to place the right people in key positions.

PERCENTAGE OF EMPLOYEES WHO RECEIVED REGULAR PERFORMANCE AND CAREER DEVELOPMENT BY GENDER AND EMPLOYEE CATEGORY

	At 31 December 2022				Total
	Men	Women	Other	Not disclosed	
Top management	90%	82%	—%	—%	88%
Middle management	66%	58%	100%	100%	62%
Office sole contributor	29%	27%	—%	—%	27%
Retail personnel	9%	5%	—%	—%	7%
Blue collar	8%	2%	—%	—%	3%
Total	25%	13%	100%	7%	18%

Data is calculated considering the employees who received a review during FY 2022 on the total of employees at 31.12.2022; new hires that entered the company following to the 2022 performance review sessions will receive a review during FY 2023. Moreover, all the retail personnel of the Group regularly receives, during the course of the year, timely evaluations by store managers to improve their performance against assigned KPIs.

EMPLOYEES NEW HIRES AND TURNOVER

	At 31 December 2021	2022		At 31 December 2022
	Employees	Employees turnover	Employees new hires	Employees
Total	5,830	1,346	1,546	6,030
Men	2,256	567	642	2,331
Women	3,574	774	883	3,683
Other	0	0	1	1
Not disclosed	0	5	20	15

EMPLOYEES TURNOVER²⁴ BY AGE GROUP²⁵, GENDER

	At 31 December 2022				
	Men	Women	Other	Not disclosed	Total
Total	567	774	0	5	1,346
<30	173	195	0	0	368
30-50	308	404	0	0	712
>50	77	162	0	0	239
Not disclosed	9	13	0	5	27

EMPLOYEES NEW HIRES BY AGE GROUP²⁶, GENDER

	At 31 December 2022				
	Men	Women	Other	Not disclosed	Total
Total	642	883	1	20	1,546
<30	267	363	1	3	634
30-50	326	429	0	5	760
>50	42	57	0	1	100
Not disclosed	7	34	0	11	52

In a very dynamic backdrop for talent management in the industry, we observed a turnover of 22% during 2022 that is the result of 1,346 exits more than compensated by the 1,546 new hires. The Covid-19 pandemic in the Greater China Region, along with the transformation of the Group with the listing and the launch of the One Brand strategy, have been the key factors. For the Group, this was also an opportunity to start rebalancing the gender and age mix: 57% of the new hires in 2022 were women of which close to 90% below 50 years of age. Overall, over 40% of the newly hired employees were aged below 30. These initiatives were enacted during the course of 2022 and their full impact will be more evident in 2023.

²⁴ Data for 2021 is not disclosed as not collected in former year of reporting

²⁵ It is not possible to classify employees based in Turkey according to their age: due to local regulations the data is not available. Employees based in Turkey are here reported as age "Not disclosed".

²⁶ It is not possible to classify employees based in Turkey according to their age: due to local regulations the data is not available. Employees based in Turkey are here reported as age "Not disclosed".

Learning

The Group supports employees' career progression, with consideration for skills vital to our business. We aim not only to re-skill or upskill our people, but also offer the opportunity for rewarding interactions among employees. These are occasions for internal networking, with employees given the chance to talk about their work experience with those from other areas of the business.

In designing training and development paths, we consider various factors: the personality and aptitude of participants, and role and level of seniority. Programs are tailored to needs, and range from group training to individual coaching.

An important goal for 2022 was to facilitate conversations between the leadership team and the rest of the organization. To this end, we launched a pilot mentoring program to support employees in developing their leadership skills and increase the ability to navigate a complex organization as well as foster networking among employees.

In 2023 we plan to update our development path, in line with gaps and weaknesses identified in the current iteration.

AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY

	At 31 December 2022
	Total
Top management	6.59
Middle management	6.34
Office sole contributor	4.78
Retail personnel	10.37
Blue collar	2.47
Total	6.05²⁷

Training time is equally divided between mandatory and non-mandatory training. In addition to H&S, compliance, job role induction, and technical-product training based on job description, we also provided training in cyber security. Moreover, in order to improve the soft skills of our employees, we have delivered training on coaching on performance management for our managers. Training was delivered both face-to-face and remotely. So as to guarantee excellence in our selling experience, our retail personnel receive the most hours of training. Due to the highly skilled nature of the work, the Group offers continual on-the-job training to blue collar workers, which is not officially recorded in our management system.

²⁷ For FY 2022 it was not possible to track the breakdown of hours of training by gender. The Group is working to improve the tracking of training data.

ACCADEMIA DEI MESTIERI

Accademia dei Mestieri (Italian for “craft academy”) is an Ermenegildo Zegna Group vocational training project. It focuses on skills and expertise in textiles, clothing and leather goods, and is part of our sustainable growth strategy to ensure excellence and innovation in our manufacturing.

Accademia collaborates with professional schools and institutes, and with other companies in the sector, to improve our manufacturing and improve the industry at large.

Needs of the industrial context

Accademia helps us to meet several objectives:

- Attract specialist professionals;
- Close the gap between school and the specialized skills needed in manufacturing;
- Identify motivated young people willing to undertake a career in the industrial or manufacturing sector;
- Up-skill or re-skill our own employees; and
- Take advantage of intergenerational exchange: experienced employees (and outside experts) pass on technical expertise to newer and less-experienced staff.

Accademia is exploring ways to diversify the workforce (and grow the manufacturing talent pool from which we draw our employees) and to forge stronger relationships with territories where the Group operates.

ACCADEMIA IN 2022

Analysis and design:

In 2022 we set up a new departmental function: Talent, Corporate Learning and DE&I, whose responsibilities include the design of Accademia activities.

The technical training carried out in 2022 was mainly for employees based in Italy and Switzerland. All activities were consistent with Accademia's mission, which will be officially launched in 2023.

Activities:

In 2022, Accademia delivered 13,205 training hours to 121 people, with a focus on two main themes:

- Professional orientation for young people; and
- Professional training and upskilling for adults.

Details of these activities are shown as follows.



1. Professional orientation for young people

Collaboration with	ITSTAM (Istituto Tecnico Superiore Tessile Abbigliamento Moda: Biella, Italy) ITIS Quintino Sella: Biella, Italy Master delle Fibre Nobili: Biella, Italy STA (Scuola Specializzata di Abbigliamento e di Design della Moda) Lugano, Switzerland
People involved	15
Under 35	100%
Women	71%
Commitment	8,025 hours of training on the job delivered by internal employee to students of public and private schools
Collaboration with	IPSIA Istituto Bellini: Novara, Italy SAMS (Scuola d'Arti e Mestieri della Sartoria) Lugano, Switzerland
People involved	32
Under 35	100%
Women	91%
Commitment	Hosting classes of two public schools and providing them with technical training materials.

2. Professional training and upskilling for adults

Collaboration with	APL (Agenzie Per il Lavoro), Italy
People involved	Hand Linking Accademia: Biella, Italy Industrial Sewing Accademia: Novara, Italy Shoes Finishing Accademia: Parma, Italy
People involved	74
Under 35	21%
Women	82%
Commitment	4,124 hours of formal training and training on the job delivered by internal employees and external experts to external temporary staff.

ENVIRONMENTAL COMMITMENT



CLIMATE

Safeguarding the environment is one of our founding values and fundamental obligations. We continue to focus on reducing our environmental footprint, and contributing to the energy transition towards renewable, stable and independent energy sources.

In the course of 2022, we continued meeting such results by:

- Increasing the amount of electricity purchased from renewable sources, from 22% to 46%;
- Increasing the amount of certified traceable and lower-impact raw materials, from 16% to 25% of top priority raw materials;
- Refining our carbon footprint scope 3 calculation for categories 3, 4, 7, 9, 12 and 15. We obtained a more accurate representation of emissions generated by our energy-related activities, our upstream and downstream transportation and distribution, but also by our employee commuting and the end-of-life treatment of our products. We also extended the analysis of indirect emissions correlated with minority stakes (outside of the Group perimeter consolidation) in other companies.

The Group has responded for the first time to the CDP²⁸ climate change questionnaires, receiving a C score. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. A CDP score ranging from D- to A provides a snapshot of a company's disclosure and environmental performance.

Science-Based Targets initiative (SBTi)²⁹

In 2022, the Ermenegildo Zegna Group committed to setting science-based emission reduction targets, submitting our targets proposal to the Science-Based Targets initiative (SBTi). In May 2023, the SBTi has verified Ermenegildo Zegna NV's net-zero (both near- and long-term) science-based target by 2050.

Overall Net-Zero Target

Ermenegildo Zegna N.V. commits to reach net-zero greenhouse gas emissions across the value chain by 2050 from a 2021 base year.

Near-Term Targets

Ermenegildo Zegna N.V. commits to reduce absolute scope 1 and 2 GHG emissions 50.4% by 2032 from a 2021 base year.

Ermenegildo Zegna N.V. also commits to increase active annual sourcing of renewable electricity from 22% in 2021 to 100% by 2027.

Ermenegildo Zegna N.V. further commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, employee commuting, and investments 50.4% by 2032 from a 2021 base year.

Long-Term Targets

Ermenegildo Zegna N.V. commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2021 base year. Ermenegildo Zegna N.V. also commits to reduce absolute scope 3 GHG emissions 90% within the same timeframe.



²⁸ For more information on CDP please follow this [link](#).

²⁹ The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050. The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. For more information on SBTi please follow this [link](#).



In July 2022, the Ermenegildo Zegna Group announced that it has entered into a number of bilateral financing agreements for a total amount of €190 million. These are committed revolving lines for a period of 7 years, with the pricing linked to two ESG targets, already disclosed by the Group:

1. At least 50% of top priority raw materials traced to their geography of origin and from lower impact sources by 2026;
2. 100% of purchased electricity from renewable sources in Europe and the US by 2024.

Thanks to this ESG credit facility, the Group will further consolidate its already sound liquidity position, and further integrate sustainability commitments into business and financial goals. These agreements follow from our first sustainability-linked loan signed with Intesa Sanpaolo bank in 2018.

Finally, as part of the Group's commitment as a signatory of the Fashion Pact³⁰, in December 2022, together with 11 other brands, we announced our participation in the Collective Virtual Power Purchase Agreement (CVPPA). The project aims at expanding renewable energy use in Europe by adding new renewable energy capacity to the grid in the immediate future, as well as kick-starting a larger energy transition throughout the fashion industry. The CVPPA is an important step towards reducing our scope 2 emissions. Collective action is crucial to ensuring that we meet our sustainability goals, and this project is one example of our willingness to cooperate with other brands to make meaningful changes.

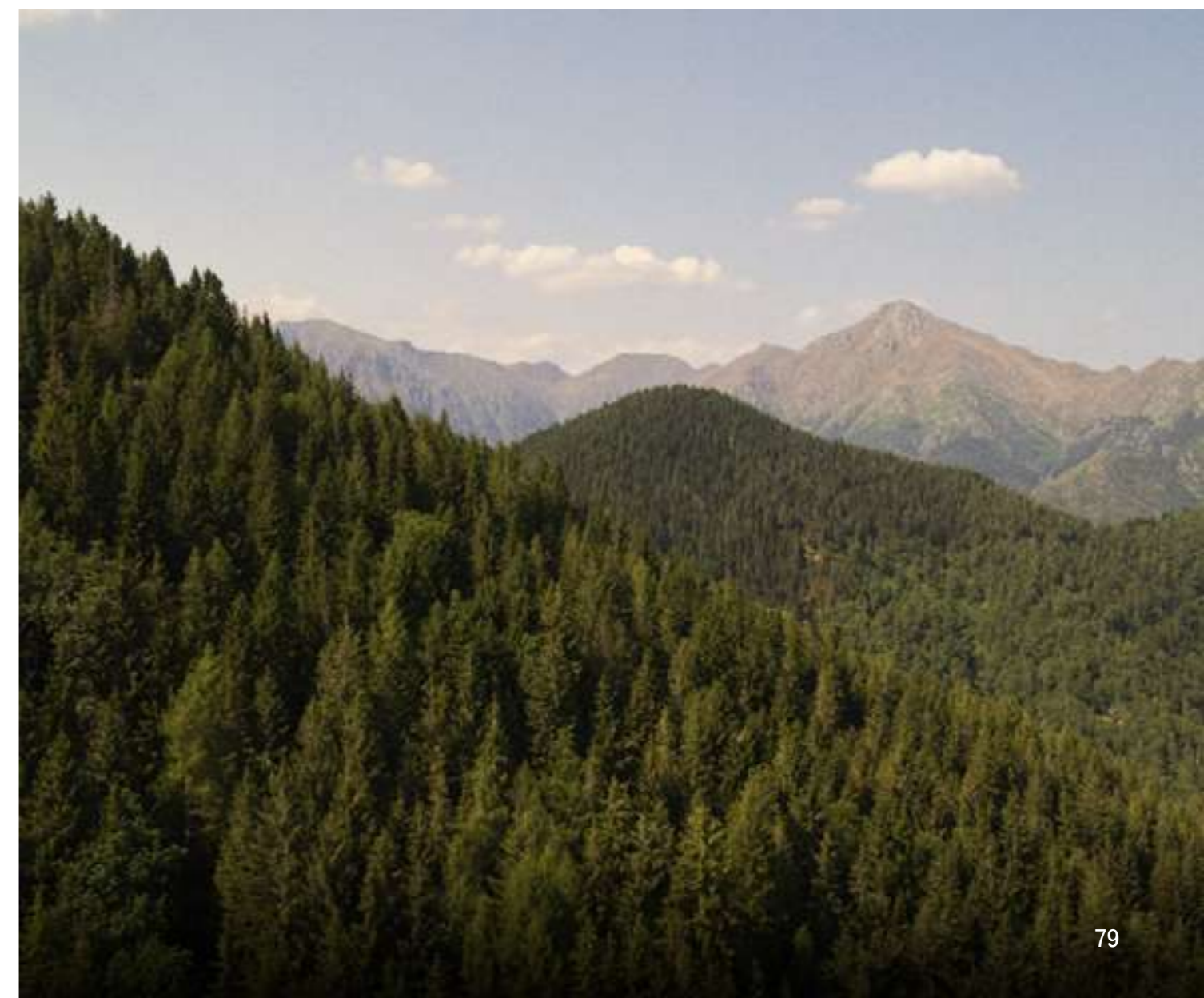
Our energy consumption and emission

To reduce our energy consumption we are implementing programs at our offices and production sites, as well as across our internal logistics network and retail facilities.

