



SUSTAINABILITY REPORT

2022

Part of the Ermenegildo Zegna Group

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CEO LETTER

Responsibility has been at our core since 1910 and today, being part of the Ermenegildo Zegna Group since 2016, we feel this responsibility more than ever.

Bonotto S.p.A. is a fourth-generation textile manufacturer based in Colceresa (Vicenza). Over the years, it has grown to become one of the best-in-class for fine wool textile production.

Today the company is well known for its concept of “Slow Factory” and its compelling vision of manufacturing as art, with its slow, steady process that inspires the whole factory processes yet assures cutting-edge technology and the highest quality of products and materials. The interplay between art and business, artistic creativity and innovation always represented the core of the company’s industrial activity.

In 2022, Bonotto’s attention towards the research and development of high-quality and long-lasting materials, have been mainly focused on reducing their environmental impact. The introduction of alternative fabrics such as biodegradable polyester and bio-based ones, produced from plant-based oils, have resulted in a successful combination of tradition and innovation.

Our commitment to quality, craftsmanship and innovative expertise continues to be our living tradition, linking past, present and future.



OUR COMPANY

Bonotto S.p.A. (the Company) is a fourth-generation textile manufacturer founded by Luigi Bonotto in 1912, when it specialized in straw hats.

By the early 1970s, thanks to the leadership of Nicla Donazzan and Luigi Bonotto II (grandson of the founder), Bonotto was transformed into a jewel of fine wool textile production that has grown along with the Italian fashion industry.

The Company expanded rapidly, becoming a full-cycle textile manufacturer employing over two hundred master craftsmen, or “artists” as Luigi—who was interested in avant-garde art—preferred to call them. Today, led by Lorenzo and Giovanni Bonotto (the sons of Luigi Bonotto II), the Company has become an influential player in the global fashion industry and is well known for its concept of the “Slow Factory”.

In 2016, the Ermenegildo Zegna Group acquired 60 percent of Bonotto’s share capital, weaving global management expertise in business processes and brand communication into the Bonotto story.

Bonotto’s key strength is its faith in a compelling vision of manufacturing as art; the slow, steady process of art as inspiration for the factory.

This in contrast to the rise of mass production techniques of the 1960s and 70s that so diminished the integrity of the Italian textile industry.

Giovanni Bonotto, Creative Director, feels strongly about how such techniques devalue the products, and the people who make them. He is now a global ambassador for a new way of manufacturing ... or rather, an old way of manufacturing, hence his concept of the “Slow Factory”, which pays homage to the modes of production of his great-grandfather’s generation, rather than the overly mechanized and computerized modes of today.

In 2018 Bonotto was honored with the Sustainable Producer prize at the Green Carpet Fashion Awards, hosted by Camera Nazionale della Moda Italiana in cooperation with Eco-Age.

OUR ACTIVITIES



KEY HIGHLIGHTS 2022

Proudly made in Italy, with a global reach

€ 24.5m

Revenue in 2022
+34% vs. 2021

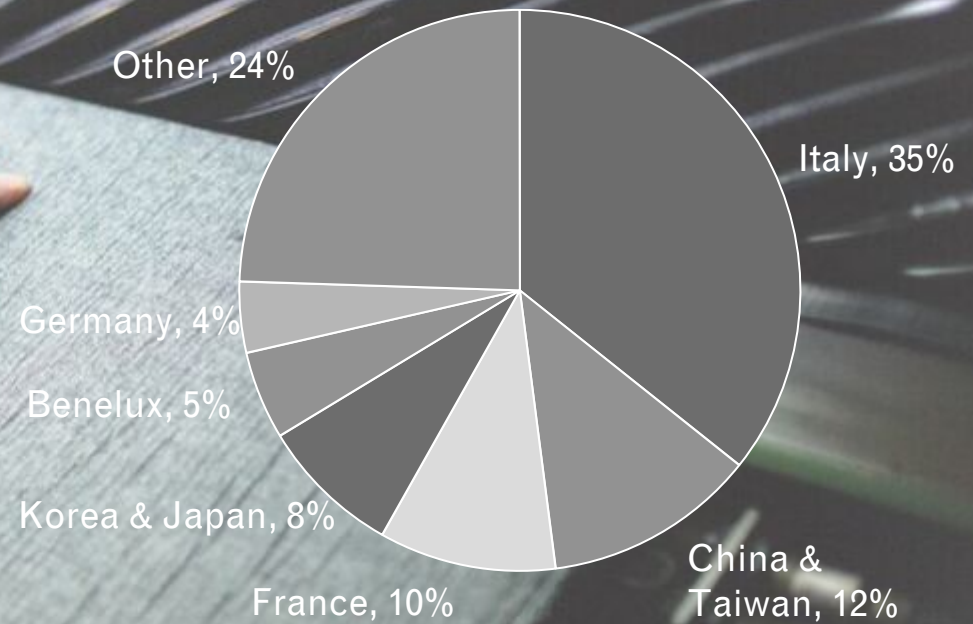
46%

Traceable raw material
purchased

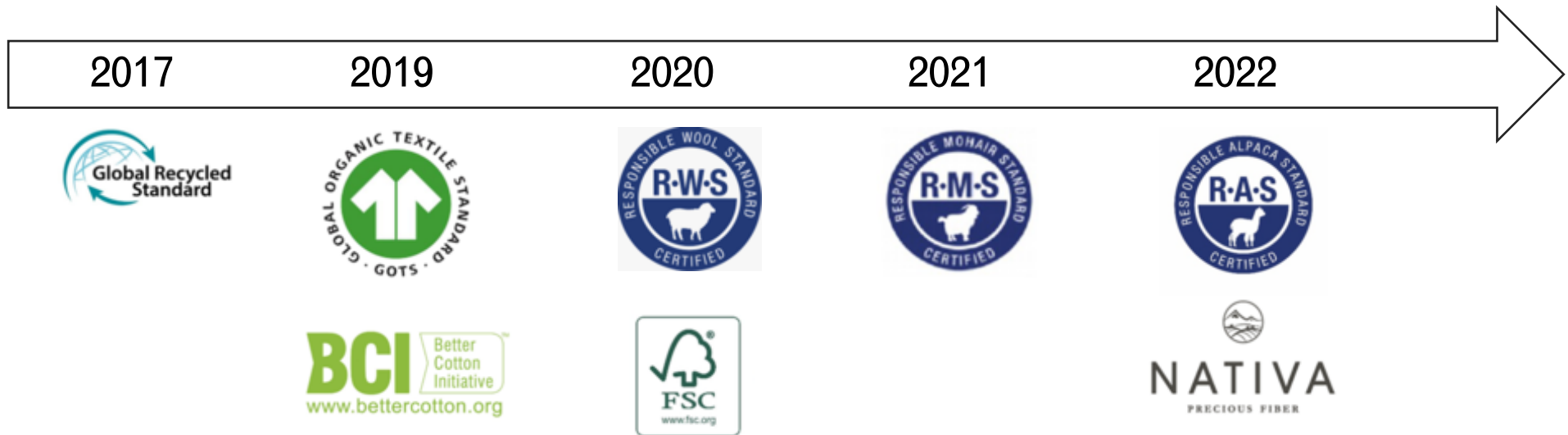
ZDHC

Foundational level
reached in 2022

MARKETS 2022



CERTIFICATIONS



THE SLOW FACTORY

"I enjoy rasping old irons, looking for the scent of fabrics, giving history memory to the products, building them according to the ancient craft technique, that of the 1400s, which we cannot repudiate, because we are masters of the art" (Giovanni Bonotto, Artistic Director)



