

# Ermenegildo Zegna Group

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## **REMUNERATION POLICY FOR THE BOARD OF DIRECTORS OF ERMENEGILDO ZEGNA N.V.**

(as adopted on December 17, 2021)

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## CHAPTER I – GENERAL

### 1. INTRODUCTION

#### 1.1. CONTENTS AND PURPOSE

Pursuant to the articles of association of Ermenegildo Zegna N.V. (the "**Company**"), the Company's general meeting of shareholders (the "**General Meeting**") is authorised to adopt a remuneration policy at the proposal of the Company's board of directors (the "**Board**"). Within the framework of this policy (the "**Remuneration Policy**"), the remuneration of the executive directors (the "**Executive Directors**", and each an "**Executive Director**") is determined by the non-executive directors of the Board (the "**Non-Executive Directors**", and each a "**Non-Executive Director**"), and the remuneration of the Non-Executive Directors is determined by the Non-Executive Directors.

The Remuneration Policy provides a structure that aligns remuneration of the Board with successful delivery of the Company's long-term strategy and long-term value creation, and therefore aims to ensure that the directors' interests are closely aligned to those of the Company's stakeholders, including its shareholders. Furthermore, the purpose of this Remuneration Policy is to define a competitive remuneration package, designed to attract, retain and motivate directors who possess the necessary leadership qualities and the requisite skills and experience in the various aspects of the Company's business, while also providing enough flexibility to tailor remuneration practices to a specific situation.

When formulating this Remuneration Policy, the Non-Executive Directors have taken into consideration the Company's strategy and core values, which are focused on long-term value creation and sustainable development of the Company and its affiliated entities (together, the "**Zegna Group**"). Pay ratios within the Company and scenario analyses have also been considered.

#### 1.2. PRINCIPLES

This Remuneration Policy is based on the following principles:

##### *General*

- (A) the remuneration of the Board follows the pay-for-performance principle and incentivises directors to create long-term value for shareholders and other stakeholders through achievement of strategic objectives;
- (B) the remuneration is appropriately balanced between fixed and variable remuneration components, aiming to ensure long-term value creation and alignment of directors' interests with the Company's strategic objectives;
- (C) the remuneration of the Board is competitive in relation to the market in which the Company operates, the relative size of the business, the specificity of the Company's governance structure and the duties and responsibilities of the Board resulting therefrom;

##### *With regard to the Executive Director(s)*

- (D) the remuneration is predominantly long-term in character, with long-term equity incentives linked to the delivery of the Company's strategic objectives in the highly competitive industry the Zegna Group operates in;

##### *With regard to the Non-Executive Directors*

- (E) the remuneration of the Non-Executive Directors is designed to attract and retain Non-Executive Directors who have the talent and skills to foster the long-term value creation of the Company while respecting its core values;
- (F) the remuneration of Non-Executive Directors consists of cash payments and equity awards in order to enable the Company to limit the cash component of Non-Executive Director remuneration and to ensure structural

alignment of the Non-Executive Directors' interests with the interests of the Company's stakeholders, including its shareholders;

*Evaluation*

- (G) the Non-Executive Directors will evaluate the objectives and structure of this Remuneration Policy at regular intervals, to ensure it is fit for its intended purpose. The Non-Executive Directors will be assisted by the Company's compensation committee (the "**Compensation Committee**").

**1.3. REFERENCE**

The remuneration framework for the Executive Director(s) is set out in Part I below (clause 2 up to and including clause 8). The remuneration framework for the Non-Executive Directors is set out in Part II (clause 9 up to and including clause 11).

## **CHAPTER II – EXECUTIVE DIRECTOR(S)**

### **2. BASE SALARY**

The base salary is set at a level to attract, motivate and retain the Executive Director(s).

An Executive Director's base salary may be paid by one or more Zegna Group companies, provided that the total amount received by the individual Executive Director from such Zegna Group companies shall not exceed the amount of his or her base salary.

The Company and/or any other Zegna Group company, as the case may be, will pay the base salary in accordance with the Company's/Zegna Group company's established monthly payroll practices.

The Company will reimburse the expenses and costs reasonably incurred in relation to the performance of the Executive Director's duties.

### **3. VARIABLE COMPENSATION (SHORT-TERM INCENTIVE)**

#### **3.1. OBJECTIVE**

The objective of any short-term variable compensation is to incentivise the Executive Director(s) to achieve annual targets and objectives that are related to the short-term focus of the Company and the Zegna Group.