We have identified (and in some cases already started implementing) several initiatives in response to the 2022 winter energy crisis. For example, the *Saving energy in Europe project*, which primarily focuses on reducing energy consumption and GHG emissions from our production facilities, headquarters and retail stores; with the target to reduce energy consumption by 10% (at constant production volumes). We had various actions to do so, including: replacing standard light bulbs with LED-technology, changing thermostat thresholds (lowering the heating threshold in winter, raising the cooling threshold in summer) according to Italian legislation, which is among the strictest in Europe, and extending such conservative settings to offices, stores and warehouses in other European countries.

One of the flagship elements of the project is the dedication that the Group has put into energy and cost-efficient technical investments, such as the adoption of a new photovoltaic system at one of the Group's production site, and a new heat pump at the Milan headquarters. The Group's efforts have not only led to significant cost savings but have also demonstrated the Group's commitment to sustainability and environmental stewardship.

One of our key initiatives was enhancing energy-saving for lighting; adjusting shop lighting to turn on only when needed, and turning off window lighting when not needed.



³⁰ The Group is among the initial signatories at the inception of the Fashion Pact, in August 2019.

Energy Employee Initiative Contest

The Energy Employee Initiative Contest is aimed at employees at the Zegna brand and Lanificio Ermenegildo Zegna. This initiative is focused on the optimization of energy consumption related to the use of electricity for digital devices, office lighting, and heating (both at work and at home). It also extends its approach to reduction of water consumption.

The Zegna Internal Communication team engaged more than 5,000 colleagues through quizzes and personal stories, discovering the best sustainable practices, and selecting “heroes for zero” from the best entrants. Thanks to contributions from every level of the organization, the initiative proved to be successful, achieving its goal of conveying the message that all significant additions are valid.

ENERGY CONSUMED BY THE GROUP (GJ)

	2022	2021
Non-renewable fuels	147,964	148,860
Of which natural gas	132,146	132,516
Of which gas oil	2,982	3,039
Of which diesel	11,848	12,106
Of which petrol	988	1,199
Renewable fuels	0	0
Heat purchased from co-generator	30,251	22,374
Energy from electricity	171,257	187,912
Electricity self-produced and consumed from renewable resources	1,236	1,610
Electricity purchased	170,021	186,302
Of which from non-renewable resources	92,666	146,116
Of which from renewable resources	77,355	40,186
Total energy consumed	349,472	359,146

ENERGY SELF-PRODUCED AND SOLD FROM RENEWABLE RESOURCES (GJ)

	2022	2021
Electricity self-produced and sold from renewable resources	1,393	11,780

ENERGY INTENSITY RATIO (GJ/k € revenues)

	2022	2021
Total energy consumed (GJ)	349,472	359,146
Total revenues (k €)	1,492,840	1,292,402
Energy intensity ratio (GJ/k €)	0.234	0.278

In 2022, we consumed 349k GJ of energy, compared to the 359k GJ in 2021. Energy consumption consisted of non-renewable fuels (natural gas, diesel and gasoline) for about 148k GJ, heat for about 30k GJ and electricity for about 171k GJ.

Natural gas is the main fossil fuel we consume (132k GJ), used for the most part in the production processes of the Group, and partially for heating of offices and warehouses. In 2022, consumption of natural gas remained stable with respect to 2021. Gas oil consumption in 2022 has slightly diminished since 2021 (2,982 GJ), and it has been mainly employed for testing back-up power. The self-production and sale of renewable energy has decreased in 2022, due to the reorganization of the Group in 2021 in preparation of the IPO, and the exit of EZ Real Estate, owner of the hydroelectric power generation.

Fossil fuel, in this case mainly diesel, was also used for transportation, accounting for almost 12k GJ. Fuel consumption is calculated taking yearly mileage of vehicles into account. On this, the Group in early 2021 established a strategic partnership with Stellantis Group with the goal of replacing all leased corporate vehicles with plug-in hybrid (PHEV) or full-electric (BEV) vehicles by 2025. In respect to this commitment, we achieved a coverage of 21% in 2022; the replacement of vehicles was slowed by delays in new vehicle deliveries. During the year, an additional 15 charging stations (capable of charging 25 vehicles) were installed, for a year-end total of 39 units.

The amount of heat (30k GJ) purchased in 2022 was sourced directly from a co-generator plant adjacent to Lanificio Ermenegildo Zegna. The heat is then used to warm up water and produce steam that is employed in the dyeing and finishing processes.

	Electricity consumption (GJ)	Electricity consumption from renewable resources (GJ)	%
USA	6,885	0	—%
Europe	107,538	78,481	73%
Rest of the world	56,834	110	0.19%
Total	171,257	78,591	46%

The Group's electricity consumption amounts to 171k GJ, roughly equivalent to 49 GWh. Of this amount, about 1k GJ (about 343 MWh) are produced by solar panels systems installed on factory roof-tops, while the remaining 170k GJ are purchased from the grid. Of this 170k GJ, 77k GJ comes from renewable sources, purchased through Guarantees of Origin in Europe. In respect to our commitments for the consumption of electricity from renewable sources, we are at a 69% achievement on our target for 100% electricity from renewable sources in Europe & US by 2024, and 46% achievement on our Group Target of 100% renewable electricity by 2027.

THE GROUP'S CARBON FOOTPRINT

EMISSIONS - SCOPE 1 & SCOPE 2 (tCO₂e)

	2022	2021
Total emissions scope 1	7,864	7,882
Total emissions scope 2 (location-based)	18,588	20,856
Total emissions scope 2 (market-based)	12,339	19,105
Total emissions scope 1 & scope 2 (location-based)	26,452	28,738
Total emissions scope 1 & scope 2 (market-based)	20,203	26,987

GHG EMISSIONS INTENSITY RATIO (in kgCO₂e/k € revenues)

	2022	2021
Total emissions Scope 1 & 2 (tCO ₂ e) ³¹	26,452	28,738
Total revenues (k €)	1,492,840	1,292,402
GHG intensity ratio (tCO₂e/ k €)	0.018	0.022

The Group began formally assessing carbon emissions in 2021.

Scope 1 refers to the emissions directly generated by the Group from operations that are owned or controlled by the organization. With respect to Scope 2, indirect emissions are derived from electricity, steam, heat or cooling purchased and consumed by the organization.

Scope 2 emissions can be calculated with two different methods: location and market-based. The location-based method reflects the average emissions intensity of national grids on which the energy consumption of the Group occurs. A market-based method reflects emissions from electricity that Ermenegildo Zegna Group have purposefully chosen.

In 2022, scope 1 + scope 2 market-based CO₂e emissions are equal to 20,203 tonnes of CO₂e leading to an emission decrease of 25%, compared to 2021.

The Group's scope 1 emissions, which have slightly decreased in 2022 compared to 2021, include emissions deriving from the use of natural gas, diesel, gas oil and petrol. Conversely, scope 2 emissions, which include the use of purchased electricity and steam, decreased compared to 2021 by 11% (location-based approach) and 35% (market-based approach). This is due to a decrease in consumption of energy from electricity, as well as growth in the share of consumed energy from renewable sources.

³¹ Total Emissions Scope 1 & Scope 2 (Location-based)



SCOPE 3 EMISSIONS

Scope 3 emissions are the result of activities from assets not owned or directly controlled by Ermenegildo Zegna Group, but that are indirectly generated upstream and downstream along our value chain.

In 2022, the Group updated its scope 3 carbon emissions calculation methodology, except for category 11 (Use of sold products), not applicable to Group products, and for category 13 (downstream leased assets), no longer relevant after EZ Real Estate exited the Group in November 2021.

As aforementioned, the Group updated its scope 3 emissions calculation methodology. We refined the calculation for emissions related to purchased goods and services (category 1) by using an additional emission factor database called Idemat 2023, for new categories of purchased materials that were added to the calculation in 2022. The calculation methodology for emissions related to fuel and energy-related activities not included in scope 1 and 2 (category 3) was revised by switching to the Quantis Scope 3 Evaluator database. Whereas, the source of emission factors for the calculation of emissions associated with upstream T&D (category 4) was changed to the GLEC 2019 database, and the methodology for assessing the emissions associated with the category was refined. We also reviewed the calculation of emissions associated with employee commuting (category 7) by collecting primary data via a survey sent to our employee. We refined the calculation of emissions related to the end of life of sold product (category 12), using actual data on sales. Following a calculation and reclassification update, Category 9 (downstream T&D) now includes emissions generated by the transportation (controlled by third-party entities) of fabrics produced by the Group and sold to third parties, as well as estimated emissions generated by the energy consumed by multi-brand stores (wholesale). Differently from other scope 3 categories, category 9 emission estimates are all determined by third-party entities unknown to the Group and outside its indirect control. Finally, Category 15 was assessed both for 2021 and 2022 through the Quantis Scope 3 Evaluator database.

According to our analysis, scope 3 emissions for 2022 were 253,907 tonnes of CO₂ equivalent. The table below shows the emissions for each category.

Purchased goods and services accounts for around 69% of the total. Capital goods responsible for around 6% of overall emissions, followed by upstream transportation, downstream transportation and by the Group's investments, which both account for about 5% each of estimated scope 3 emissions.

The remaining categories cumulatively account for about 10%.

GHG EMISSIONS INTENSITY RATIO (kgCO₂e/k € revenues)

	2022	2021
Total emissions Scope 3 (tCO ₂ e)	253,907	215,584
Total revenues (k €)	1,492,840	1,292,402
GHG intensity ratio (tCO₂e/ k €)	0.170	0.167

Process / Activity - tCO ₂ eq	EMISSIONS - SCOPE 3 ³² (tCO ₂ e)	
	2022	2021
1. Purchased goods and services	174,674	124,503
2. Capital goods	16,482	34,473
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	5,277	5,674 ³³
4. Upstream transportation and distribution	11,854	10,639 ³⁴
5. Waste generated in operations	57	184
6. Business travel	2,105	835 ³⁵
7. Employee commuting	5,600	4,719 ³⁶
8. Upstream leased assets	4,071	5,215
9. Downstream transportation and distribution	13,400	12,562 ³⁷
10. Processing of sold products	2,756	1,839
11. Use of sold products	NA	NA
12. End-of-life treatment of sold products	493	364 ³⁸
13. Downstream leased assets	0	0
14. Franchises	5,421	2,856
15. Investments	11,717	11,721 ³⁹
Total scope 3 GHG emissions	253,907	215,584

³² Purchased goods and services emission factors are based on the Ecoinvent v 3.7.1 database, Idemat Database, representative literature and EUROSTAT (Environmental-extended input output tables, EEIO). Category 2 (capital goods) emission factors are based on EUROSTAT (EEIO). Category 4 (upstream transportation and distribution) emissions factors are taken from GLEC 2019 Database. Category 5 (waste generated), category 6 (business travel), category 7 (employee commuting) and category 12 (end-of-life treatment of sold products) emission factors are based on DEFRA, UK Government GHG Conversion Factors for Company Reporting (2022). Category 3 (fuel and energy related activity), category 8 (upstream leased asset), category 9 (downstream transportation and distribution), category 13 (downstream leased asset), category 14 (franchise) and category 15 (investments) emissions are calculated using Quantis' Scope 3 Evaluator. Category 10 (processing of sold products) emission factors are based on the Ecoinvent v 3.7.1 database.

³³ Emissions associated to the category 3 were recalculated by switching to Quantis Scope 3 Evaluator

³⁴ Emissions associated to the category 4 were recalculated by considering WTW emissions and by modifying the emissions associated with the category by refining the calculation methodology.

³⁵ Emissions associated to the category 6 were recalculated by considering WTW emissions.

³⁶ Emissions associated to the category 7 were recalculated by considering WTW emissions.

³⁷ Emissions associated to the category 9 were recalculated by refining the emissions included in the category. Namely, the category now includes emissions generated by the transportation of semi-finished goods produced by the Group's productive sites and sold to third parties, as well as emissions generated by the energy consumed by multi-brand stores that sell our products (wholesale).

³⁸ Emissions associated to the category 12 were recalculated for 2021 by refining the analysis of the sold products considered in the calculation.

³⁹ Emissions associated to the category 15 were integrated and calculated for 2021 by using the Quantis Scope 3 Evaluator

The 2021 Carbon footprint assessment served as the baseline year for the development of science-based carbon emission reduction targets, which were submitted to SBTi for review and approval. Overall, the Group total scope 3 emissions have increased by 18% in 2022 versus 2021, with a slight increase of scope 3 GHG intensity on the Group's revenues.

The main drivers of our scope 3 emission growth can be associated with the two following categories: purchased goods and services (category 1), which rose by 40% and upstream T&D (category 4), which grew by 11%, strongly related to a considerable rise in business volume experienced by the Group during the reporting year⁴⁰.

On the other hand, emissions generated from capital goods (category 2) decreased by 52%, this is mainly due to the decrease of financial expenses related to construction. Such decrease derives from the de-consolidation of EZ Real Estate S.r.l.

Emissions generated from waste management (category 5) decreased by 69% in 2022 from 2021. This is the results of efforts in diverting waste from disposal, as well as an internal reclassification of waste⁴¹, and the update of emission factors for recycling activities.

Emissions related to upstream leased assets decreased by 22% due to a reduction in rented space by the Group. Emissions related to franchises (category 14) increased by 90% in 2022 compared to 2021 due to an increase in franchises' retail space.

Emissions generated by business travel⁴² (category 6) increased by 152% due to the easing of Covid-restrictions related to travel. In fact, 2021 was still a year of travel restrictions due to Covid-19, limiting long-haul travels.

Employee commuting survey

In 2022, the Group surveyed employees' commuting habits, collecting insights on actions the Group could take to incentivize sustainable mobility. The response rate was 46%.

Insights from the survey helped to refine our scope 3 (category 7) emission calculation. The questions assessed type of vehicle, distance travelled, and number of days worked in person⁴³.

The emissions related to employee commuting increased by 19% in 2022 compared to 2021; this is due mainly to growth in workforce numbers, more workers returning to the office following the lifting of restrictions, the refining of the calculation methodology, and using more precise data on traveling distance and modalities of transport collected during the Group-wide employee survey.

⁴⁰ For further information, please refer to our financial statement for FY22

⁴¹ For further information, please see chapter "Packaging & Waste"

⁴² Hotel nights are included in the calculation

⁴³ Home working was not considered in the calculation



RAW MATERIAL TRACEABILITY & CIRCULARITY

The Ermenegildo Zegna Group is dedicated to enhancing traceability of top priority raw materials, and in improving the circularity of our operations. In 2022 we launched a new pilot project on circularity, which follows the same approach as our #UseTheExisting project. We aim to continue efficiently producing durable products; and to reduce textile waste by reusing pre- and post-consumer material. Broadly, our circularity commitments also include the aim to contribute to economic growth by promoting research into alternative methods that improve the textile value chain and reduce waste. We see the circular economy providing opportunities for alternative business models, new partnerships, and jobs for local communities.