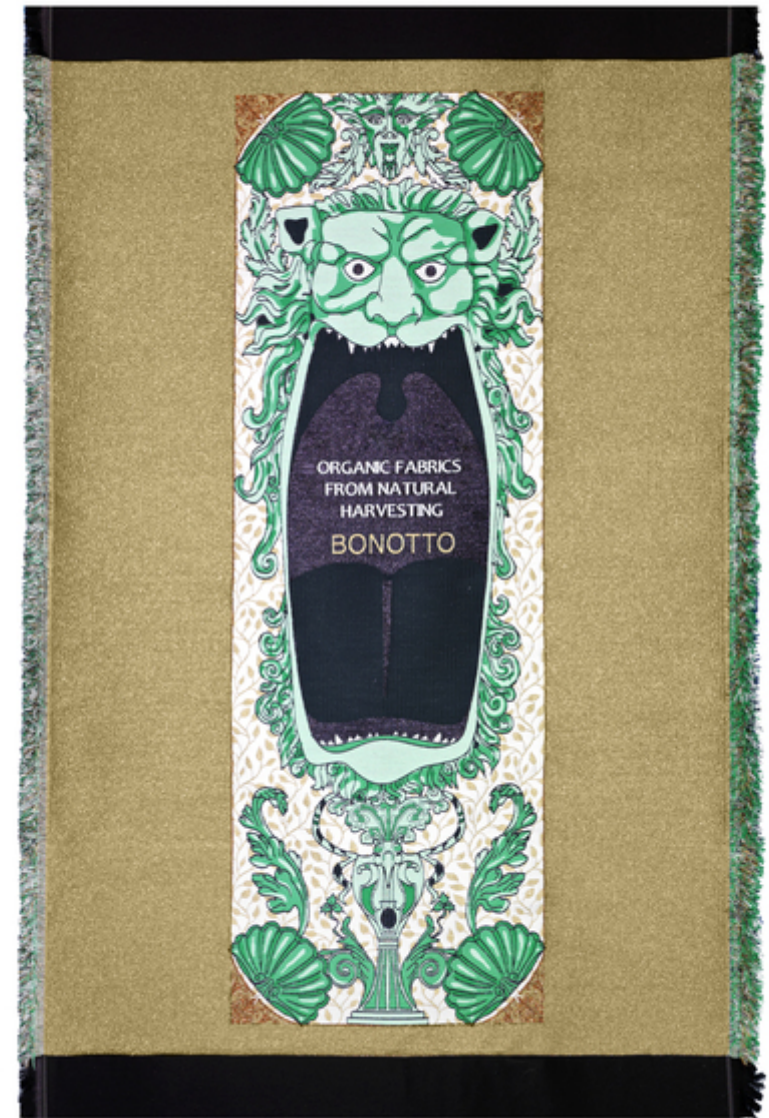
Our craftsmanship provides best-in-class textiles

The textile manufacturing process is a complex and multifaceted journey that starts with warping and weaving, the initial stage of creating the fabric. During this phase, skilled artisans or machines interweave one or more yarns, often incorporating intriguing melange patterns, and using various raw materials, such as blends and patterned fibers, to form the fabric's base structure.

Moving on to the finishing stage, the fabric undergoes a series of treatments to achieve the desired characteristics. These treatments determine the fabric's color, softness, feel, and aesthetics, and make each textile unique. These treatments include washing, fulling, shearing, napping, stone washing, and dyeing.

Finally, the process ends with quality assurance and packaging, where quality control measures are applied to ensure the fabric meets stringent standards. Once the fabric has passed the quality inspection, it is carefully packaged and then stored in the warehouse, ready to be distributed to customers or manufacturers for the creation of various end-products.

This extensive process involves a harmonious blend of craftsmanship, cutting-edge technology, and quality assurance, resulting in a vast array of textiles that enrich our daily lives and express fully the philosophy of the "Slow Factory".



The Slow Factory: a manifesto that challenges industrial standardization and mass production

Bonotto prefers mechanical machinery to electronic ones, and automation is banned. Old neglected looms are brought back to life so they can work their “slow” magic. This approach restores the luxury of craftsmanship, and the authenticity of hand-made works, reflected in the ancient romance of the Veneto landscape, a place dense with creativity and design. The quality of a fabric is enhanced by the length of time it takes to make it.

The factory is no longer a physical place with prefabricated walls; it is a territory of the mind, with its histories and memories. Bonotto's is a modern vision of work and enterprise, inspired by both old-fashioned technologies and by mould-breaking creative design. The result is fabrics like those of the past, durable, rich and precious; made in a time when man and machine related more naturally to each other.

Art is an abiding theme at Bonotto, influencing how the organization is run and how fabrics are produced. From the late 1960s to today Bonotto has hosted countless artists, many of whom donated works to the Company. Yoko Ono and Marcel Duchamp are just two of the many who visited.

Duchamp's art was an inspiration for the Fluxus movement, of which Yoko Ono was a famous proponent. The Bonotto family is Italy's leading collector and patron of the Fluxus movement, an experimental art movement of the 60s and 70s which emphasizes process over product. Fluxus art involves a Zen-like attention to that which has been backgrounded and whose functionality has been taken for granted. This way of seeing the world has influenced Bonotto to adopt a softer, freer, more flexible approach to the business of production. Work is first and foremost a cultural process and then a business, not the other way around. Today, Fluxus art is collected and protected by the Bonotto Foundation, headquartered in Colceresa at our production site.

FOCUS BOX: Merging tradition with innovation

2022 was a year of research and development into providing high quality, lasting materials with a focus on reducing their environmental impact.

Biodegradable polyester, nylon, and acetate

Polyester, in any form (such as plastic bottles or fabric), takes decades to biodegrade. However, the polyester fabric we are currently researching has a unique molecular bonding that allows it to biodegrade more quickly. The molecules of this polyester are arranged such that when exposed to a moist environment (e.g. the sea or a landfill) for just five years, bacteria break it down, initiating biodegradation.

Bio-based fabrics

Traditional polyester and polyamide yarns are derived from refining mineral oils, such as petroleum. However, the polyester and polyamide yarns we are researching have a different origin. They are produced from plant-based oils, like nettle, castor, sunflower, and others. This shift to using plant oils rather than mineral oils is an essential step towards sustainability and reducing our dependence on non-renewable resources. These bio-based fabrics offer promising alternatives to the traditional plastic-based synthetic yarns.





BONOTTO

FONDAZIONE BONOTTO

Fondazione Bonotto was established to promote the Bonotto family's collection. The Bonotto family began collecting these works in the early seventies and continues to do so today. The collection includes audio documents, videos, posters, books, and magazines themed around Fluxus art, as well as verbal-visual research developed during the late fifties.

Fondazione Bonotto promotes and develops a new way for **art, business** and **contemporary culture** to relate. These three pillars define the success of the Bonotto family.

For further information about Fondazione Bonotto, please visit:

www.fondazionebonotto.org

2022 Initiatives

1. "**Fluxus Arte per tutti**" exhibition", Museo del Novecento in Milan, Italy;
2. Publication of the book "**Fluxus, Again!**";
3. Appearance on the TV program "**Linea Verde**" within the show "Veneto che Bellezza".

OUR ESG STRATEGY

Bonotto joined the Ermenegildo Zegna Group (sometimes abbreviated as the E.Z. Group, or the Group here) in 2016. The Ermenegildo Zegna Group was founded as a wool mill in 1910 in Trivero, Italy by Ermenegildo Zegna, the grandfather of the 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.) In May 2022 the Group unveiled its new ESG strategy. The strategy consists of 27 commitments. For more information, please refer to the Group's Sustainability Report¹.