The Group is also dedicated to providing stakeholders with assurance on animal rights, with a transparent, certified and traceable system of raw materials sourcing.

This is an overview of all the raw materials purchased by the Group.



RAW MATERIALS AND RECYCLED INPUT MATERIALS PURCHASED⁴⁴

Raw material	2022	
	Amount purchased – approximate (tonnes)	Amount purchased – percentage on the total (%)
Animal fibers and skins	1,679	35%
Plant-based fibers	1,450	31%
Synthetic fibers	873	18%
Paper & cardboard	465	10%
Man-made cellulose	206	4%
Metals	41	1%
Others ⁴⁵	46	1%
Total	4,760	100%

In 2022, 36% of our polyester came from recycled sources. We also purchased 3% of recycled cashmere and 1% of recycled cotton, wool and other synthetic fibers.

The 81% of materials used by the Group is renewable⁴⁶. Our Founder, Mr. Ermenegildo Zegna, understood the importance of high quality raw materials, upholding positive and fair relationships with suppliers, in whichever country or community they were located. The Ermenegildo Zegna Group continues in this tradition, producing quality natural fibers that have been appropriately sourced.

Animal fibers and skins, important assets for the Group, account for 35% of total raw materials: wool (22%) and cashmere (3%). Plant-based fibers account for another 31% of total raw materials.

Our long-term relationships with suppliers, gives us the leverage and trust to promote best-practice principles in responsible sourcing. Through ongoing engagement, we are raising the standard for certification, transparency and traceability of our raw materials. Further, we only source animal-derived fibers that are not at risk of extinction.

In 2021, effective from January 1, 2023, we banned fur from our collections (including Zegna and Thom Browne brands).

One of the Group's 2022 objectives presented during the Capital Markets Day was to formalize our own animal welfare policy. A commitment that has been successfully reached. For more information, please follow this [link](#).

⁴⁴ Raw materials purchased by Cappellificio Cervo have been excluded from estimates due to its marginal size compared to Group volumes.

⁴⁵ "Others" include: animal parts, rubber and wood.

⁴⁶ Raw materials considered renewable: animal fibers and skins, vegetable fibers, paper & cardboard, man-made cellulose



Vellus Aureum Trophy

Our annual Vellus Aureum Trophy for the finest Australian wool is a 60-year-old tradition that encourages the production of distinctive fibers among the Group's most loyal farmers.

The Ermenegildo Zegna Group has a long association with Australian wool farmers, dating back to the beginning of the 20th century.

We instituted the Ermenegildo Zegna Extra-fine Wool Trophy in 1963, in Tasmania. It was the world's first award for natural fiber; the purpose being to promote the production of the finest Merino wool. Today, it lives on as the Superfine Wool Trophy.

Yearly, the Group, in collaboration with the Australian Superfine Wool Growers Association (ASWGA), honors the world's best wool growers by awarding the Superfine Wool Trophy and the Vellus Aureum Trophy.

The Ermenegildo Zegna Vellus Aureum Trophy was introduced in 2000 to reward the grower producing the finest merino fleece in the world. In 2016, the winning fleece was recorded at an exceptional 9.9 microns, a record that remained unbeaten every following year until 2022, when a new world record was established at 9.8 microns.

In May 2022, the Ermenegildo Zegna Group celebrated its award ceremony with the 50th birthday of ASWGA (Australian Superfine Wool Growers Association) at its birthplace in Ararat, Australia. Paolo Zegna, Group Board member, in the presence of representatives of the world's major wool institutions, presented the trophies.

The winning wool is judged according to a strict set of criteria including fineness, style, strength, color and evenness.

The Vellus Aureum Trophy winner achieved a new record of 9.8 microns.

It is noteworthy that all fleeces and wool lots entered in the two competitions are not only suppliers to the Group, but certified by Schneider Group's Authentico Scheme and are mulesing-free.

OUR WORK ON TRACEABILITY

The Group's targets include: Top priority raw materials (wool, cashmere, cotton, leather, man-made cellulose, polyester and linen) with at least 50% traced to the geography of origin and from lower-impact sources by 2026; Product raw materials tracking: >95% of products enabled with a product traceability system by 2030.

In 2022 the Group identified seven raw materials as top priority, adding linen to the list. Top priority raw materials now consist of: wool, cotton, cashmere, leather, man-made cellulose, linen, and polyester. This accounts for about 76% of total raw materials purchased in 2022. At 31 December 2022 the share of top priority raw materials sourced from traceable origin and from lower-impact sources was 25%.

Certification

Certification is an important way to guarantee traceability of materials and assure for lowering of environmental and social foot-print.

In 2022, the Group purchased:

Wool

- 39% of which is certified wool;
- 37% of which is Authentico Scheme certified, which guarantees mulesing-free practices.

Cashmere

- 17% of which is SFA (Sustainable Fiber Alliance) certified.

Cotton

- About 10% of which is GOTS (Global Organic Textile Standard) certified.

Man-made cellulosics

- About 28% of which is RCS (Recycled Content Standard) certified, and 43% is FSC (Forest Stewardship Council) certified.

Polyester

- About 36%, of which is GRS (Global Recycled Standard) certified.

Linen

- 12% is Master of Linen certified, and 12% is European Flax certified.

For more information on these certifications, see pages 140-142.

As a reference, The Fashion Pact commitment requires that we source “at least 25% of key raw materials to have lower climate impact by 2025.”

The Authentico Integrity Scheme

Schneider Group's Authentico Integrity Scheme, first launched in 1999, guarantees best industry practices for wool growing and processing, while recognizing existing local legislation and standards honored by wool growers. This ensures the highest animal, social and environmental welfare requirements, which are third-party audited for adequate assurance. Authentico certified raw materials are processed in Schneider Group-owned mills which are both RWS (Responsible Wool Standard) and GOTS certified, allowing for a fully traceable supply chain within the Authentico Integrity Scheme.

Further assurance of the quality and sustainability of our raw materials is provided by our production sites, which are audited in terms of sourcing certified raw material. Since June 2019, the greasy wool acquired by Lanificio Ermenegildo Zegna through the Schneider Group has been certified Authentico. In 2022, Lanificio Ermenegildo Zegna and Dondi were certified by the Sustainable Fiber Alliance (SFA) to acquire & process certified cashmere fibers, joining Filati Biagioli Modesto.

The cashmere fibers come from Mongolia and Inner Mongolia (China) and are 100% traceable to the collecting centers. The SFA certifies living wages and acceptable social welfare standards to those working in the value chain. It also sets high animal welfare standards, which contributes to keeping the goats healthy, which in turn promotes high quality fibers. Moreover, SFA supports herders in sustainable farming, preventing desertification of pastures from overgrazing.

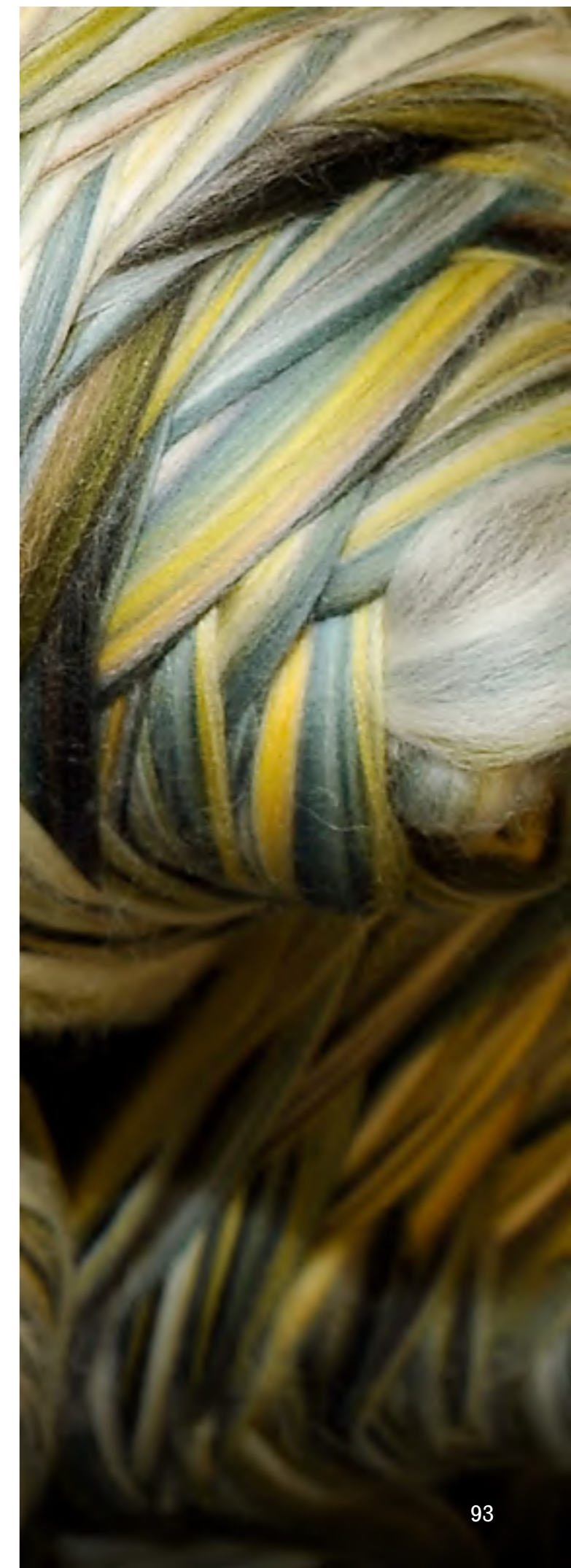
Empowered by these achievements, in 2022 the Zegna brand launched the Oasi Cashmere collection, giving further credibility to our commitment to integrate ESG into the business strategy, in particular driving the adoption of certified, traceable and lower-impact raw materials.

Supply chain transparency

The Group subscribes to the Fashion Transparency Index (started by the fashion activism movement, Fashion Revolution). Since 2016, Fashion Revolution has tracked major fashion and luxury brands and benchmarked their transparency performance in five key areas: policy and commitments, governance, traceability, supplier assessment and remediation, and spotlight issues.

In 2022 we obtained an overall score of 37% improving 4 percentage points versus 2021, ranking among top 25% of surveyed brands.

See SASB Report for more information on sustainable management of raw materials and of supply chains.





OASI CASHMERE

Oasi Cashmere is a collection introduced for the first time in 2022 and presented as “Born in Oasi Zegna”. The aim is for the collection to be 100% made from certified traceable cashmere fiber by 2024. The collection is named after and inspired by the home of our values — Oasi Zegna — a thriving 100km² ecosystem that has been nurtured by the Group over generations.

The color selection reflects the warm and earthy autumn foliage of Oasi Zegna, and it offers a vast array of garments: e.g. the iconic over-shirt, extra-fine knitwear, trousers and accessories.

Oasi Cashmere is a trademark of traceability and accountability. Through Oasi Cashmere, our goal is to promote values such as safeguarding the natural environment, contributing to the communities, and ethical sourcing of raw materials.



OUR APPROACH TO THE CIRCULAR ECONOMY

Promoting a circular economy is one of the Group's sustainability focus areas.

The #UseTheExisting project, started in 2019, is overseen by Zegna brand's Artistic Director Alessandro Sartori. With the technical expertise of Lanificio Zegna, we created new textures from existing ones: the first garments developed with #UTE mindset were made with wool fibers previously discarded from production processes. Today, #UTE is made from industrial waste as well as from post-consumer waste. Pre-consumer waste includes raw materials, yarns, and fabrics, whereas post-consumer waste is recycled from another source, e.g., polyester from fishing nets, and plastic bottles.

2022 marked the beginning of a collaboration between the Zegna brand and a well-known Tuscany-based company who specializes in the recycling of textile waste (which they have been engaged in since the 1940s).

The partnership is an opportunity to create a collection that reuses our textile waste and turns it into fabrics with a recycled content above 50%. The collection includes coats, trousers and jackets and falls under the label #UseTheExisting.

Re.Crea

In August 2022, the Ermenegildo Zegna Group, together with Dolce & Gabbana, Max Mara Fashion Group, Moncler Group, OTB Group, and Prada Group, founded the Re.Crea Consortium.

Coordinated by CNMI, the purpose of the consortium is to manage end-of-life textile and fashion products, as well as to promote the research and development of innovative recycling solutions for production and pre-consumer waste.

Re.Crea Consortium is a meaningful response to the concept of extended producer responsibility (EPR). Increasingly, the concept of EPR is being legislated for across Europe. EPR is about looking at a product's entire life-cycle and factoring in environmental costs related to garments' end-of-life.

The six founding fashion groups of the consortium (other leading Italian luxury & fashion brands joined in 2023), now have a concrete project to address EPR. Re.Crea promotes waste solution and an innovative circular economy approach.

Product durability

Our high-quality products are made to last, and our brands promote values diametrically opposed to a throwaway culture.

Our brands offer customers in-store tailoring services to extend the life of garments. It is possible to alter the size or length of garments, and also repair them. In fact, our garments allow for more than 70 possible alterations, not only reducing waste, but also promoting the age-old craft of tailoring.



PACKAGING & WASTE

Effective waste management and more sustainable choices for packaging, can help reduce soil and water pollution, and prevent biodiversity loss. There are also health benefits for communities in reducing pollution and plastic contamination.

In 2021, the Zegna brand went through a re-branding phase, which included business-to-business packaging and business-to-consumer packaging. Various improvements were made to ensure more environmentally-friendly packaging, in line with our brand values and commitments. Shopping bags and gift boxes are now made of 40% recycled post-consumer waste and 60% FSC-certified paper, while the handles are made of Tencel⁴⁷ fabric, and the hang tags are made of 100% recycled paper. To facilitate the recycling of the bags, the sticker to close the shopper is made with the same material. Shopping accessories (e.g. ticket holders and thank-you notes) are made from 100% recycled paper. With a similar approach, dust bags and garment bags are made of 55% GRS-certified cotton.

The Thom Browne brand uses 100% FSC-certified packaging. Polybags used in logistics are made from sugarcane.