Bonotto's sustainability strategy aligns with the E.Z. Group vision. Bonotto, in partnership with the E.Z. Group, encourages learning and skills development, builds trust-based relationships, recognizes diversity, and is committed to human improvement through a culture of beauty.



¹ The Group's Sustainability Report is publicly available on the corporate website at this [link](#).

Bonotto has over 110 years' history deeply rooted in the local community. Further, Bonotto is an exemplar of the E.Z. Group's efforts to expand its value chain within Italy. The Company embraces the Group's dedication to achieving exceptional quality and craftsmanship. In relation to the Group's strategy, the Company is working to guarantee a more transparent and fair value chain by purchasing certified animal fibers, in line with the Group's Animal Welfare Policy published in 2022².

In 2022, traceable³ purchased raw material constituted 46% of product, in compliance with the requirements of the certifications on responsible raw material sourcing.

Furthermore, with regard to chemical management, Bonotto reached the requirements of the ZDHC foundation level in 2022.

The scope of the Company's operations has allowed Bonotto great influence in nurturing Italian craftsmanship and know-how.

Since the 1970s Bonotto has eschewed a "business as usual, profit before all else" approach. By balancing "profit", with "people" and "process", Bonotto pioneered a different value system for business. Today, Bonotto embraces diversity, ensuring the workplace is inclusive for people of varying backgrounds and atypical lifestyle choices. This, of course, comes naturally to an organization that has

embraced avant-garde art, and the boundary-pushing artists who create it. In 2023 we began training programs for staff, to promote diversity and inclusion. This is in recognition of the need to reach targets, and also to ensure that our workplace is welcoming for those who might feel marginalized for their lifestyle choices, or for belonging to a minority community.

In 2022, Bonotto sourced 40% of its electricity from renewable sources, contributing to the Group's goal to achieve 100% electricity from renewable sources by 2024 in Europe and US.

Our production philosophy is what represents us best, and the environmental challenges inspire us to combine this philosophy with a more conscious use of energy and resources.

² The Group's Animal Welfare Policy is publicly available on the corporate website at this [link](#).

³ The present number excludes materials purchased with the Better Cotton Initiative (BCI) label. If BCI Cotton is included, the certified material constitutes 56% of purchased raw materials.

OUR ESG COMMITMENTS

The first Bonotto Sustainability Report explains the Company's philosophy. We prioritize sustainable innovation as a key part of our corporate strategy and culture. We take pride in our dedication to sustainability, and this report reflects our ongoing efforts to drive positive change towards a more socially responsible future for the industry. In selecting our ESG topics, Bonotto took into account the materiality analysis⁴ conducted in 2022 by the E.Z. Group.

After careful evaluation, the following topics were identified as crucial to Bonotto:

Governance	Social	Environment
<ul style="list-style-type: none"> Sustainable sourcing & animal welfare Data privacy & cybersecurity ESG culture, integrity & transparency 	<ul style="list-style-type: none"> Human & labor rights Employee wellbeing DE&I (diversity, equity & inclusion) Education & training 	<ul style="list-style-type: none"> Water & chemical management Packaging & plastic pollution (waste) Circularity, durability & eco-design Carbon emissions & energy management

⁴ For more details on the Group materiality assessment methodology, see the "Our Road to Tomorrow" chapter of the Group Sustainability report at the following [link](#).

GOVERNANCE

Bonotto protects the interests of all its stakeholders through transparent and effective governance. Our system of administration and control promotes integrity and transparency, enables the creation of long-term value for shareholders and other stakeholders, and supports the accountability of the industry.

The governance model adopted by the Company, as set out in the Articles of Association, is structured according to the traditional administration and control model and consists of the following bodies:

- Shareholders' Meeting
- Board of Directors
- Board of Statutory Auditors

The board of directors as on 31.12.22 was composed of 5 members: 1 Chairman, 2 Executive Directors, 2 Non-Executive Directors.

To further confirm our commitment to transparency and compliance, in 2019 the Company voluntarily adopted a Model of Organization, Governance and Control under Legislative Decree 231/2001 (model 231). Adopting model 231 involves implementing a governance and control system that protects the Company against the risk of crime committed by any qualified representative of the company in interest or to advantage of the company itself. In Italy, model 231 is the main legislative tool for preventing crime under the decree 271/01 within organizations, giving organizations an added layer of

assurance to help prevent crime and to signal their sincerity in doing so to the justice system.

BOARD COMPOSITION BY GENDER AND AGE TIER

	Gender	Age Tier
Chairman of the Board of Directors		
Franco Ferraris	Male	>50
Executive Directors		
Giovanni Bonotto	Male	>50
Lorenzo Bonotto	Male	>50
Non-Executive Directors		
Paolo Zegna di Monte Rubello	Male	>50
Franca Calcia	Female	>50

Bonotto adopted model 231 not only to prevent crime and reduce its corporate administrative responsibility, but also to raise staff awareness to prevent potential crime, improve governance and ensure compliance with ethical standards. Adopting the model entailed a raft of changes within the Company, including the implementation of controls, the redefinition of responsibilities and accountability, segregation of duties, and the adoption of procedures to mitigate the risk of crimes. These measures were supported by extensive staff training.

Code of ethics

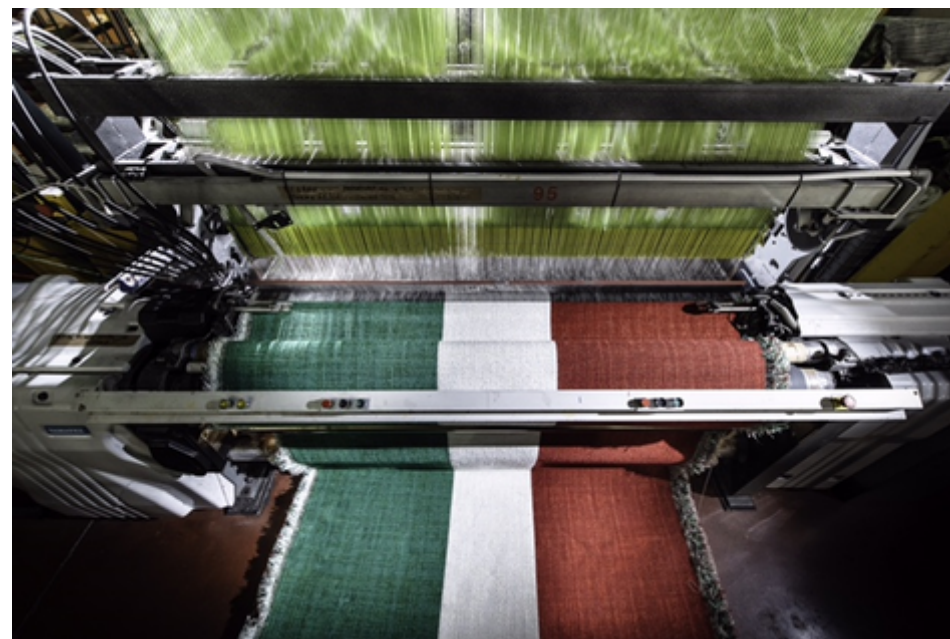
As part of the E.Z. Group, Bonotto has adopted the Group's Code of Ethics (the Code), published on the Group's corporate website⁵.

Bonotto believes in and complies with the principles and values expressed in the Code, including legality, integrity, equality and impartiality, transparency, correctness and reliability, professionalism, confidentiality, human resources and human rights, health and safety, environmental protection, and fair competition.

To incorporate such principles into day-to-day business practices, Bonotto adopted the Group's specific policies related to anti-corruption, anti-money laundering and sanctions, as well as diversity, equity and inclusion.