As a consequence of our vertically integrated production processes, waste management is largely focused on packaging of the input production materials and the textile waste from weaving, cutting and fabric quality inspection. Internal waste production at Group production sites is managed according to local regulations. As reported, over 70% of waste generated is recovered, either by recycling or reuse. Through our #UseTheExisting project, most animal fiber scraps from production are recovered and recycled. Waste from packaging, mainly cardboard and PET (polyethylene terephthalate) films, is collected separately and sent for recycling. Hazardous waste is generated in small amounts and generally results from machinery maintenance and repair. The waste is managed and disposed of according to local regulations.

WASTE GENERATED IN 2022 (t)⁴⁸

	Total
Hazardous waste	11
Non-hazardous waste	1,153
Total waste weight	1,164

WASTE DIVERTED FROM DISPOSAL IN 2022 (t)

	Preparation for reuse	Recycling	Other recovery operations	Total
Hazardous waste	0	0	2	2
Non-hazardous waste	205	353	270	828
Total waste weight	205	353	272	830

WASTE DIRECTED TO DISPOSAL IN 2022 (t)

	Incineration (with energy recovery)	Incineration (without energy recovery)	Landfill	Other disposal operations	Total
Hazardous waste	0	0	0	9	9
Non-hazardous waste	1	220	0	104	325
Total waste weight	1	220	0	113	334

⁴⁷100% compostable and biodegradable in soil

⁴⁸Data related to FY 2021 is not available as this indicator was not disclosed in the former year of reporting

WATER



Quality water is essential for a wool mill: from the dyeing processes (where the color is fixed on the fibers, yarns, or fabrics), to the finishing department (where the hand and the look of the fabric are enhanced), to all the general uses of the plant such as the steam and controlled-humidity processes.

In 2012, Lanificio Ermenegildo Zegna introduced technology to remove chrome and chrome compounds from dyeing processes, demonstrating effective results in terms of quality and water management.

In 2019, sizeable investments were made to replace machinery for treating fabrics: the new equipment led to a 10% savings in total water use. Also, a water purification system based on ozone gas was installed, allowing for the recovery of output water back into the production cycle, for up to 25% of water needs.

In light of these successful measures, the Group committed to extending to all its production processes the same innovations in terms of chemical use and water consumption. In particular, in line with our commitment, we assessed the Group water footprint aligned with SBTN (Science-Based Targets for Nature).

On Chemical Management we committed to achieve ZDHC (Zero Discharge of Hazardous Chemicals) foundational compliance level (Manufacturing Restricted Substances List, wastewater) for all Group production sites, by 2023. With regards to this commitment, four of our production sites, Lanificio Ermenegildo Zegna, Bonotto, Dondi and Tessitura Ubertino, are already ZDHC foundational compliance.

More information can be found in the SASB Report section of the document.

Water Footprint Assessment

Ermenegildo Zegna Group, being a vertically integrated textile manufacturing business, is aware of the essential role that water plays along its value chain. In 2022, the Group assessed for the first time its Water Footprint by mapping the Group's impacts and dependencies on water across the value chain. The analysis allowed the Group to identify hotspots and to start the identification of water risk-related mitigation strategies.

The project was divided into three main phases:

- Materiality assessment, aiming at estimating water quantity and quality along the Group's value chain;
- Corporate water footprint, which focused on the quantification of the Group's water use in terms of consumption and pollution;
- Water risk assessment, to map and prioritize the Group's value chain sections and locations according to the basin and operational water risk.

The last phase was divided into two layers of analysis:

- The first was conducted on the Group's industrial sites and stores;
- The second one on purchased material.

The approach consisted of the overlay of value chain location with water risk information. The methodology comprises a total of 10 indicators, distributed along four categories: water quantity and water quality (in line with SBTN guidance), extreme weather events, and WASH (water, sanitation, and hygiene). We provided an additional layer of detail to the assessment, concerning water risks and future strategy development.

Thanks to this methodology, the Ermenegildo Zegna Group gained a better understanding of which areas to prioritize, be it an industrial site or purchased raw material. Furthermore, the analysis enables the Group to now develop its water strategy, targets and identify an effective action plan to improve water usage in its supply chain.

In terms of water reduction, Consitex, one of our production sites, saved water by reducing steam discharge, and turning off the irrigation system for over 2 months during summer.

We do not have a water-intensive production site located in a water-stressed area⁴⁹.

WATER WITHDRAWAL⁵⁰ (ML)

	2022 Fresh water	2021 Fresh water
Industrial sites	462	393
Non-industrial sites	62	62
Stores	17	20
Total water withdrawal	541	475

Water withdrawn for industrial sites is surface water; water withdrawn for stores is third-party water; water withdrawn for non-industrial sites comes from ground water (48%), and third-party water (52%).

WATER DISCHARGE⁵¹ (ML)

	2022 Fresh water	2021 Fresh water
Industrial sites	372	282
Non-industrial sites	62	62
Stores	17	20
Total water discharge	451	364

Water discharged is all third-party water. Non-industrial sites and stores have virtually no loss of water in atmosphere or other means, while for industrial sites there is an overall consumption of water of about 90ML in 2022, either absorbed by products or transformed into vapor during the production phases.

WATER CONSUMPTION⁵² (ML)

	2022 Fresh water	2021 Fresh water
Industrial sites	90	112
Non-industrial sites	0	0
Stores	0	0
Total	90	112

⁵⁰ Water withdrawn during the reporting year is fresh water.

⁵¹ Water discharged during the reporting year is fresh water.

⁵² Water consumption during the reporting year is fresh water.

⁴⁹For the analysis the following website was used: Aqueduct Water Risk Atlas.com

BIODIVERSITY

The Ermenegildo Zegna Group is aware of the potential biodiversity loss that may be provoked by direct organizational activities and the activities of suppliers, which may harm local habitats. Therefore, we are committed to reducing our own impact on biodiversity and in reducing impacts across our supply chain.

Our membership in the Fashion Pact commits us to develop targets and strategies for biodiversity aligned to the SBTN. We will not achieve our biodiversity goals overnight, but we have begun the process and will continue to meet our goals step by step.

An example is the water assessment analysis that the Group carried out in 2022. This work has set the baseline for biodiversity related analysis and evaluations.

Moreover, in October 2022, we signed Business for Nature's Make It Mandatory campaign⁵³. We are proud to be one of 300+ businesses who signed the COP15 business statement on mandatory assessment and disclosure on biodiversity. Some members of the Thom Browne team took part in the Textile Exchange Conference in Colorado, held on the occasion of COP15.

"The Zegna family has always believed that businesses have the responsibility to protect the environments in which they operate. This philosophy has been at the heart of our company for over a century and serves as the guiding principle in our restoration and continued protection of Oasi Zegna – our spiritual home in which our values come to life. Our focus on protecting the natural world around us is also why we stand alongside Business for Nature and our industry peers in calling for a mandatory assessment and disclosure of businesses' impacts and dependencies on nature. Only through an industry-wide, collective effort such as this can we assure that we do not lose forever the natural resources and biodiversity that our livelihood depends on."

Gildo Zegna,
Chairman & CEO Ermenegildo Zegna Group

Biodiversity Award

Oasi Zegna has been awarded the Biodiversity Conservation Award at the National Chamber for Italian Fashion's (CNMI) 2022 Sustainable Fashion Awards, held at Teatro alla Scala in Milan. The award was received on behalf of the Zegna family by Gildo Zegna, Chairman and CEO of Ermenegildo Zegna Group, which continues to foster the vision first created by the Group's founder through long-term projects that align with the Group's current sustainability principles.

⁵³ For more information please follow the [link](#).



Ermenegildo (Gildo) Zegna at the Biodiversity Award 2022 organized by Camera Nazionale della Moda Italiana (CNMI) at the Scala Opera in Milan

OASI ZEGNA: GUARDIANS OF OUR LOCAL COMMUNITY FOR OVER 110 YEARS

Following the disposal of Oasi Zegna in 2021 (to EZ Real Estate) we entered an arrangement whereby Oasi Zegna provides the Group with licensing, marketing, and sustainability-related services. These services include the conservation and development of Oasi's forest heritage and the protection of its territory for the benefit of local communities. In exchange for these services and benefits, the Group pays an annual fee to EZ Real Estate. This arrangement will strengthen the mutually beneficial and inspiring relationship between the Group and Oasi Zegna.

Growing up in Trivero, Italy, Ermenegildo Zegna fell in love with the beauty and wildness of his natural surroundings. Ermenegildo was driven by a deep desire to give back to his homeland and his community; thus, in the 1930s he embarked on a vast environmental restoration and land improvement project in the Trivero area, near the Lanificio Ermenegildo Zegna wool mill. Long before the word 'ecosystem' was invented, Ermenegildo Zegna began creating the ecosystem that is known today as Oasi Zegna (Oasis Zegna).

Our founder was building a business, and he proved a gifted businessman, yet his vision went beyond the industry. Ideas of "six capitals", "shared value" and "stakeholder capitalism" were not known at that time and yet Ermenegildo Zegna pioneered this thinking by setting an example, using financial capital to add value to natural capital, and to social and relationship capital. Ermenegildo intuitively recognized that the complex and beautiful fabrics his mill wove were not only a product — they were, and remain, a function of our greater process and purpose.

Profits were channeled into the purchase of the then-barren and neglected lands that flank the Zegna Panoramic Road (SP232), which would later become Oasi Zegna. These funds supported the painstaking reforestation and rehabilitation of the landscape. By this investment, the mill became the beating heart of a wider community, an ecosystem of interdependence — between humans, and between humans and nature.



Oasi Zegna, Trivero Valdilana, Biella, Italy

In 1993, when the third generation of the Zegna family were involved in running the business, the Oasi Zegna land improvement plan evolved further. Oasi Zegna is one of many projects undertaken by the Ermenegildo Zegna Group to promote community learning, sharing, and ideas about conserving our natural heritage.

Oasi Zegna is a nature reserve that is open to the public. It covers 100km² between Trivero, Valdilana and Valle Cervo, in the part of the Alps within the province of Biella — Alpi Biellesi, which is in the Piedmont region of northwest Italy.

The Group's current environmental enhancement and protection projects are in honor of his wonderful vision for reclaiming the beauty of nature. The reserve is the perfect place for families, and sports enthusiasts to engage in outdoor activities, all year round, in contact with nature and in full respect of the local ecosystem.

In 2014, Oasi Zegna was recognized by the FAI (National Trust of Italy, Fondo Ambiente Italiano), and the reserve is now officially part of Italy's heritage. Through its wide variety of programs — some experimental — Oasi Zegna is a wonderful example of environmental tourism, with the emphasis on edification and education; two examples: forest bathing, a Japanese practice aimed at improving physical and mental well-being; the smiling forest, which helps visitors connect with the energy of trees.

Oasi Zegna's model of environmental consciousness has inspired ecotourism initiatives around the world. In 2010, to celebrate its centenary, the Ermenegildo Zegna Group launched the Zegna baby forest program, planting a new tree in Oasi Zegna for every child born to an employee (including those outside Italy): In 2022, 109 more trees have been planted reaching a total of 1312 trees. The program has been extended to Inner Mongolia, where the Group created the My Zegna Forest project and is planting a tree for every newborn baby in the Group in Asia.

With the purpose of creating shared value, Oasi Zegna hosts various local enterprises: accommodation (resorts, chalets, hostels), catering and food services, agro-tourism, grocery production, cultural and art event management, recreational activities (horse riding center, rock-climbing, tennis, paragliding, swimming and various other sports) and winter recreational activities (skiing, ice skating, equipment hire services, and ski school).

Oasi Zegna events include:

- Educational workshops in nature for children;
- Outings in the forest with qualified instructors;
- Mountain runs in summer and skiing events in winter;
- Cultural events such as concerts in nature at the Conca dei Rododendri;
- Walks through the rhododendron blossoms.

As of 2022, Oasi Zegna, together with its non-profit activities, generates jobs for more than 350 people in 63 enterprises within the tourism and local products sectors.

In the first months of 2022, and after a process that lasted for more than 2 years, Oasi Zegna achieved certification with the FSC® (Forest Stewardship Council). FSC® encourages responsible forest management by certifying and supporting entities who show a measurably positive impact on the environment. Our certification has been extended into 2023. Only nine other entities in Italy have so far achieved this prestigious international recognition. We comply to the FSC® standard across five ecosystem services (i.e. showing benefits to people and environment across five distinct areas).

1.Conservation of biodiversity:

Our interventions, which follow the sustainable principles certified by FSC®, are transforming the reserve. We are replacing spruce woods with more suitable species, creating mixed deciduous and coniferous forests. Thanks to these recent interventions, natural forest cover has grown by more than 5%, now covering 68% of the reserve.

2.Sequestration and storage of carbon:

Silvicultural management, conducted in a sustainable manner as certified by FSC®, creates various benefits:

- Improvement of the quality of forest stands and increase in their capacity to absorb carbon dioxide;
- The wood obtained is used for energy purposes to replace fossil fuels and as a building material;
- Forests are more resistant to storms, droughts, fires, bark beetle epidemics and other factors that can reduce CO2 absorption capacity.

3.Water regulation services:

Water is absorbed and retained by the soil. There are over three hundred quality water sources within the reserve; many of which are used for domestic and industrial purposes by the local community.

4.Soil conservation:

Thanks to reforestation, 90% of the surface that is vulnerable to erosion, landslides and avalanches is now covered by forest, improving the protection of the soil.

5.Recreational services:

Thanks to silvicultural management, conducted in a sustainable manner as certified by FSC®, visitors can count on correctly managed forests, rest areas, recreational and cultural events organized in every season and a developed and well-marked hiking network. Thanks to an exhaustive environmental signage system, environmental education and awareness stays at the forefront. Furthermore, the European Union has designated 63% of the reserve as a Site of Community Importance.

Anna Zegna, Zegna Group board member and President of Fondazione Zegna, commented on this achievement: "It represents the reward for coherence and determination that feeds our daily work in preserving [...] the woods, the views, and the authenticity of the entire territory. FSC® certification is an important milestone that confirms and strengthens what has been done so far, but above all, it stimulates us, even more, to move forward to the future with the same passion and energy of the beginning".

According to Diego Florian, Director of the Forest Stewardship Council (FSC®) Italy, "Italy has an immense natural capital which benefits us in facing epochal challenges such as the one brought about by the climate crisis. These challenges will be met by management tools and practices that combine environmental, social and economic aspects. Thanks to the FSC® certification and the vision of its founder, Oasi Zegna is a pioneering example of this approach, which restores value to forests, territories and communities, generating positive impacts".



ZEGNA FOREST

“Caring is not only a duty. For us it's always spontaneous, coming from the heart with enthusiasm and generosity. We will go on planting trees: this won't be an isolated gesture but a choral effort.” These are the words of Anna Zegna, president of Fondazione Zegna (the Zegna Foundation), expressing the spirit behind an extraordinary project in the mountains of Trivero, Valdilana. The pilot phase of the Zegna Forest project (launched by Fondazione Zegna in 2020 and to be completed by 2035) was concluded in 2021. As of 2022, the project is being managed by Oasi Zegna. (However, contributions to the project can still be made through Fondazione Zegna.)

The Zegna Forest project will positively impact a total 141,37 hectares of woodland. Since the first phase of the project, initiated in February 2020, about 50 hectares of woodland have been enhanced and almost 19,000 new trees and shrubs have been planted.

Supported by a committee with strong scientific expertise, new species were introduced to improve the forest's resilience and support its ecological health and biodiversity. A century ago this land was dominated by conifers of the same age, a feature that made it ill-suited to the challenges of climate change, extreme weather, and parasitic attacks.

The project has seen the planting of young magnolias, ginkgo biloba, parrotia, beech trees, hydrangeas and rhododendrons. New sections of woodland, consisting of deciduous trees and silver firs, were replanted along the sides of the Zegna Panoramic Road.

In 2022, the Zegna Forest project continued with the replanting of a further 15 hectares; almost 7,503 new trees.

Starting in 2023, the Ermenegildo Zegna Group aims to promote the “Oasi Zegna mindset” worldwide.



METHODOLOGICAL NOTE

This document constitutes the 2022 Sustainability Report of Ermenegildo Zegna N.V. and its fully consolidated subsidiaries for our 2022 fiscal year (January 1st to December 31st 2022).

The Sustainability Report is published annually. The contents of this document describe the Group's achievements and impacts in the economic, social and environmental spheres. To communicate the Group's sustainability performance in a transparent and comparable manner, the report has been drafted based on a selection of the GRI Sustainability Reporting Standards. Given that we are not using the GRI Standards in full, but a selection of them, ours is a "GRI-referenced claim", by which we must detail which standards we are following. See next section, "GRI Content Index".

This report also includes further disclosures in line with the SASB's Standard for the Apparel, Accessories & Footwear industry (May 12, 2022 version); see the "SASB Report" section. The scope of information

provided in relation to SASB is detailed in the paragraph headed "Reporting boundaries" at the beginning of the section. The detail of the reported indicators is shown in the "SASB Disclosure Index" at the end of this document. The Group commits to develop its SASB-related disclosure, to improve on our disclosure from the first year.

The reporting scope of the economic and financial data corresponds to that of the Ermenegildo Zegna Group's consolidated financial statements as of 31st December 2022. The scope of the data and information relating to social and environmental matters refers to the companies of the Ermenegildo Zegna Group consolidated on a line-by-line basis. Any changes to this scope are indicated in the document.

To accurately depict performance and ensure the validity of the data, the use of estimates has been kept to a minimum; where estimates are used, they are identified as such, and the reasoning behind them is explicitly communicated.

Whenever possible, for comparison purposes the Group reported data related to 2021 as well. For those indicators that have been disclosed starting from the current reporting year, disclosure has been made on FY 2022 only.

Compared to the Sustainability Report 2021, a restatement was made with regards to the Category 3, 4, 6, 7 and 9 of Scope 3, due to a change in the emission factor used and to a refinement in the methodology. Furthermore, a restatement was made with regards to the Category 15 of Scope 3, due to a reclassification of the category that was applied to 2021 as well.

The following changes in the scope of consolidation of the Group occurred during the year to December 31, 2022:

In March 2022, Thom Browne Eyewear SA, a limited liability company based in Switzerland and fully owned by Thom Browne Trading SA, was incorporated, primarily to manage the design, production, and sale of eyewear, jewelry and similar products.

In June 2022, the Group acquired an additional 13.9% interest in Ermenegildo Zegna Vietnam LLC through a capital increase of €2,232 thousand, following which the Group owns 90.5% of the company (76.6% at December 31, 2022).

In August 2022, Zegna for Retail of Readymade and Novelty Clothes W.L.L., a limited liability company fully owned by Zegna Gulf Trading LLC, was incorporated primarily to manage the operating activities in Kuwait. The Group held a 49% interest in the company as of December 31, 2022. This company was not included in the perimeter of reporting for FY22.

In August 2022, the Ermenegildo Zegna Group, together with other leading fashion industry companies and groups, founded the Re.Crea consortium to manage end-of-life of textile and fashion products, and with a view to promote research and development of innovative recycling solutions.

In December 2022, Thom Browne Eyewear France SAS, a limited liability company based in France and fully owned by Thom Browne Eyewear SA, was incorporated, primarily to provide consultancy and management services in the business of sales of eyewear and accessories, and to ensure the conformity of such products to European regulations.

This document has been subject to procedures performed by the auditors Deloitte & Touche S.p.A. in a limited assurance engagement in accordance with the criteria indicated by International Standard on Assurance Engagements (ISAE) 3000 (Revised). The limited assurance engagement was conducted by performing the procedures indicated in the "Independent Auditor's Report" section at the end of this document. The opinion of the independent auditors and the related verification activities did not concern the information relating to the Refinitiv indicators summarized in the table shown in the paragraph "Refinitiv Diversity & Inclusion".

For more information regarding the Ermenegildo Zegna Group Sustainability Report, please contact:

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ANNEX

EMPLOYEES BY TYPE OF EMPLOYMENT (PART-TIME VS. FULL-TIME), BY GENDER

	At 31 December 2022				Total
	Men	Women	Other	Not disclosed	
AMERICAS	310	213	1	1	525
Full-time	296	208	1	1	506
Part-time	14	5	0	0	19
APAC	647	879	0	2	1,528
Full-time	635	857	0	2	1,494
Part-time	12	22	0	0	34
EMEA	1,374	2,591	0	12	3,977
Full-time	1,298	2,082	0	12	3,392
Part-time	76	509	0	0	585
Total	2,331	3,683	1	15	6,030
Full-time	2,229	3,147	1	15	5,392
Part-time	102	536	0	0	638
	At 31 December 2021				
Total	2,256	3,574	0	0	5,830
Full-time	2,168	3,032	0	0	5,200
Part-time	88	542	0	0	630

EMPLOYEES BY EMPLOYMENT CONTRACT TYPE (FIXED-TERM, PERMANENT), BY GEOGRAPHIC AREA AND BY GENDER

	At 31 December 2022					At 31 December 2021
	Men	Women	Other	Not disclosed	Total	Total
AMERICAS	310	213	1	1	525	462
Permanent contract	308	212	1	1	522	460
Fixed-term contract	2	1	0	0	3	2
APAC	647	879	0	2	1,528	1,531
Permanent contract	634	870	0	2	1,506	1,508
Fixed-term contract	13	9	0	0	22	23
EMEA	1,374	2,591	0	12	3,977	3,837
Permanent contract	1,299	2,453	0	11	3,763	3,666
Fixed-term contract	75	138	0	1	214	171
Total	2,331	3,683	1	15	6,030	5,830
Permanent contract	2,241	3,535	1	14	5,791	5,634
Fixed-term contract	90	148	0	1	239	196

NOT-GUARANTEED HOURS EMPLOYEES DIVIDED BY GENDER AND GEOGRAPHIC AREA

	At 31 December 2022				Total
	Men	Women	Other	Not disclosed	
AMERICAS	27	22	0	0	49
APAC	6	9	0	0	15
EMEA	5	7	0	0	12
Total	38	38	0	0	76

BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY BY GENDER

	At 31 December 2022				At 31 December 2021			
	Men	Women	Other	Not disclosed	Men	Women	Other	Not disclosed
Top management	77.4%	22.6%	—%	—%	80.3%	19.7%	—%	—%
Middle management	52.2%	47.5%	0.1%	0.1%	50.9%	49.1%	—%	—%
Office sole contributor	37.1%	62.7%	—%	0.2%	38.5%	61.5%	—%	—%
Retail personnel	50.0%	49.7%	—%	0.3%	50.2%	49.8%	—%	—%
Blue collar	21.8%	77.9%	—%	0.3%	21.3%	78.7%	—%	—%
Total	38.7%	61.1%	—%	0.2%	38.7%	61.3%	—%	—%

BREAKDOWN OF EMPLOYEES CATEGORY BY AGE GROUP⁵⁴

	At 31 December 2022				At 31 December 2021		
	<30	30-50	>50	Not disclosed	<30	30-50	>50
Top management	—%	50.8%	48.4%	0.8%	—%	49.2%	50.8%
Middle management	4.5%	70.9%	24.0%	0.6%	4.7%	67.4%	27.9%
Office sole contributor	21.5%	57.2%	20.6%	0.7%	15.3%	61.6%	23.1%
Retail personnel	22.0%	66.9%	11.1%	—%	22.0%	67.9%	10.1%
Blue collar	9.7%	45.0%	38.7%	6.6%	9.0%	48.6%	42.4%
Total	15.2%	57.6%	24.7%	2.5%	14.4%	59.8%	25.8%

NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION⁵⁵

	At 31 December 2022				
	Men	Women	Other	Not disclosed	Total
AMERICAS	109	85	1	1	196
<30	38	37	1	0	76
30-50	65	41	0	1	107
>50	6	7	0	0	13
APAC	224	261	0	2	487
<30	104	99	0	1	204
30-50	109	155	0	1	265
>50	11	7	0	0	18
EMEA	309	537	0	17	863
<30	125	227	0	2	354
30-50	152	233	0	3	388
>50	25	43	0	1	69
Not disclosed	7	34	0	11	52
Total	642	883	1	20	1,546
<30	267	363	1	3	634
30-50	326	429	0	5	760
>50	42	57	0	1	100
Not disclosed	7	34	0	11	52

⁵⁴ Data related to FY 2021 does not include Turkey.⁵⁵ Due to local regulations in Turkey, it is not possible to classify employees according to their age. Employees based in Turkey are therefore reported as age group "Not disclosed".⁵⁶ The rates of employee new hires were calculated using the total global head count of the Group employees at 31.12.2022 as the denominator.⁵⁷ Due to local regulations in Turkey, it is not possible to classify employees according to their age. Employees based in Turkey are therefore reported as age group "Not disclosed".⁵⁸ Due to local regulations in Turkey, it is not possible to classify employees according to their age. Employees based in Turkey are therefore reported as age group "Not disclosed".**RATE OF NEW EMPLOYEE HIRES BY AGE GROUP, GENDER AND REGION^{56,57}**

	At 31 December 2022				
	Men	Women	Other	Not disclosed	Total
AMERICAS	1.8%	1.4%	—%	—%	3.2%
<30	0.6%	0.6%	—%	—%	1.2%
30-50	1.1%	0.7%	—%	—%	1.8%
>50	0.1%	0.1%	—%	—%	0.2%
APAC	3.7%	4.3%	—%	—%	8.0%
<30	1.7%	1.6%	—%	—%	3.3%
30-50	1.8%	2.6%	—%	—%	4.4%
>50	0.2%	0.1%	—%	—%	0.3%
EMEA	5.1%	9.0%	—%	0.2%	14.3%
<30	2.1%	3.8%	—%	—%	5.9%
30-50	2.5%	3.9%	—%	—%	6.4%
>50	0.4%	0.7%	—%	—%	1.1%
Not disclosed	0.1%	0.6%	—%	0.2%	0.9%
Total	10.6%	14.7%	—%	0.2%	25.5%
<30	4.4%	6.0%	—%	—%	10.4%
30-50	5.4%	7.2%	—%	—%	12.6%
>50	0.7%	0.9%	—%	—%	1.6%
Not disclosed	0.1%	0.6%	—%	0.2%	0.9%

EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION⁵⁸

	At 31 December 2022				
	Men	Women	Other	Not disclosed	Total
AMERICAS	80	52	0	0	132
<30	26	14	0	0	40
30-50	50	31	0	0	81
>50	4	7	0	0	11
APAC	223	263	0	0	486
<30	78	76	0	0	154
30-50	132	177	0	0	309
>50	13	10	0	0	23
EMEA	264	459	0	5	728
<30	69	105	0	0	174
30-50	126	196	0	0	322
>50	60	145	0	0	205
Not disclosed	9	13	0	5	27
Total	567	774	0	5	1,346
<30	173	195	0	0	368
30-50	308	404	0	0	712
>50	77	162	0	0	239
Not disclosed	9	13	0	5	27

RATE OF EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION^{59,60}

At 31 December 2022

	Men	Women	Other	Not disclosed	Total
AMERICAS	1.3%	0.8%	—%	—%	2.1%
<30	0.4%	0.2%	—%	—%	0.6%
30-50	0.8%	0.5%	—%	—%	1.3%
>50	0.1%	0.1%	—%	—%	0.2%
APAC	3.7%	4.4%	—%	—%	8.1%
<30	1.3%	1.3%	—%	—%	2.6%
30-50	2.2%	2.9%	—%	—%	5.1%
>50	0.2%	0.2%	—%	—%	0.4%
EMEA	4.3%	7.6%	—%	0.1%	12.0%
<30	1.1%	1.7%	—%	—%	2.8%
30-50	2.1%	3.3%	—%	—%	5.4%
>50	1.0%	2.4%	—%	—%	3.4%
Not disclosed	0.1%	0.2%	—%	0.1%	0.4%
Total	9.3%	12.8%	—%	0.1%	22.2%
<30	2.8%	3.2%	—%	—%	6.0%
30-50	5.1%	6.7%	—%	—%	11.8%
>50	1.3%	2.7%	—%	—%	4.0%
Not disclosed	0.1%	0.2%	—%	0.1%	0.4%

PERCENTAGE OF TOP PRIORITY RAW MATERIALS TRACED TO THEIR GEOGRAPHY OF ORIGIN AND FROM LOWER IMPACT SOURCES

	2022
Top priority raw materials traced to their geography of origin and from lower impact sources	26%

PERCENTAGE OF PURCHASED ELECTRICITY FROM RENEWABLE SOURCES IN EUROPE AND THE USA

	Electricity consumption (GJ)	Electricity consumption from renewable resources (GJ)	%
USA	6,885	0	—%
Europe	107,538	78,481	73%
Total	114,423	78,481	69%

⁵⁹ The rates of employee turnover were calculated using the total global head count of the Group employees at 31.12.2022 as the denominator.

⁶⁰ Due to local regulations in Turkey, it is not possible to classify employees according to their age. Employees based in Turkey are therefore reported as age group "Not disclosed".