The Code is communicated to employees and third parties in a thorough and appropriate manner. Online training of the Code is regularly provided to employees to ensure proper understanding and adoption of virtuous (ethical and law-abiding) behavior. Employees are mandated to inform third parties with whom they have business dealings about the provisions of the Code with which they must comply.

In 2022, Bonotto had zero non-compliance issues with laws and regulations, as well zero legal actions against it for corruption, anti-competitive behavior, anti-trust, or monopoly practices.



⁵ To read the Group's Code of Ethics, follow this [link](#).

Whistleblowing

The Misconduct Reporting Policy, adopted by the E.Z. Group in December 2021, fosters a culture of accountability and transparency. It encourages all employees and stakeholders to report any instances of misconduct confidentially, without fear of retaliation.

The policy outlines clear and structured reporting procedures, ensuring that all reports are thoroughly investigated and followed up on. Additionally, the policy provides comprehensive protection for whistleblowers to safeguard them from any adverse consequences.

In line with this commitment to openness and responsibility, Bonotto fully supports the policy's objectives. We underscore the importance of employees and other concerned parties coming forward with any concerns they may have. Such reports allow for proper assessment, investigation, and collection of additional information when necessary.

To facilitate the reporting process, the E.Z. Group has implemented various channels of communication. These include a web portal available in multiple languages, providing easy access for anyone wishing to submit a whistleblowing report. Additionally, we have a dedicated anonymous phone line for whistleblowers.

By adopting these measures and by promoting a culture of openness and accountability, Bonotto, aligned to the E.Z. Group, sustains a safe and ethical work environment, one that promotes the highest standards of integrity.

Group Code of Conduct for Suppliers

The E.Z. Group has adopted a Supplier Code of Conduct, which is a set of minimum standards to be applied by all Group suppliers at their production facilities and by their subcontractors.

The Supplier Code of Conduct covers a wide range of environmental obligations, including compliance with both national and local wastewater discharge regulations, among other provisions. Further, it covers the protection of human rights, employee wellbeing, and employee safety. In short, we ensure that not only Bonotto, but the companies that supply Bonotto, are socially responsible organizations.

Human rights

In 2022 Bonotto underwent four audits to verify the business and our productive processes in respect to human rights. On top of these four audits, Bonotto voluntarily underwent the SMETA 4-pillar audit (labor standards, health and safety, environmental assessment, and business ethics). SMETA, the world's most widely used social audit, assesses adherence to international social standards and commitment to employees' health and wellbeing, with a focus on improving the work environment⁶.

In 2023, Bonotto plans to increase its own supplier audits (conducted by third parties) to continue addressing social and environmental impacts in our supply chain. This proactive step reflects Bonotto's commitment to ethical, sustainable practices and promotes fair labor practices and employee wellbeing throughout its supplier network.

⁶ SMETA (Sedex Members Ethical Trade Audit) 4 Pillar is a set of protocols for high-quality audits to be used in conjunction with current established practices for performing ethics audits; further information at this [link](#).

SOCIAL

We believe in vertical integration, which means much of our value chain is managed within Bonotto rather than being outsourced. We value our workforce for its artisanal and craftsmanship excellence. Sustaining and indeed growing this intellectual capital is key to our strategy. By adding value to the lives and livelihoods of our employees, our brand reaps the benefits of their fine work. We are committed to improving the lives of our employees and of the communities they come from, to protecting human rights, and contributing to human and social capital.

Our culture is inclusive and fair; no one faces discrimination based on age, gender, sexual orientation, social status, race, language, nationality, political opinions, union membership, or religious beliefs. Everyone has the opportunity to grow, contribute, and succeed in their profession. We care for the wellbeing of our employees, including those facing health issues or special circumstances, by promoting work-life balance and overall employee welfare.

In 2022, the Group embarked on a "people path", to be implemented over the next 2-5 years, and to which Bonotto is also fully committed. This plan aims to promote inclusive behaviors, cultivate a diverse and talented workforce, enhance the employee experience, prepare for changes, and support career growth for employees and leaders.



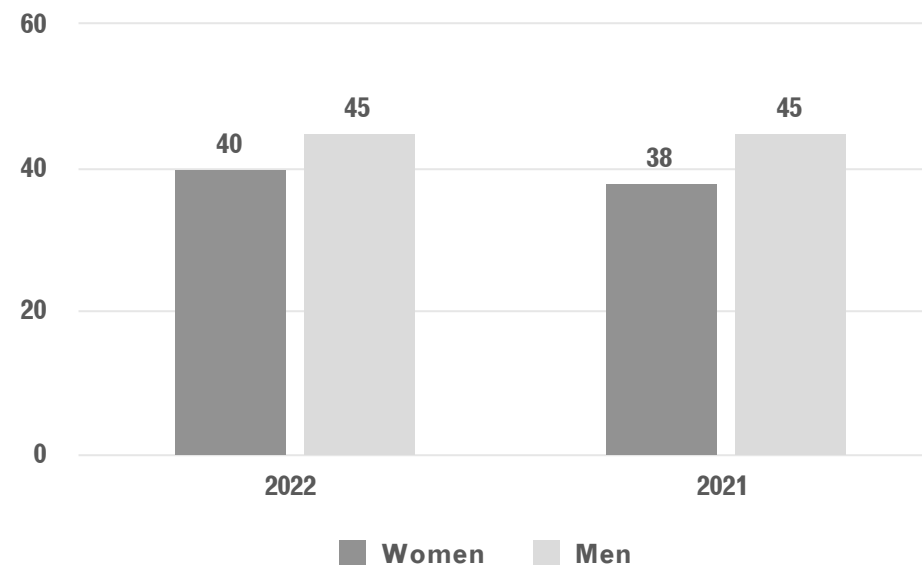
OUR WORKFORCE

Our skilled workforce, through their artisanal expertise, enhances the value of our brands, thereby contributing to our intellectual capital. Our 85 employees (as of 2022) add value to the craftsmanship excellence of the E.Z. Group⁷. 100% of our employees are covered by collective bargaining agreements, which regulate relations between employers and workers and facilitate agreement on working conditions.

While we have observed a modest rise in women's representation within our workforce, Bonotto's overall composition has remained largely unchanged since 2021, with women employees composing about 47% of the overall headcount.

Furthermore, we strive to improve diversity, equity and inclusion (DE&I) within the Company and in line with the Group's strategy. At the beginning of 2023 the Company started conducting training initiatives dedicated to raising awareness about and educating employees on DE&I.

EMPLOYEES BY GENDER



⁷ We report that in 2022, no temporary workers were contracted by Bonotto through external agencies, and all workers are employees included in the Company's payroll.

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

	At 31 December 2022			At 31 December 2021		
	Men	Women	Total	Men	Women	Total
Permanent contract	43	36	79	44	36	80
Fixed-term contract	2	4	6	1	2	3
Total	45	40	85	45	38	83

In 2022, Bonotto employed a total of 45 men and 40 women; 93% of employees in both categories were on permanent contract. 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.

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

	At 31 December 2022			At 31 December 2021		
	Men	Women	Total	Men	Women	Total
Full-time	45	39	84	45	34	79
Part-time	0	1	1	0	4	4
Total	45	40	85	45	38	83

As of the end of 2022, all but one of the Company's employees were working full-time.

Our compensation policy is aligned with the Group's policy, which allows for 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 policies⁸.

In 2022, about half (51%) of our workforce was composed of blue-collar workers, reflecting the fact that most of our activities revolve around production processes, while the rest was made up of office workers, middle management and top Management.

⁸ For more information on the Group's HR policies, please consult the Zegna Responsibility document, publicly available at this [link](#).

BREAKDOWN OF EMPLOYEES PER CATEGORY ACCORDING TO AGE GROUP

	At 31 December 2022				At 31 December 2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top management	0	0	4	4	0	0	2	2
Middle management	0	5	0	5	0	2	3	5
Office sole contributor	0	4	24	28	1	8	24	33
Blue-collar	0	13	35	48	5	14	24	43
Total	0	22	63	85	6	24	53	83

The Company places a high value on experience as a pillar of success. We value the wealth of knowledge and expertise that our employees bring. Hence, we have prioritized the hiring and retention of individuals with extensive experience, ensuring that our workforce consists of seasoned professionals who have built their skills over time. Further, it gives us great pride to see a large number of employees make their careers with us, staying with the Company over the long term. This trend highlights not only the rewarding and fulfilling nature of our work environment, but also the sense of belonging and mutual support that shapes our Company culture.

HEALTH & SAFETY

Ensuring the wellbeing of our employees is of utmost importance to us. As part of our commitment to health and safety, we provide business travel insurance to all employees, covering urgent medical expenses for those traveling on behalf of Bonotto. Moreover, we take extensive measures to protect them from workplace accidents.

To prevent any mishaps, we collaborate with experts to carefully identify potential hazards and apply effective mitigation strategies. Additionally, strict adherence to local health and safety regulations is a top priority for us. Regular internal and third-party health and safety inspections are conducted, to ensure compliance and to maintain a safe working environment for everyone.

The Company has a structured health and safety system, in line with D.Lgs 81/2008 (an Italian legislative decree that makes workplace safety the employer's responsibility). The business processes and inherent risks are outlined in detail in the Company's DVR (Document of Risk Assessment). The investigation is carried out regularly by the maintenance manager, who is also the Company's representative for workers' health and safety, along with the Health and Safety Manager (RSPP⁹).

Additionally, we have an annual mandatory meeting, where sensitive cases are analyzed, attended by the Employer, RSPP, Employee's Safety Representative (RLS¹⁰), Production Manager, CFO, and Controller.

Furthermore, the Company appointed a qualified doctor, whom employees consult with annually or biennially (once every two years). This same doctor conducts an annual medical inspection to assess the hygienic and sanitary conditions of the Company's premises. All workers receive mandatory safety training as required by regulations. Moreover, when new machinery or equipment is installed, proper on-the-job training is always provided to the employees using them.

In mitigating occupational health and safety incidents, and associated hazards and risks, we take a ground-up approach. Risk is reduced through close communication between employees and their supervisors in all areas of the Company. Each work area averages only 6 to 8 employees, a small enough number for us to build trusting relationships between employee and supervisor, whereby all are free to communicate their concerns about potential risks and stop work if need be.

Regarding work-related injuries or fatalities, there were none in 2021 or 2022. These results point to the success of our workplace safety culture.

The number of hours worked by employees in FY 2022 was 129,055.

⁹ From Italian, Responsabile del Servizio di Prevenzione e Protezione.

¹⁰ From Italian, Rappresentante dei Lavoratori per la Sicurezza.

EMPLOYEES, NEW HIRES AND TURNOVER

	At 31 December 2021	2022		At 31 December 2022
	Employees	Employees turnover	Employees new hires	Employees
Total	83	6	8	85
Men	45	3	3	45
Women	38	3	5	40

In 2022, there were 8 new hires, consisting of 3 men and 5 women, all aged between 30 and 50 years. The overall new hire rate for the year was 9.4%.

The Company witnessed a turnover of 7%, with 6 employees leaving in 2022, with an equal split of 3 men and 3 women. Among these, 1 person was under 30 years old, 3 were between 30 and 50 years old, and 2 were over 50 years old. The exits were compensated for by 8 new hires.

EMPLOYEES & RATE OF NEW HIRES BY AGE GROUP, GENDER

	At 31 December 2022					
	Men		Women		Total	
	Number	Rate	Number	Rate	Number	Rate
Total	3	3.5%	5	5.9%	8	9.4%
<30	0	—%	0	—%	0	—%
30-50	3	3.52%	5	5.88%	8	9.40%
>50	0	—%	0	—%	0	—%

EMPLOYEES & RATE OF TURNOVER BY AGE GROUP, GENDER

	At 31 December 2022					
	Men		Women		Total	
	Number	Rate	Number	Rate	Number	Rate
Total	3	3.5%	3	3.5%	6	7.0%
<30	1	1.17%	0		1	1.17%
30-50	1	1.17%	2	2.35%	3	3.52%
>50	1	1.17%	1	1.17%	2	2.34%

CAREER DEVELOPMENT

Bonotto encourages employees' career advancement while taking into account skills critical to our business. We are committed to initiatives that re-skill and upskill employees; we also provide opportunities for rewarding interactions among employees. We encourage internal networking, where staff can discuss work issues with colleagues from other departments.

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

We offer a range of training, both mandatory and non-mandatory, in health & safety (H&S), compliance, job role induction, and technical product training based on job description. We also provide training in cybersecurity, aligned with the Group's training requirements. Moreover, to improve the soft skills of our employees, in the year under review we offered managers coaching and other performance improvement initiatives. Training was delivered both face-to-face and remotely. Due to the fact that the Company requires high skills levels, we ensure ongoing on-the-job training for blue-collar workers, which is not officially recorded in our management system. Ongoing training is made available to all personnel, with dedicated training sessions for each department in the Company.

AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY¹¹

	At 31 December 2022
	Total
Top management	1.50
Middle management	4.00
Office sole contributor	1.93
Blue-collar	2.75
Total	2.49

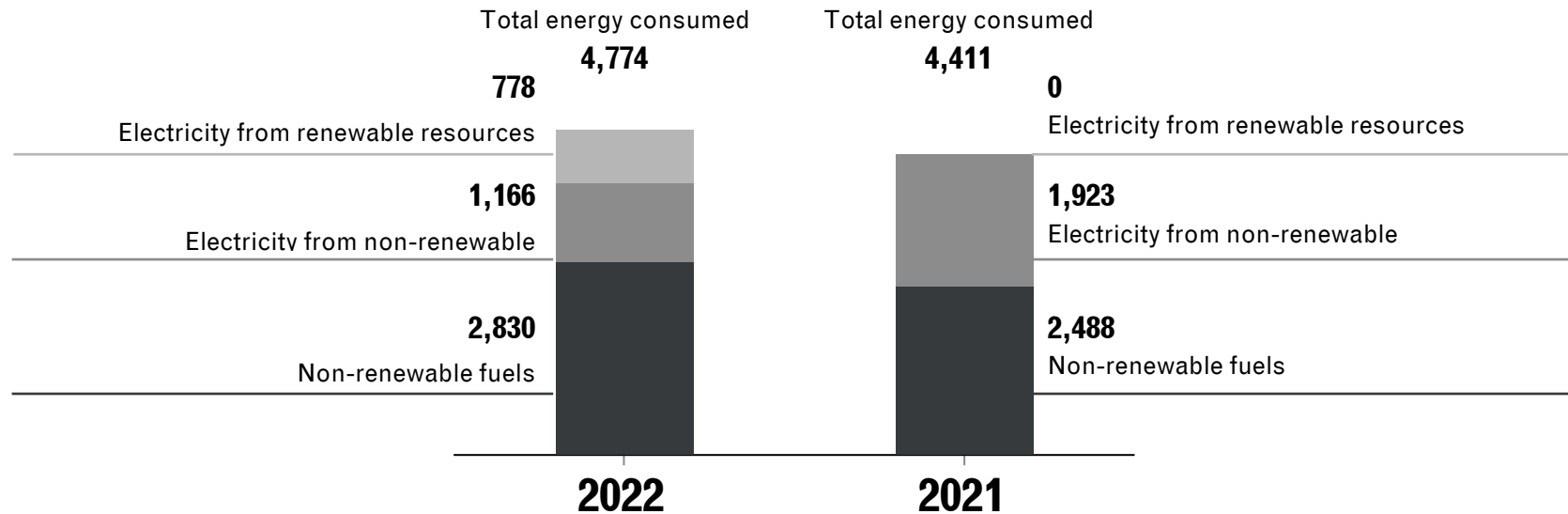
¹¹For FY 2022 it was not possible to track the breakdown of hours of training by gender. The E.Z. Group and Bonotto are working to improve the tracking of training data.