GRI CONTENT INDEX

GRI Standard	Page Number	Omissions / Notes	Description
GRI 1: Foundation 2021			
Statement of use	Ermenegildo Zegna Group has reported with reference to the GRI Standards for the period from 01-01-2022 to 31-12-2022.		
GRI 2: General Disclosures 2021			
GRI 2-1	p. 7	Ermenegildo Zegna Group headquarter is located in Milan (Italy).	Organizational details
GRI 2-2	p. 114-115		Entities included in the organization's sustainability reporting
GRI 2-3	p. 114-115		Reporting period, frequency and contact point
GRI 2-4	p. 114-115		Restatements of information
GRI 2-5	p. 146-149		External assurance
GRI 2-6	p. 8, 10-16		Activities, value chain and other business relationships
GRI 2-7	p. 57-59, 116-117		Employees
GRI 2-8	p. 58-59		Workers who are not employees
GRI 2-9	p. 38-39		Governance structure and composition
GRI 2-10	p. 40-44	Reference to Item 10.B of the 20-F.	Nomination and selection of the highest governance body
GRI 2-11	p. 40		Chair of the highest governance body
GRI 2-12	p. 42		Role of the highest governance body in overseeing the management of impacts
GRI 2-13	p.42-43		Delegation of responsibility for managing impacts
GRI 2-14	-	The Sustainability Report is approved by the Board.	Role of the highest governance body in sustainability reporting
GRI 2-15	p. 44	Overview of roles CEO & Chairman and LNEB.pdf and Regulations of the Board of Directors.pdf	Conflicts of interest
GRI 2-16	p. 50-51		Communication of critical concerns
GRI 2-17	p. 38, 41-42		Collective knowledge of the highest governance body

GRI Standard	Page Number	Omissions / Notes	Description
GRI 2-18	p. 41-44		Evaluation of the performance of the highest governance body
GRI 2-19	p. 68-71	Remuneration Policy.pdf	Remuneration policies
GRI 2-20	p. 68-71	Remuneration Policy.pdf	Process to determine remuneration
GRI 2-22	p. 4-5		Statement on sustainable development strategy
GRI 2-23	p. 48-49, 61		Policy commitments
GRI 2-24	p. 48-49		Embedding policy commitments
GRI 2-25	p. 50-51		Processes to remediate negative impacts
GRI 2-26	p. 50-51		Mechanisms for seeking advice and raising concerns
GRI 2-27	p. 48-49		Compliance with laws and regulations
GRI 2-28	p. 26-27		Membership associations
GRI 2-29	p. 23-25		Approach to stakeholder engagement
GRI 2-30	p. 64		Collective bargaining agreements
GRI 3: Material Topics 2021			
GRI 3-1	p. 28-29		Process to determine material topics
GRI 3-2	p. 29		List of material topics
GRI 3-3	p. 46, 50, 57, 64, 77, 100, 103, 106		Management of material topics
GRI 200 Economic topics			
GRI 205 Anti-corruption 2016			
GRI 205-3	p. 50-51		Confirmed incidents of corruption and actions taken
GRI 206 Anti-competitive Behavior 2016			
GRI 206-1	p. 50-51		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

GRI Standard	Page Number	Omissions / Notes	Description
GRI 300 Environmental topics			
GRI 301 Materials 2016			
GRI 301-1	p. 89		Materials used by weight or volume
GRI 301-2	p. 89		Recycled input materials used
GRI 302 Energy 2016			
GRI 302-1	p. 80		Energy consumption within the organization
GRI 302-3	p. 80		Energy intensity
GRI 303 Water and Effluents 2018			
GRI 303-1	p. 103-104		Interactions with water as a shared resource
GRI 303-2	p. 103-104		Management of water discharge-related impacts
GRI 303-3	p. 105		Water withdrawal
GRI 303-4	p. 105		Water discharge
GRI 303-5	p. 105		Water consumption
GRI 304 Biodiversity 2016			
GRI 304-3	p. 106, 108-112		Habitats protected or restored
GRI 305 Emissions 2016			
GRI 305-1	p. 83		Direct (Scope 1) GHG emissions
GRI 305-2	p. 83		Energy indirect (Scope 2) GHG emissions
GRI 305-3	p. 85		Other indirect (Scope 3) GHG emissions
GRI 305-4	p. 85		GHG emissions intensity
GRI 306 Waste 2020			
GRI 306-1	p. 100		Waste generation and significant waste-related impacts
GRI 306-2	p. 100		Management of significant waste-related impacts
GRI 306-3	p. 101		Waste generated
GRI 306-4	p. 101		Waste diverted from disposal
GRI 306-5	p. 101		Waste directed to disposal
GRI 400 Social topics			
GRI 401 Employment 2016			
GRI 401-1	p. 70, 118-120		New employee hires and employee turnover

GRI Standard	Page Number	Omissions / Notes	Description
GRI 403 Occupational Health and Safety 2018			
GRI 403-1	p. 64-65		Occupational health and safety management system
GRI 403-2	p. 66		Hazard identification, risk assessment, and incident investigation
GRI 403-3	p. 64-65		Occupational health services
GRI 403-4	p. 65-66		Worker participation, consultation, and communication on occupational health and safety
GRI 403-5	p. 65-66		Worker training on occupational health and safety
GRI 403-6	p. 64-65		Promotion of worker health
GRI 403-7	p. 66		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403-9	p. 67		Work-related injuries
GRI 404 Training and Education 2016			
GRI 404-1	p. 71	The number of hours divided by gender was not available for the current reporting year. The Group commits to develop such a disclosure within the next year.	Average hours of training per year per employee
GRI 404-3	p. 69		Percentage of employees receiving regular performance and career development reviews
GRI 405 Diversity and Equal Opportunity 2016			
GRI 405-1	p. 62, 117-118	The Board therefore consists of 73% of men and 27% of women, and all its members belong to the over-50 age group.	Diversity of governance bodies and employees
GRI Standard		Omissions / Notes	Description
GRI 406 Non-discrimination 2016			
GRI 406-1	p. 63		Incidents of discrimination and corrective actions taken
GRI 418 Customer Privacy 2016			
GRI 418-1	p. 53		Substantiated complaints concerning breaches of customer privacy and losses of customer data

REFINITIV DIVERSITY & INCLUSION

Refinitiv Measures	Page number	Description	Notes
Diversity			
New women employees	p. 119	Percentage of new women employees to the total number of new employees hired during the year.	57%
Policy diversity and opportunity	p. 61	Policy in place in the company to drive diversity and equal opportunity	DE&I policy, approved by the Board of Directors on the 5th of April 2023
Targets diversity and opportunity	p. 61	Targets or objectives set by the company to be achieved on diversity and equal opportunity.	DE&I training to 80% of employees by 2023 (including white collar, blue collars, sales)
Women Employees	p. 117	Percentage of women employees to the total number of employees of the company.	61%
Executive members gender diversity	p. 117	Percentage of female executive members.	23%
Women managers	p. 117	Percentage of women managers among total managers of the company.	47%
Board gender diversity	p. 41	Percentage of female on the board.	27%
Board member cultural diversity	p. 39	Percentage of board members that have a cultural background different from the location of the corporate headquarters.	64%
Inclusion			
Employees with disabilities	-	Percentage of employees with disabilities or special needs.	N/A

Refinitiv Measures	Page number	Description	Notes
Day care services	p. 64	Day care services provided by the company for its employees.	The Group offers welfare packages. For example, for employees based in Switzerland and Italy, the Group has partnered with a local health center to provide care for the elderly.
Flexible working hours	p. 64	Programs or processes that help employees to have a balance between their work and personal life.	Where possible, the opportunity to work remotely according to employees' job tasks and local regulations is guaranteed.
HRC corporate equality index	-	The score of the company in the HRC corporate equality index from the Human Rights Campaign Foundation.	N/A
HIV/AIDS policies	-	Company reports on policies or programs on HIV/AIDS for the workplace or beyond.	N/A

People Development			
Management training	p. 71	Company claims to provide regular staff and business management training for its managers.	Both online and face-to-face training on coaching on performance management for managers.
Policy skills training	p. 71	Company has a policy to improve the skills training of its employees.	Training programs are tailored to learning needs, plus a pilot mentoring program has been launched in 2022 to support employees in developing their leadership skills and increase the ability to navigate a complex organization as well as foster networking among employees.
Training cost per employee	-	Training costs per employee in US dollars.	\$140
Average training hours	p. 71	Average hours of training per year per employee.	6.05
Policy career development	p. 68	Company has a policy to improve the career development paths of its employees.	The organization has in place two structured processes: Performance Management Program (also PMP) and People Review.
Employee satisfaction	-	The percentage of employee satisfaction as reported by the company.	N/A
Internal Promotion	-	Company claims to favor promotion from within.	N/A

Refinitiv Measures	Page number	Description	Notes
Controversies			
Diversity and opportunity controversies	-	Number of controversies published in the media linked to workforce diversity and opportunity.	0
Recent diversity opportunity controversies	p. 63	Number of controversies linked to workforce diversity and opportunity.	13
Wages working condition controversies count	-	Number of controversies published in the media linked to the company's relations with employees or relating to wages or wage disputes.	0
Recent wages working conditions controversies	-	Number of controversies linked to the company's relations with employees or relating to wages or wage disputes published since the last fiscal year company update.	0

SASB REPORT

The Ermenegildo Zegna Group applied the SASB (Sustainability Accounting Standards Board) reporting standard for the first time in its Sustainability Report 2021. To report according to the standard, the Group has performed a thorough data analysis across all its business departments and manufacturing sites. During 2022 the Group worked to improve the disclosure of all the required matters; nevertheless, given the time required to implement some organizational changes in various segments of the Group, some matters have been only partially covered.

ABBREVIATION:

LEZ – Lanificio Ermenegildo Zegna
 MRSL – Manufacturing restricted substance list
 PRSL – Product Restricted Substance List
 RSL – Restricted Substance List
 SASB – Sustainability Accounting Standards Board
 ZCMS – Zegna Chemical Management System
 ZDHC – Zero Discharge Hazardous Chemicals

1. Introduction

The following section is intended as a supplementary section to Ermenegildo Zegna Group's sustainability disclosure in accordance with the SASB requirements.

Disclosure topics of this section (Management of chemicals in products, Environmental impacts in the supply chain, Labor conditions in the supply chain & Raw materials sourcing) align with the Standard for the Apparel, Accessories & Footwear industry as defined by SASB (May 12, 2022 version⁶¹).

Reporting boundaries

The following report includes relevant information on the Ermenegildo Zegna Group, comprising the Zegna brand, the Thom Browne brand and the Luxury Textiles Laboratory Platform companies.

The reporting year is January 2022 - December 2022.

2. Supplier classification

The below classification was applied to Ermenegildo Zegna Group suppliers; the classification is in line with the definitions provided by the SASB:

- Tier 1 suppliers are defined as suppliers that transact directly with the entity, such as finished goods manufacturers (e.g., cut and sewn facilities). Considering also the manufacturing companies part of the Luxury Textiles Laboratory Platform, Tier 1 suppliers also include yarn manufacturers, fabric manufacturers, tanneries and other providers of semi-finished products and production services (e.g. dye houses, washing facilities, sundry manufacturers, embroiderers); and
- Suppliers beyond Tier 1 are the key suppliers to the entity's Tier 1 suppliers. The number of suppliers beyond Tier 1 is currently only partially identified; in certain circumstances Tier 1 suppliers of a Group's entity may be a beyond Tier 1 supplier for another Group entity. The Group commits to improve this disclosure arriving to key suppliers of the Group's Tier 1 suppliers reasonably in the next 2 years.

2.1 Number of suppliers by tier

Table 1

Supplier classification	Number of suppliers 2022 ⁶²
Tier 1	433

The Group has gone through a re-organization of its supply chain that led to a decrease of the number of Tier 1 suppliers. In particular, the drivers of this trend are: Zegna rebranding process that led to the dismissal of the Z ZEGNA collection; increase of internal production vs outsourced production; concentration of the spending on fewer and more strategic suppliers.

3. Management of chemicals in products

3.1 Processes to maintain compliance with restricted substances regulations

The Group has put in place multiple systems to regulate and manage chemicals in its products, such as restricted substances lists (e.g. PRSL), material supplier agreements, and input stream management.

Product Restricted Substance Lists⁶³ (PRSLs) were developed internally both at Group level⁶⁴ and for the textile companies; the PRSLs set the requirements the Group and textile companies need to comply with at all stages, including decisions related to design and sourcing. The Group's PRSLs are primarily based on the European Chemical Agency (ECHA) list of Substances of Very High Concern (SVHC), and integrate additional requirements which are in line with recognized sectoral standards and in compliance with the regulations of the main markets (China, US and Europe) served by the Group. This allows the requirements set out in the Group's PRSLs to be the

most restrictive of the sources considered; moreover, the Group's PRSLs incorporate all relevant updates coming from the industry. The Group includes PRSL compliance requirements in its agreements with its suppliers. These agreements include a self-declaration of conformity to the Group's PRSLs, which is signed by each direct supplier and enforced for the duration of the commercial relationship between the latter and the Group. Each direct supplier who signs the agreement is also requested to share the Group's PRSLs with its own suppliers.

Textile products made by the Group's textile companies are tested by a third-party entity to detect the presence of substances listed in the PRSLs; the testing procedure (frequency, selection of sample, etc) is not yet standardized, and may differ from site to site. Any deviation from the PRSLs is not accepted, unless justified by proven technical reasons.

3.2 Processes to assess and manage risks and/or hazard associated with chemicals in products

The Group has operationalized chemical management systems in the sites at its textile companies. The above-mentioned sites' systems are based on common guiding procedures and operations, which have been adapted according to the specific context of each site's production processes. The adopted chemical management process identifies and regulates the use of chemical substances at the production site, according

⁶² The number of suppliers reported includes those Ermenegildo Zegna Group internal companies that concur to the production processes. For the purposes of this analysis, starting from FY 2022, only Tier 1 suppliers with a purchased value of more than € 30,000 during the reporting year have been considered. This criteria has not been considered for the analysis of FY 2021 and the reported number of suppliers has been 1,309.

⁶³ The PRLs are not currently publicly available.

⁶⁴ The Group's RSL does not currently cover Thom Browne, which has however an ongoing process to formally adopt the RSL of the Group.

⁶¹ SASB version 2022 is accessible at this [link](#).

to the adopted ZDHC⁶⁵ MRSLs, which are in general equal to or more stringent than local legislative requirements that are already complied with. In certain circumstances the adopted MRSLs are more stringent than the ZDHC reference, in order to respond to the requests of the Group's B2B customers.

The Group includes also MRSL compliance requirements in its agreements with its suppliers. Each direct supplier who signs the agreement is also requested to share the Group's MRSLs with its own suppliers. The Group has devised a Conformity Verification Procedure for MRSLs to enforce compliance with restricted substances regulations within its supply chain.