ENVIRONMENT

At Bonotto we understand the importance of sustainability and environmental responsibility, and we address these issues earnestly. This report outlines the measures and initiatives we have taken to reduce our environmental impact, save resources, and promote best-practices across our operations.

We are deeply committed to pursuing the goals that the E.Z. Group has set and we will keep on monitoring our efforts and our contribution to these goals.

ENERGY CONSUMED BY ENERGY SOURCES (GJ)



Bonotto's energy consumption increased by 8% in 2022 compared to 2021. Energy consumption consisted of non-renewable fuels (natural gas, diesel and gasoline) of about 2,830 GJ, and electricity of about 1,944 GJ.

Natural gas is the main fossil fuel we consume (2,370 GJ), used exclusively for heating the offices and the production site. In 2022, consumption of natural gas increased slightly from 2021.

Fossil fuel (diesel) was also consumed in transportation, accounting for 460 GJ. Fuel consumption is calculated taking yearly mileage of vehicles into account. In 2022 the consumption of diesel increased by 50%; the main reason for this was the full resumption of post-pandemic activities, which resulted in increased travel by the Company car fleet.

The Company's electricity consumption was 1,944 GJ for 2022, roughly equivalent to 0.54 GWh. Of this 1,944 GJ, 778 GJ comes from renewable sources, purchased through certificates of Guarantee of Origin. Regarding our commitments to increasing the purchase of electricity from renewable sources, Bonotto has achieved 40% compared to the E.Z. Group target for 2027 (100% electricity from renewable sources in all operations).

The energy consumption trend of Bonotto can be understood through the energy intensity ratio. While the energy consumed within the organization slightly increased in 2022, the significantly higher increase in revenues, resulting from Bonotto's expansion of operations, led to an overall decrease in the energy intensity ratio. This ratio decreased from 0.248 GJ/k€ in 2021 to 0.194 GJ/k€ in 2022.

ENERGY INTENSITY RATIO (GJ/k € revenue)

	2022	2021
Total energy consumed (GJ)	4,774	4,411
Total revenues (k €)	24,552	17,764
Energy intensity ratio (GJ/k €)	0.194	0.248

BONOTTO'S CARBON FOOTPRINT

The E.Z. Group, along with Bonotto, began formally assessing carbon emissions in 2021.

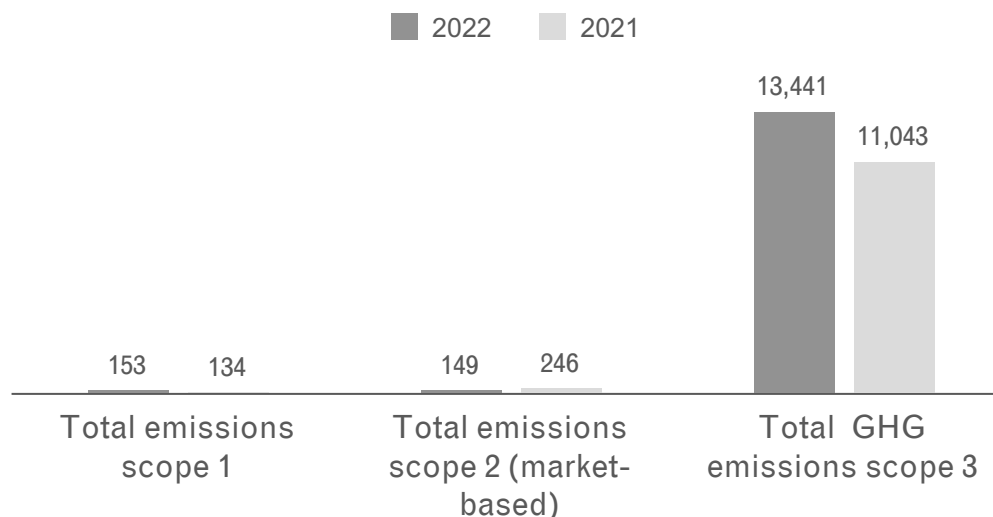
Scope 1 refers to the emissions directly generated by the Company from operations that we own or control. With respect to scope 2, indirect emissions are derived from electricity, steam, heat or cooling purchased and consumed by the organization.

Scope 2 emissions can be calculated by 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 Company occurs. A market-based method reflects emissions from electricity that Bonotto has purposefully chosen.

In 2022, scope 1 plus scope 2 market-based emissions equated to 302 tonnes CO₂e (CO₂ equivalent). Scope 1 emissions increased in 2022, coinciding with increased consumption of nonrenewable fuels. Scope 2 market-based emissions decreased in 2022 as a result of the Company switching to certified renewable electricity.

EMISSIONS - SCOPE 1, SCOPE 2 & SCOPE 3 (tCO₂e)



Scope 3 emissions

In comparison to the previous year, Bonotto experienced a slight increase in scope 1 emissions in 2022, coinciding with our increased consumption of natural gas and diesel. In contrast, scope 2 emissions, which only include purchased electricity, remained stable for 2022 according to the location-based approach, but decreased by 39% for the year when applying the market-based approach. This decrease can be attributed to the Company's investment in switching to electricity from certified renewable sources.

EMISSIONS - SCOPE 1 & SCOPE 2 (tCO₂e)

	2022	2021
Total emissions scope 1	153	134
Total emissions scope 2 (location-based)	170	171
Total emissions scope 2 (market-based)	149	246
Total emissions scope 1 & scope 2 (location-based)	323	305
Total emissions scope 1 & scope 2 (market-based)	302	380

Scope 3 emissions are the result of activities from assets not owned or directly controlled by Bonotto, but which are indirectly generated upstream and downstream of its value chain. It is important to note that the E.Z. Group, as part of its Science Based Targets initiative (SBTi) submission, updated its scope 3 emissions calculation methodology.

We refined our calculation for category 1 emissions (purchased goods and services) by using an additional emission factor database called Idemat 2023 for new categories of purchased materials added to the calculation in 2022.

We revised our 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. We also changed how we determine emission factors for category 4 (upstream transportation & distribution) to the 2019 GLEC (Global Logistics Emissions Council) database. Aligning to the GLEC Framework (the industry guideline for implementing ISO 14083) for category 4 involved refinements in our methodology. Further, we reviewed the calculation of emissions associated with employee commuting (category 7) by collecting primary data via an employee survey.

Scope 3 emissions for 2022 were 13,405 tonnes of CO₂e. The table below shows the emissions for each category.

Purchased goods and services account for about 84% of total emissions. Processing of sold products is responsible for

about 7% of overall emissions, followed by upstream transportation, which accounts for about 6% of estimated scope 3 emissions. The remaining categories cumulatively account for about 3%.