The RSLs are defined and adopted with the purpose of avoiding dangerous chemicals in the production site (or excluding the ones that in the meantime have been outlawed), or for the purpose of satisfying RSLs required by other brands that the Group manufactures for. RSLs are reviewed regularly. The overall approach to chemical management can be defined as hazard-based, as it mainly relies on the implementation of PRSLs and MRSLs which identify hazardous thresholds for specific chemicals in products and/or in manufacturing processes.

In the following section, the chemical management system adopted by Lanificio Ermenegildo Zegna is presented as an illustrative example of the implemented procedures and operations. Similar processes and procedures are in place also at the other Group's production sites, adapted to the different industrial realities. Zegna Chemical Management Systems (ZCMS) have been defined to promote the sustainable management of chemicals within the operations of Lanificio Ermenegildo Zegna (LEZ). A chemical manager has been appointed by the top management of the textile companies⁶⁶ and is responsible for:

- Implementing ZCMS in LEZ;

- Promoting the adoption of ZCMS by the other sites at the Group's textile companies and by external suppliers (Tier 2 and beyond); and
- Managing agreements and contracts with third-party certifiers.

ZCMS's scope of application covers all the processes (internal and attributed to third-party suppliers) required to produce outputs, including:

- Inputs: raw materials, chemicals;
- Process: internal & external processes; and
- Output: textiles, emissions to water and air.

The ZCMS policies specify how to select chemical products to use in the production cycle, how to classify them, how to review their classification regularly, and how to manage and store them properly. They also include specific guidance for continuing the process of reducing the impact of chemicals used.

Various tools and procedures are included in the ZCMS, such as:

- Raw materials supplier map;
- Production Processes map;
- Chemical inventory;
- PRSL and MRSL (Group's textile companies);
- Wastewater chemical concentration tests (since 2022 performed by a third-party ZDHC-accredited laboratory according to ZDHC wastewater guidelines).

The ZCMS includes details about testing procedures on textiles by third-party entities. Tests are performed on selected samples of the produced textiles based on earlier seasons' production, product category, previous results, and presence of tests performed by suppliers. Whenever a non-conformity to Lanificio Ermenegildo Zegna's

MRSL is found in a supplier's material, whether through supplier communication or tests on input material, ZCMS require that suppliers be guided towards conformity. In case of persistence of non-conformity, they require that use of that supplier be phased out. Moreover, the ZCMS set out a purchasing policy for chemicals to ensure compliance with the defined requirements of the MRSL.

Ambitions for management of chemicals in products

In addition to current chemical management processes, the Group is in the process of integrating ZDHC guidelines at all its internal production sites. In particular, the Group has set the goal of reaching foundational compliance level (MRSL, Waste Waters) for all Group production sites by 2023. During 2022, Bonotto, Dondi and Tessitura Ubertino reached the target level of ZDHC, joining the Lanificio Ermenegildo Zegna in this achievement.

As of the date of publication of this report the Group does not hold any third-party certification to verify the chemical content of its finished products. Further analysis on this issue will be made in future.

4. Environmental impacts in the supply Chain

4.1 Supplier in compliance with wastewater discharge permits and/or contractual agreements

Ermenegildo Zegna Group has adopted a Supplier Code of Conduct (also "the Code"), which is a set of minimum standards to be applied to the production facilities of all suppliers. The Supplier Code of Conduct extends beyond suppliers' production facilities by requesting direct suppliers to guarantee that their subcontractors and suppliers comply with the Code.

The Supplier Code of Conduct includes compliance with national and local wastewater discharge regulations, among other environmental requirements.

Audits and inspections are conducted periodically on suppliers and on their subcontractors and suppliers by third-party entities to ensure compliance with the Code. The Group requires the auditee to make an action plan to manage and resolve any identified deficiency.

Moreover, for any violation of the Supplier Code of Conduct, the Group reserves the right to review its business relationship with the supplier. Additional information on the Supplier Code of Conduct and on the auditing process can be accessed via the following [link](#).

Part of the Group's manufacturing activities and related wastewater discharge occur at the garment manufacturing and textile companies' level (Tier 2 and beyond). This organizational structure enables the Group to control the mentioned sites' activities, hence driving compliance with national and local regulations on wastewater discharge.

4.2 Suppliers that have completed an environmental data assessment

The chemical management systems of the garment manufacturing and textile companies' sites (part of Tier 1 & 2 suppliers) drive the data collection and monitoring wastewater and chemicals used in the manufacturing processes. This allows the Group to have continuous control over the environmental performance of the mentioned sites.

Moreover, the Supplier Code of Conduct requires suppliers to comply with national and local regulations on waste and chemical disposal, emission handling, and other matters. Audited sites must provide the Group with relevant information on these matters.

The Group has developed long-standing commercial relationships with several suppliers. This is an opportunity to improve the traceability of the supply chain processes and to assess and reduce pressures on the environment, through specific measures.

⁶⁵ More information is available at this link

⁶⁶ At Group level, a specific function of the Quality Assurance Department is to supervise the chemical management of suppliers.

For instance, in 2022, in line with its commitment, the Group began to engage key suppliers on the implementation and adoption of ZDHC tools and guidelines. Specifically, the Group requires its suppliers to follow the ZDHC wastewater guidelines and join the ZDHC gateway portal, so that suppliers go beyond regulatory compliance in wastewater discharge.

Additionally, by partnering with its suppliers, the Group can foster the exchange of relevant primary data and improve visibility on environmental issues throughout the supply chain.

Moreover, in 2022, the Group performed a water footprint assessment on internal production sites and on selected suppliers. A water footprint analysis has also been conducted on key raw materials used by the Group. See "Water" chapter in this document.

5. Labor conditions in the supply chain

5.1 Labor code of conduct audits performed on suppliers

Through the Suppliers Code of Conduct the Group shares with its suppliers a commitment to high ethical standards, including the respect of human rights. In particular, the Group requires external suppliers to comply with regulations and national and international conventions with respect to:

- Hours of work;
- Prohibition of harassment, abuse and discrimination;
- Prohibition of child labor;
- Freedom of association;
- Employment contracts, compensation and benefits;
- Health & safety; and

- Workplace conditions.

Audits and inspections are conducted periodically on direct suppliers and on their subcontractors and suppliers by the Group, or by third-party entities, to ensure compliance with the Code.

As mentioned earlier, sites at the textile companies and garment manufacturers (part of Tier 1 & 2 suppliers) are vertically integrated in the Group itself. This organizational structure enables direct control of the mentioned sites' activities to ensure compliance with national and local regulations on labor conditions.

The Group has a social compliance program for suppliers, to ensure a fair working environment in the global supply chain. The program includes social standards, health & safety, and environmental standards and ensures that they are properly applied with regard to finished goods. We conduct audits on our suppliers to monitor the performance on these standards. The audit plan has objective criteria that allows a score to be assigned to a supplier to determine a priority audit ranking (e.g. relevance to the Group, product category, independence from the Group, geography, etc). After each audit, the Group Internal Audit Department sends a corrective action plan to the supplier. The plan summarizes the findings of the audit, which are discussed with the supplier. Lastly, the Internal Audit Department guarantees the monitoring of all target dates in the corrective action plan.

In 2022, in line with the previous year, audits were performed by a third party entity on supplier sites to assess compliance with the Supplier Code of Conduct. The Group has firstly identified, among its 433 Tier 1 suppliers, around 120 suppliers that are considered strategic on the basis of the following criteria: purchased value, category of products supplied (raw

materials/accessories, semi-finished product, finished product) and economic dependence on Group's orders. Among the strategic suppliers, 20 companies have been selected on the basis of the priority audit ranking system mentioned above and audited. This number correspond to the 17% of strategic Tier 1 suppliers being audited during 2022 (equal to the 5% of the Group's Tier 1 suppliers).

All audits have been performed by an independent third-party auditor. The Group requires suppliers to define an action plan for all the resulting findings (corresponding to a corrective action rate equal to 100%)⁶⁷. The priority non-conformance rate of audits conducted during FY22 is equal to 145%⁶⁸.

5.2 Management of non-conformance and corrective action for suppliers' labor code of conduct audits

All non-conformities detected by the third-party auditor were addressed by requiring the affected sites to draw up a corrective action plan.

5.3 Risks identified to labor, health & safety, and the environment in the supply chain

From the assessments of suppliers in 2022, the Group has identified the following priority issues in relation to labor, health & safety, and environmental matters.

Labor issues identified:

- Overtime working hours in excess of applicable standards;
- Overtime hours not paid;
- Some irregularities in employment contracts.

Health, safety & environmental issues identified:

- Inadequate handling of chemical substances;

- Inadequate conditions of dormitory building; and
- Inadequate waste inventory and tracking.

Forward-looking ambition for labor conditions in the supply chain

In 2022 the Group has expanded the sample of suppliers audited to cover a wider range of product categories and geographies. The Group plans to intensify supplier audits to improve the social and environmental control of the supply chain, possibly doing so in collaboration with other brands, to reduce the burden on suppliers and to increase supplier efficiency and engagement.

6. Sourcing of raw materials

6.1 Environmental and social risks associated with sourcing priority raw materials

We believe the best garments can only come from the best natural resources. Over the years we have searched for the finest raw materials and fabrics, so as to select not only the best available fibers, but also to ensure that our supply chain is robust and resilient in terms of:

- Reliability of the quality of raw material supply over the seasons;
- Fair remuneration of the producers (farmers, breeders);
- Presence of multiple actors with relevant competences, craftsmanship and capabilities to work the fibers; in this regard, see our close relationship with Schneider Group, and the minority stakes in Pettinatura di Verrone and in Filati Biagioli Modesto; and
- Long-term relationships with yarn and fabric manufacturers to continue the refinement of these materials.

The Group has identified a list of priority raw materials primarily considering acquired volumes and relevance for the Group's

⁶⁷ In line with SASB CG-AA-430b.2, the rate has been calculated as the number of corrective actions that address non-conformities divided by the total number of non-conformities that have been identified.

⁶⁸ In line with SASB CG-AA-430b.2, the rate has been calculated as the number of priority non-conformities identified in the supply chain divided by the total number of facilities audited.

operations. The selected priority raw materials account for approximately 76% of total acquired materials by weight. Starting from 2022, following the increasing purchase of linen fiber we have decided to include it in the list of our priority raw materials.

Environmental and/or social factors threatening our ability to source certain raw materials are presented in Table 2, and include climate change impacts and animal welfare. Note that threats to the sourcing of specific natural raw materials caused by climate change impacts (e.g. droughts and other extreme weather events) do not necessarily affect all of a specific category of raw material. The threats may be confined

to certain natural raw materials uniquely sourced from specific regions. These include, for instance, certain quality wool sourced from Australia, certain quality cotton sourced from Egypt, and cashmere sourced from China or Mongolia.

The table also shows how availability, quality and price volatility present the most frequent risks to operations.

The acquisition of certified raw materials is a concrete strategy by which the Group is addressing environmental and/or social factors in the supply chain (e.g. Authentico Schneider Group Integrity Scheme and Sustainable Fiber Alliance, which protect animal welfare).

Table 2

Priority raw materials	Environmental and / and or social factors	Discussion on business risk and opportunities	Management strategy
Wool	<ul style="list-style-type: none"> Climate change impacts (e.g. droughts in Australia) Animal welfare 	<ul style="list-style-type: none"> Quality availability Price volatility 	Certifications (e.g. Authentico Schneider Group Integrity Scheme)
Cotton ⁶⁹	<ul style="list-style-type: none"> Climate change impacts (e.g. droughts) 	<ul style="list-style-type: none"> Quality availability Price volatility Reputational risk 	Certifications (e.g. GOTS)
Cashmere	<ul style="list-style-type: none"> Climate change impacts Land and use practices Animal welfare 	<ul style="list-style-type: none"> Quality availability Price volatility 	Certifications (e.g. Sustainable Fiber Alliance)
Polyester	<ul style="list-style-type: none"> Regulations 	<ul style="list-style-type: none"> Reputational risk 	Certifications (e.g. GRS)
Leather	<ul style="list-style-type: none"> Climate change impacts Regulations (e.g., deforestation-free farming of bovine animals) Animal welfare 	<ul style="list-style-type: none"> Quality availability Price volatility Regulatory compliance 	Certifications (e.g. LWG, CITES)
Man-made cellulose	<ul style="list-style-type: none"> Climate change impacts 	<ul style="list-style-type: none"> Availability Price volatility 	Certifications (e.g. FSC)
Linen	<ul style="list-style-type: none"> Regulations 	<ul style="list-style-type: none"> Reputational risk 	Certifications (e.g. European Flax, Masters of Linen)

⁶⁹ The Group's potential vulnerability to sourcing cotton from water-stressed regions, and the management of the risk of price variability due to sourcing cotton from these regions, is considered in the context of always having the best possible quality fibers. Diversification strategies are in place to mitigate this risk over the medium and long term.

6.2 Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard

The following methodology was used to estimate the amount of priority raw materials purchased:

- For each input material (yarns, textiles, finished products, accessories) the specific raw material composition was determined;

- A mix of standard weight by product category and analytical material weight tracked at Procurement IT Systems was determined for each input material;
- The weight of each priority raw material for single input materials was obtained;
- Weights of all raw materials were then aggregated to obtain the total input figure.

Table 3

Priority raw materials	Amount purchased - approximate (metric tonnes)	Standards of certifications	Amount certified - approximate (metric tonnes)	Share certified (% on total amount of raw material category)
Cotton	1,306	Global Organic Textile Standard (GOTS)	126	9.7%
		Global Recycle Standard (GRS)	6	0.5%
Wool	1,033	Authentico Schneider Group Integrity Scheme	386	37.3%
		Other standards of certifications (GOTS, GRS, RWS)	19	1.8%
Polyester	419	Global Recycle Standard (GRS)	152	36.3%
Leathers ⁷⁰	348	-		
Man made cellulose	206	Recycled Claim Standard (RCS)	57	27.9%
		Forest Stewardship Council Certification (FSC)	88	42.8%
Cashmere	153	Sustainable Fiber Alliance (SFA)	25	16.6%
		Global Recycle Standard (GRS)	5	3.0%
Linen	139	European Flax	17	12.2%
		Master of Linen	17	12.4%
Total	3,604		898	24.9%

⁷⁰ The purchased amount of leather includes primarily bovine, calf, and sheep leather. The conversion to mass (metric tonne) was obtained from primary data expressed in square meters, with the assumption that 1 sqm of leather weights 1 kg.