EMISSIONS - SCOPE 3 (tCO₂e)^{12,13,14}

Process / Activity - tCO ₂ eq	2022	2021
1. Purchased goods and services	11,240	8,972
2. Capital goods	279	23
3. Fuel and energy-related activities (not included in scope 1 or scope 2)	76	72
4. Upstream transportation and distribution	853	1,349
5. Waste generated in operations	4	11
6. Business travel	25	17
7. Employee commuting	89	63
10. Processing of sold products	875	536
Total scope 3 GHG emissions	13,441	11,043

¹² 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 3 (fuel and energy related activity) emissions are calculated using Quantis' Scope 3 Evaluator. Category 4 (upstream transportation and distribution) emissions factors are taken from GLEC 2019 Database. Category 5 (waste generated), category 6 (business travel) and category 7 (employee commuting) emission factors are based on DEFRA, UK Government GHG Conversion Factors for Company Reporting (2022). Category 10 (processing of sold products) emission factors are based on the Ecoinvent v 3.7.1 database.

¹³ Please note that the emissions related to Category 4 (Upstream transportation and distribution) for the FY 2021 represent the Tank-to-Wheel (TTW) emissions, not the Well-to-Wheel (WTW) emissions as reported in the E.Z. Group's Sustainability report. Regrettably, the recalculation of WTW emissions for Bonotto could not be performed retroactively.

¹⁴ 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 3 (fuel and energy related activity) emissions are calculated using Quantis' Scope 3 Evaluator. Category 4 (upstream transportation and distribution) emissions factors are taken from GLEC 2019 Database. Category 5 (waste generated), category 6 (business travel) and category 7 (employee commuting) emission factors are based on DEFRA, UK Government GHG Conversion Factors for Company Reporting (2022). Category 10 (processing of sold products) emission factors are based on the Ecoinvent v 3.7.1 database.

Overall, Bonotto's total scope 3 emissions have increased by 21% in 2022 versus 2021. However, this increase is partially the result of an overall expansion of operations, given that scope 3 emission intensity has significantly decreased (-11%).

The main drivers of the growth in our scope 3 emission are to do with category 1; purchased goods and services rose by 25% due to the considerable rise in our business volume. For the same reasons, emissions generated from the processing of sold goods (category 10) increased significantly (63%).

On the other hand, emissions generated from upstream transportation (category 4) decreased by 37% in 2022 from 2021.

Overall, other categories of scope 3 remained stable and did not significantly affect the cumulative scope 3 emission figure.

GHG EMISSIONS INTENSITY RATIO (tCO₂eq/k € revenues)

	2022	2021
Total revenues (k €)	24,552	17,764
Total emissions scope 1&2 (tCO ₂ e)	302	380
GHG intensity ratio (tCO₂e/ k €)	0.012	0.021
Total emissions scope 3 (tCO ₂ e)	13,441	11,043
GHG intensity ratio (tCO₂e/ k €)	0.547	0.622

RAW MATERIALS TRACEABILITY & CIRCULARITY

In 2022, 69% of our polyester came from recycled sources. We also purchased 90% of recycled cashmere, 13% of recycled synthetic fibers and 5% of recycled cotton and wool. 65% of materials used by Bonotto are renewable¹⁵. Bonotto follows in the tradition of the E.Z. Group, producing quality natural fibers that have been appropriately sourced.

Synthetic fibers, important assets for Bonotto, account for 35% of total raw materials, mainly consisting of polyester (32%). Plant-based and animal-based fibers are also an important asset for Bonotto, accounting for 26% and 25% of total raw materials respectively. 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 use animal-derived fibers only from species that are not at risk of extinction, and we follow the sourcing requirements as set down in the Group's Animal Welfare Policy¹⁶.

¹⁵ Raw materials considered renewable: animal fibers and skins, vegetable fibers, paper & cardboard, man-made cellulose.

¹⁶ The Group's Animal Welfare Policy is publicly available on the corporate website at this [link](#).

MATERIALS SOURCED AND SHARE OF CERTIFIED PRODUCT IN 2022

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	126.22	Global Organic Textile Standard (GOTS)	5.86	5%
		Global Recycle Standard (GRS)	41.58	33%
Wool	126.28	Global Organic Textile Standard (GOTS)	1.87	1%
		Global Recycle Standard (GRS)	6.49	5%
		Responsible Wool Standard (RWS)	4.82	4%
Polyester	174.16	Global Recycle Standard (GRS)	119.94	69%
Man made cellulosics	81.29	Forest Stewardship Council Certification (FSC)	65.31	80%
Cashmere	2.35	Global Recycle Standard (GRS)	2.12	90%
Linen	10.93	N/A	0.00	—%
Other Synthetic Fibers	18.04	Global Recycle Standard (GRS)	2.31	13%
Other Animal Fibers	5.62	N/A	0.00	—%
Other Vegetable Fibers	4.35	Forest Stewardship Council Certification (FSC)	2.16	50%
		Global Organic Textile Standard (GOTS)	1.71	39%
Total	549.24		254.17	46%

Responsible Wool Standard (RWS)

The Responsible Wool Standard (RWS) is an international voluntary standard that addresses animal welfare and issues of sustainable farming in the wool industry. Its aim is to provide an industry tool to:

- Recognize best practices of farmers;
- Ensure that wool comes from farms with a sustainable 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.

Global Recycled Standard (GRS)

Global Recycled Standard (GRS) is a voluntary international standard that sets requirements for third-party certification of recycled input and chain of custody. The objectives of the standard are:

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

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 more.

Forest Stewardship Council (FSC)

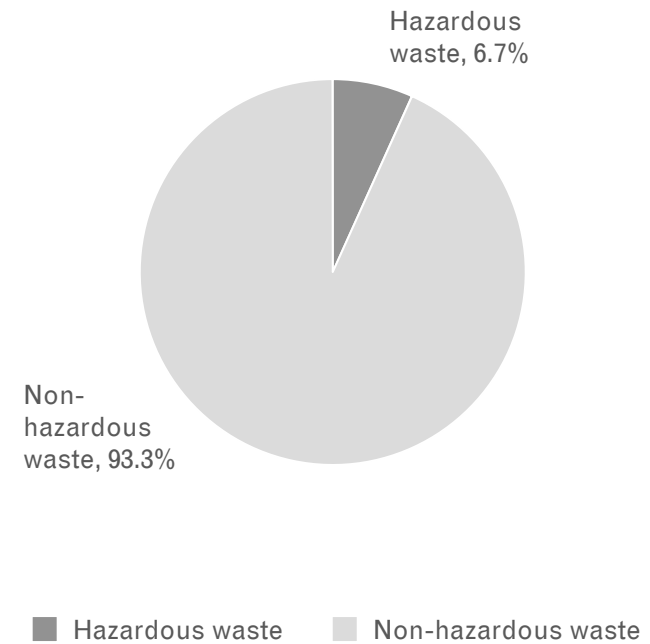
The Forest Stewardship Council (FSC) certification is a trustworthy and globally recognized standard for responsible forest management. It ensures that forests are managed in a sustainable manner, while also protecting wildlife habitats, respecting indigenous communities' rights, and promoting responsible forestry practices.

The FSC certification ensures that products such as wood and paper are sourced from responsibly managed forests, thereby reducing deforestation and supporting environmental conservation. It also encourages businesses to follow strict social and environmental standards, promoting transparency and accountability in the forestry industry. The FSC label gives consumers confidence that they are purchasing products that contribute to a more sustainable future.

WASTE MANAGEMENT

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.

WASTE GENERATED IN 2022 (t)¹⁷



¹⁷ Data related to FY 2021 is not available as this indicator was not disclosed in the former year of reporting

Internal waste production at Bonotto production sites is managed according to local regulations. In 2022, the total waste generated was 89 tonnes, of which about 36% (32t) was recovered through recycling. Hazardous waste is generated in small amounts and generally results from machinery maintenance and repair.

On the other hand, non-hazardous waste consists mainly of processed textile fibers and waste packaging: wooden, paper or mixed. This waste is managed and disposed of according to local regulations.