7. Ambition for Raw Materials Sourcing

The Group has set goals for its sourcing of raw materials, in order to improve the traceability and control over these materials.

One of them has already been achieved: an animal welfare policy was formalized at Group level to address potential risks related to animal-based raw material sourcing (refer to page 89).

The Group has also set goals to achieve traceability of at least 50% of priority raw materials in its supply chains, and to source the same amount from lower-impact sources (according to definition by Textile Exchange) by 2026. The progress updated for this commitment is presented in the “Raw material traceability & circularity” chapter.

7.1 Environmental & social factors, and business risks & opportunities

7.1.1 Environmental & social factors

These environmental and social factors have been considered for this assessment:

- **Climate change impacts** are global to regional-scale alterations to climatic conditions, such as extreme weather events (droughts, floods, etc), increased chronic water stress and scarcity, increased likelihood of pest and diseases;
- **Regulations** include all current and emerging (in the short to medium term) legal requirements set at national or global level applied to GHG emissions or other environmental matters (e.g. water withdrawal, plastics, etc) at different levels of the supply chain of raw materials;
- **Land use practices** may in certain conditions lead to desertification and degradation of terrain in some places; and
- **Animal welfare, when not respected**, may be a potential issue for all animal-derived fibers.

7.1.2 Business risks

These business risks have been considered for this assessment:

- Availability;
- Quality;
- Price volatility;
- Regulatory compliance; and
- Reputational risks.

7.1.3 Wool

Climate change may reduce available grazing areas (e.g. increasing water stress, droughts), decrease overall wool production, reduce the number of producers or suppliers of raw materials, or impact the availability of certain high-grade fibers.

Alterations in wool production (e.g. due to climate change impacts) could cause significant price volatility of the raw material over time.

7.1.4 Cotton

Climate change impacts (extreme events such as droughts, chronic water stress, increased temperatures) are likely to affect production and decrease the yield of cotton in certain places.

Climate change may increase the occurrence of pests and diseases, affecting fiber quality and end-product fabric quality. Variations in cotton production (e.g. due to climate change impacts) could cause significant price volatility of the raw material over time.

Also, sourcing cotton from areas where its production is linked to human rights violations may expose the Group to growing consumer and stakeholder pressure (reputational risk).

7.1.5 Cashmere

Poor livestock and land management may lead to overgrazing and degradation of pastures and grasslands in some places (e.g. Mongolia grassland). These pressures may reduce the overall available grazing areas, possibly reducing cashmere production from those regions. Climate change may also cause a reduction of available grazing areas

(e.g. increasing water stress, droughts) and decrease overall production.

Moreover, both habitat degradation and climate change impacts (rising temperatures) may affect the quality of the fiber (e.g. coarser goat hair) and the quality of the fabric end-product. Variations in cashmere production (e.g. due to land degradation or climate change impacts) could cause significant price volatility of the raw material over time.

7.1.6 Polyester

Polyester fiber depends strictly on fossil fuel, and in a scenario of strong competition for the latter, production of polyester might be affected. Moreover, growing public awareness of environmental effects of plastic production, management and potential leaks throughout the value chain may lead to increased regulation to mitigate environmental damage. This could require businesses to comply with emerging regulations on plastic materials. In addition, public awareness may expose businesses which rely on plastics to growing pressure from consumers (reputational risks).

7.1.7 Leather

Climate change may reduce the available grazing area (e.g. increasing water stress, droughts) and decrease overall cattle hide production. In addition, a warming climate is likely to allow pests and diseases to spread into new regions, which may impact cattle productivity. Increased occurrence of pests (e.g. lice and ringworm) due to a warming climate may cause marks on the skin and reduce the quality of the hides. Shifts in production (e.g. due to climate change) could cause significant price volatility of the raw material over time.

Leather sold to the EU market might be subject to stricter regulations in the future. A proposal for an EU regulation was published in November 2021 which, if approved, will require that only leather with no production-

related deforestation is marketed in the EU⁷¹. Therefore, regulatory compliance of existing or future leather suppliers may be a risk to the specific raw material supply chain.

7.1.8 Man-made cellulosic

Man-made cellulosic fibers are strongly dependent on wood and cotton production, the primary sources from which such fibers are produced. Thus, partly man-made cellulosic fibers are subject to the same environmental factors as cotton (climate change impacts), as noted previously.

Climate change may also affect the production of wood, consequently affecting the production of wood-derived man-made cellulosic. Shifts in production (e.g. due to climate change impacts) could cause significant price volatility of the raw material over time.

7.1.9 Linen

Starting from this reporting year, linen is added to the list of priority materials due to its increasing strategic relevance. Linen is made with natural cellulose fibers extracted from flax, a crop that requires fewer inputs than other plant fibers. Flax plants are much easier to grow than typical fibers like cotton because they are naturally insect resistant and do not need intensive irrigation. For these reasons linen is less prone to risks related to climate change. Flax plants suitable for linen production are predominantly sourced in Europe, also reducing the potential risk of future stricter regulations.

7.1.10 References

The references used to assess environmental & social factors and related risks were:

- Climate Change: Implications and Strategies for the Luxury Fashion Sector (BSR & Kering)
- Sustainable Fibre Alliance; and

⁷¹ More information is available at this [link](#).

- CDP Climate Change, Forest, Water Security questionnaires – Luxury brands (e.g. Kering, Burberry) 2022.

7.2 Certification specification

The SASB standard provides a non-exhaustive list of certification schemes available for disclosure in the Raw Materials Sourcing section. A selection from the list follows, with additional specifications on scope, objectives and other relevant information.

7.2.1 Sustainable Fibre Alliance (SFA)

The SFA Cashmere Standard defines best practice for responsible cashmere production.

The SFA Cashmere Standard lays out the definition of responsible cashmere production, with five global principles, which are that herders:

- Ensure the welfare of their goats;
- Safeguard biodiversity and use land responsibly;
- Promote decent work;
- Preserve and enhance fiber quality; and
- Operate an effective management system.

7.2.2 Responsible Wool Standard (RWS)

The Responsible Wool Standard (RWS) is an international voluntary standard that addresses animal welfare in sheep farms, and chain of custody of wool from certified farms to the end product.

The aim of the Responsible Wool Standard is to provide the industry with the best possible tool to:

- Recognize the best practices of farmers;
- Ensure that wool comes from farms with a progressive approach to managing their land, and from sheep that have been treated responsibly; and
- Provide a robust chain of custody system from farm to final product.

7.2.3 The AUTHENTICO® Integrity Scheme by Schneider

The Authentico Integrity Scheme has been devised by the Schneider Group.

The Authentico Integrity Scheme, first launched in 1999, guarantees best industry practices for wool growing and processing while recognizing existing local legislation and standards honored by wool growers. This ensures the highest animal, social and environmental welfare requirements which are third-party audited for adequate assurance. Authentico certified raw materials are processed in Schneider Group-owned mills which are both RWS and GOTS certified. This allows The Schneider Group to provide a fully traceable supply chain within the Authentico Integrity Scheme.

7.2.4 Masters of Linen

MASTERS OF LINEN® is a label and certification awarded to linen fabrics that are produced entirely in Europe, from flax fiber to finished product. It ensures high-quality standards, sustainability, and traceability throughout the entire production chain, from the cultivation of flax to the manufacturing of linen fabrics. It is a trusted label for customers who value sustainability and ethical production practices in the textile industry.

7.2.5 European Flax

The European Flax label, owned by the European Confederation of Flax and Hemp, certifies place of origin traceability from plant seed, right through to the complete linen sheet. Its purpose is to ensure premium fibers sourced exclusively from Western Europe, and commitment to zero waste, zero GMO, and zero irrigation by the farmer. Moreover, it offers certificate companies additional services, such as marketing tools, all-round assistance, B2B and B2C sales support and training.

7.2.6 Content Claim Standard (CCS)

The CCS is a chain of custody standard that provides companies with a tool to verify that one or more specific input materials are in a final product⁷². The certification:

- Verifies that chain of custody principles are followed in each stage of production;
- Tracks the flow of raw material from source to the final product;
- Addresses product flow, documentation, volume reconciliations, and segregation of materials and products; and
- Is based on scope and transaction certificates for maximum levels of verification and tracking.

7.2.7 Recycled Claim Standard (RCS) & Global Recycled Standard (GRS)

The Recycled Claim Standard (RCS) and Global Recycled Standard (GRS) are voluntary international standards that set requirements for third-party certification of recycled input and chain of custody. The shared objectives of the standards are:

- Alignment of recycled definitions across multiple applications;
- Verification of recycled content in products; and
- Providing consumers (both brands and end consumers) with a tool to make informed decisions.

Additional objectives of the GRS are:

- Reducing harmful impact of production to people and the environment;
- Providing assurance that products are processed more sustainably; and
- Driving higher percentages of recycled content in products.

⁷²More information is available at this [link](#).

⁷³More information is available at this [link](#).

7.2.8 Organic Content Standard (OCS)

The Organic Content Standard (OCS) is a voluntary, international standard that sets requirements for third-party certification of certified organic input and chain of custody. The goal of the OCS is to increase organic agriculture production. The objectives of the OCS are:

- Providing the industry with a tool to verify the organically grown content of the products they purchase;
- Providing companies with a trusted tool to communicate organically grown content claims to the industry; and
- Providing organic fiber farmers with broad access to the global organic market.

7.2.9 Responsible Down Standard (RDS)

The Responsible Down Standard (RDS) aims to ensure that down and feathers come from animals that have not been subjected to any unnecessary harm. The standard also provides companies and consumers with a tool to know what is in their products, and to make accurate claims. Moreover, the RDS has the objective to ensure strong chain of custody for certified materials as they move through the supply chain.

7.2.10 Global Organic Textile Standard (GOTS)

GOTS is the worldwide textile processing standard for organic fibers. It includes ecological and social criteria, and is backed up by independent certification of the entire textile supply chain. GOTS-certified final products may include fiber products, yarns, fabrics, clothes, home textiles, mattresses, personal hygiene products, food-contact textiles, and more⁷³.

7.2.11 Better Cotton Initiative

The Better Cotton Standard System promotes the production of cotton that follows specific environmental and social criteria. These criteria include: minimizing harmful impact, promoting water stewardship, soil health protection, biodiversity and responsible land use, fiber quality preservation, promoting decent work, and management system implementation. The Better Cotton Initiative uses a chain-of-custody system based on mass balance⁷⁴.

7.2.12 STeP by OEKO-TEX®

STeP by OEKO-TEX® is an independent certification system for brands, retailers and manufacturers in the textile and leather industry. Certification is suitable for production facilities at all processing stages that want to communicate their environmental measures externally in a credible and transparent way. Its facility assessment system has 6 modules:

- Chemicals management;
- Environmental performance;
- Environmental management;
- Social responsibility;
- Quality management; and
- Health protection and safety at work.

A scoring system is used, with three different levels:

Level 1: Compliance with the entry-level specifications;

Level 2: Good implementation, with further optimization potential; and

⁷⁴More information is available at this [link](#).

⁷⁵More information is available at this [link](#).

Level 3: Ideal implementation in the sense of best practice examples.

7.2.13 OEKO-TEX® Standard 100

STANDARD 100 by OEKO-TEX® is a label for textiles tested for harmful substances. The label ensures that every textile or article component has been tested for harmful substances and is therefore harmless to human health.

Tests are conducted by independent entities on the basis of a regularly updated criteria catalog, covering regulated and non-regulated substances.

Limit values for substances found in the textile or article differ depending on the classification of the textile or article (product classes 1, 2, 3, 4)⁷⁵.



SASB DISCLOSURE INDEX

The Ermenegildo Zegna Group has decided to adopt the SASB's sector standard, Consumer Goods - Apparel, Accessories & Footwear (SASB code CG-AA). The Group has made this decision in light of the results obtained from using the Sustainable Industry Classification System® (SICS®) look-up tool.

The following table shows the accounting metrics contained in the SASB Report.

SASB Code	Description	Page number	Comment / omissions
Management of Chemicals in Products			
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	p. 131	
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	p. 131-133	
Environmental Impacts in the Supply Chain			
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	p. 133	This information is currently unavailable. The Group is implementing a supplier environmental data assessment system to collect also this information and to develop such a disclosure in the next years.
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	p. 133-134	This information is currently unavailable. The Group is implementing a supplier environmental data assessment system and we commit to develop such a disclosure within the next year.

SASB Code	Description	Page number	Comment / omissions
Labor Conditions in the Supply Chain			
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	p. 134-135	This information is currently unavailable for suppliers facilities beyond Tier 1. The Group commits to develop such a disclosure reasonably in the next 2 years.
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	p. 135	
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	p. 135	
Raw Materials Sourcing			
CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	p. 136	
CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	p. 137	
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1			
CG-AA-000.Aa	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	p. 131	Number of suppliers beyond Tier 1 is currently unavailable. The Group commits to improve this disclosure arriving to key suppliers of the Group's Tier 1 suppliers reasonably in the next 2 years.

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Ermenegildo Zegna N.V.

We have carried out a limited assurance engagement on the Sustainability Report of Ermenegildo Zegna N.V. and its subsidiaries (hereinafter also "Ermenegildo Zegna Group" or the "Group") as of December 31, 2022.

Responsibility of the Directors for the Sustainability Report

The Directors of Ermenegildo Zegna N.V. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by the GRI – Global Reporting Initiative ("GRI Standards"), with reference to the selection of GRI Standards, and with the "Apparel, Accessories & Footwear Sustainability Accounting Standards 2022" defined by SASB - Sustainability Accounting Standards Board ("SASB Standards"), as stated in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible, for such internal control as he determines is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Ermenegildo Zegna Group's objectives related to the sustainability performance, for identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards, with reference to the selection of GRI Standards, and with the requirements of the SASB Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
2. comparison between the financial data and information included in the Sustainability Report with those included in the Group consolidated financial statement;
3. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Ermenegildo Zegna N.V. and with the personnel of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

- for the following companies, Ermenegildo Zegna N.V., EZ Service S.r.l., Ermenegildo Zegna Corporation, Ezi S.p.A., In.co. S.p.A., Lanificio Ermenegildo Zegna e Figli S.p.A., Consitex S.A., Zegna (China) Enterprise Management Co., Ltd., Ermenegildo Zegna (China) Co., LTD, which we selected based on their activity, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Ermenegildo Zegna Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards, with reference to the selection of GRI Standards, and with the SASB Standards, as stated in the paragraph "Methodological Note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.



Franco Amelio
Partner

Milan, Italy
May 19, 2023