WASTE DIVERTED FROM AND DIRECTED TO DISPOSAL IN 2022 (t)¹⁸

	Waste diverted from disposal	Waste directed to disposal		Total
	Recycling	Incineration (without energy recovery)	Other disposal operations	
Hazardous waste	0	0	6	6
Non-hazardous waste	32	51	0	83
Total waste weight	32	51	6	89

¹⁸Data related to FY 2021 is not available as this indicator was not disclosed in the former year of reporting.

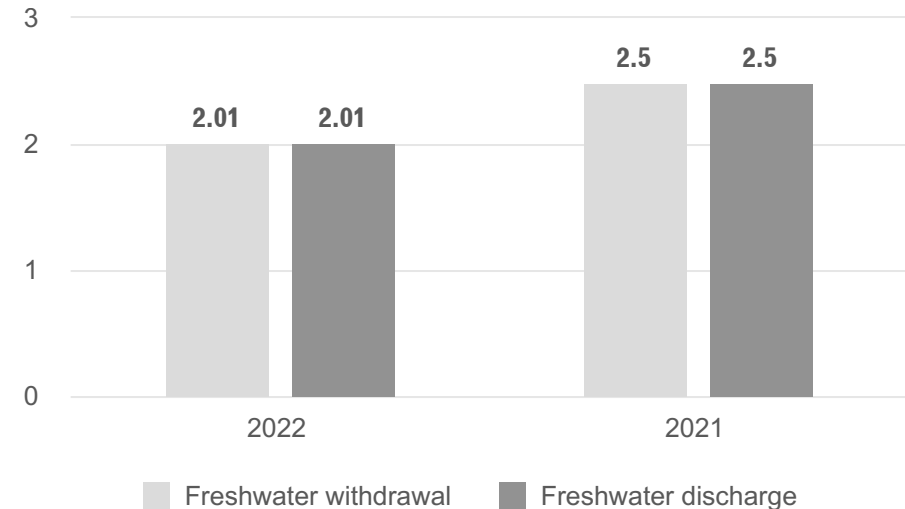
WATER

The water withdrawn by Bonotto comes entirely from a third-party water supplier. In 2021, 2.5 ML of water were withdrawn for non-industrial purposes, while in 2022, our consumption dropped to 2 ML, a positive trend in conscious use of resources.

Bonotto's data on water discharge equates to water withdrawn. Water is exclusively used for personal purposes, as our production processes do not require water. All water discharged is third-party water, and no water is lost in the atmosphere or through other means.

Concerning chemical management, the Group committed to achieve ZDHC (Zero Discharge of Hazardous Chemicals) foundational compliance level (Manufacturing Restricted Substances List, wastewater) for all its production sites, by 2023. In anticipation of this goal, in 2022 Bonotto achieved ZDHC foundational compliance, becoming one of the four E.Z. Group production sites to reach this target.

WATER WITHDRAWAL AND DISCHARGE (ML)



METHODOLOGICAL NOTE

This document is the first Sustainability Report issued voluntarily by Bonotto S.p.A. (the Company). Our purpose is to provide external and internal stakeholders with an overview of the current situation and the future plans concerning Environmental, Social, and Governance actions and performance.

To communicate the Company'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 all the GRI Standards, 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".

The indicators being reported on were chosen in consideration of their representativeness and consistency with the Group's activities.

This voluntary report was not subjected to third-party assurance.

The reporting perimeter refers to Bonotto S.p.A., with headquarter and operations at Via Louvigny, 39, Colceresa (VI), Italy.

The information and data in this publication pertains to the fiscal year 2022 (from 1 January to 31 December). Any exceptions are made explicit in the text of the document.

In the "GRI Content Index" section, you will see a breakdown of the information reported according to the performance indicators defined by the GRI.

The Sustainability Report is published annually. In addition, please note that this report was prepared in alignment with the Group Sustainability Report, which is publicly available on the corporate website¹⁹.

¹⁹[Ermenegildo Zegna Group Sustainability Report 2022](#)

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

Massimiliano Pigatto

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Email: massimiliano.pigatto@bonotto.com

GRI CONTENT INDEX

	Page Number	Omissions / Notes	
GRI 1: Foundation 2021			
Statement of use	Bonotto S.p.a. 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. 39		Organizational details
GRI 2-2	p. 39		Entities included in the organization's sustainability reporting
GRI 2-3	p. 39		Reporting period, frequency and contact point
GRI 2-4		Not applicable	Restatements of information
GRI 2-5		Not applicable	External assurance
GRI 2-6	p. 6		Activities, value chain and other business relationships
GRI 2-7	p. 21		Employees
GRI 2-9	p. 16		Governance structure and composition
GRI 2-19		Remuneration Policy.pdf	Remuneration policies
GRI 2-20		Remuneration Policy.pdf	Process to determine remuneration

GRI 2-22	p. 3		Statement on sustainable development strategy
GRI 2-23	p. 16		Policy commitments
GRI 2-24	p. 16		Embedding policy commitments
GRI 2-26	p. 16		Mechanisms for seeking advice and raising concerns
GRI 2-27	p. 16		Compliance with laws and regulations
GRI 2-30	p. 21		Collective bargaining agreements

GRI 3: Material Topics 2021

GRI 3-1	p. 15		Process to determine material topics
GRI 3-2	p. 15		List of material topics
GRI 3-3	p. 15		Management of material topics

GRI 200 Economic topics

GRI 205 Anti-corruption 2016

GRI 205-3	p. 16		Confirmed incidents of corruption and actions taken
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GRI 206 Anti-competitive Behavior 2016

GRI 206-1	p. 16		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
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GRI 300 Environmental topics

GRI 301 Materials 2016

GRI 301-1	p. 33		Materials used by weight or volume
GRI 301-2	p. 33		Recycled input materials used

GRI 302 Energy 2016

GRI 302-1	p. 27		Energy consumption within the organization
GRI 302-3	p. 27		Energy intensity

GRI 303 Water and Effluents 2018

GRI 303-3	p. 38		Water withdrawal
GRI 303-4	p. 38		Water discharge
GRI 303-5	p. 38		Water consumption

GRI 305 Emissions 2016

GRI 305-1	p. 29		Direct (Scope 1) GHG emissions
GRI 305-2	p. 29		Energy indirect (Scope 2) GHG emissions
GRI 305-3	p. 30		Other indirect (Scope 3) GHG emissions
GRI 305-4	p. 29		GHG emissions intensity

GRI 306 Waste 2020

GRI 306-1	p. 36		Waste generation and significant waste-related impacts
GRI 306-2	p. 36		Management of significant waste-related impacts
GRI 306-3	p. 36		Waste generated
GRI 306-4	p. 36		Waste diverted from disposal
GRI 306-5	p. 36		Waste directed to disposal

GRI 400 Social topics

GRI 401 Employment 2016

GRI 401-1	p. 25		New employee hires and employee turnover
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GRI 403 Occupational Health and Safety 2018

GRI 403-1	p. 24		Occupational health and safety management system
GRI 403-2	p. 24		Hazard identification, risk assessment, and incident investigation
GRI 403-3	p. 24		Occupational health services
GRI 403-4	p. 24		Worker participation, consultation, and communication on occupational health and safety
GRI 403-5	p. 24		Worker training on occupational health and safety
GRI 403-6	p. 24		Promotion of worker health

GRI 403-7	p. 24		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403-9	p. 24		Work-related injuries
GRI 404 Training and Education 2016			
GRI 404-1	p. 26		Average hours of training per year per employee
GRI 405 Diversity and Equal Opportunity 2016			
GRI 405-1	p. ##		Diversity of governance bodies and employees