#### **3.2. AMOUNT OF VARIABLE REMUNERATION**

The annual short-term incentive payment to be granted to an individual Executive Director shall, in principle, not exceed 200% of that individual Executive Director's base salary.

#### **3.3. ADDITIONAL CASH BONUS PAYMENTS**

Notwithstanding clause **Error! Reference source not found.**, the Non-Executive Directors may decide, based on a proposal of the Compensation Committee, to increase the short-term incentive payable to an individual Executive Director for any given year in case of exceptional achievements of that Executive Director.

### **4. LONG-TERM EQUITY INCENTIVES**

#### **4.1. OBJECTIVES**

The objective of any long-term equity incentive is to provide a retention tool for the Executive Director(s) and to align the long-term interests of the Executive Director(s) with those of the Company and its stakeholders.

Furthermore, by granting a long-term incentive in the form of equity, the Executive Director(s) can participate directly in the growth of the value of the Company to which he or she contributes.

#### **4.2. TARGETS**

The amount of equity awarded to the Executive Director(s) will be determined by the Non-Executive Directors, taking into account the applicable performance conditions and continuous service requirements with the intent of creating long-term shareholder value.

#### **4.3. GRANT OF EQUITY AWARDS**

The Non-Executive Directors may resolve, upon recommendation of the Compensation Committee, to grant equity awards in accordance with any equity incentive plan approved by the General Meeting and to be further implemented by the Board.

The shares that may be allocated include, *inter alia*, newly issued shares, corporate rights to subscribe for shares, shares held in treasury or shares purchased on the open market or by private purchase.

#### **4.4. RIGHT TO ACQUIRE ADDITIONAL SHARES**

The Executive Director(s) may be entitled to annually acquire such number of Company's ordinary shares up to a maximum value of his /her base salary and annual variable (cash) compensation awarded for the previous year, at a value per share based on an enterprise value corresponding to 12 times the EBIT as stated in the consolidated income statement of the Company of the year preceding the year in which the Executive Director wishes to acquire the ordinary shares in accordance with this clause 4.4.

#### **5. ADJUSTMENT AND CLAW-BACK**

Any grant, award or actual payment in relation to the remuneration components as described in clause 3 or clause 4 of this Remuneration Policy may during any relevant performance /vesting period and during a period of three years following the actual award, in the sole discretion of the Non-Executive Directors and whether or not at the instigation of the Compensation Committee:

- (i) be decreased or eliminated if such grant, award or actual payment were to be unacceptable according to principles of reasonableness and fairness; and
- (ii) clawed back if such grant, award or actual payment took place on the basis of incorrect data (including data that has been maliciously altered and, therefore, is incorrect).

#### **6. REMUNERATION IN THE EVENT OF RESIGNATION**

The Company may pay severance compensation in accordance with the terms and conditions of the applicable services agreement of an individual Executive Director. Such severance compensation shall not exceed 200% of the Executive Director's annual base salary.

Severance benefits may also include outplacement services and continuation of insurance and other benefits that have been paid or made available to the Executive Director prior to the termination of service.

The specific terms of the severance package of an Executive Director will be established in his or her services agreement, all in accordance with the framework provided in this Remuneration Policy.

#### **7. BENEFITS**

The Company may provide to the Executive Director(s) customary benefits such as company cars (or a car allowance), travel expenses and work related costs, medical insurance, accident insurance, D&O insurance, tax assistance and relocation allowances. In addition thereto, in individual cases company housing and other benefits may also be offered, such as annual clothing allowances. Such benefits are in line with general prevailing market practice, while also providing the Non-Executive Directors with enough flexibility to tailor the remuneration and benefits practices to a specific situation.

#### **8. LOANS, ADVANCES AND GUARANTEES**

The Company will not provide any loans, advances or guarantees to Executive Director(s).

## CHAPTER III – NON-EXECUTIVE DIRECTORS

### 9. GENERAL

Non-Executive Directors will be eligible for the remuneration components set forth in this Remuneration Policy as of 1 January 2022.

If the Non-Executive Director's service is terminated during the course of the calendar year, he or she will only be entitled to a *pro rata* share of the remuneration components set out below.

### 10. REMUNERATION IN THE FORM OF CASH AND SHARES

#### 10.1. ANNUAL BASE REMUNERATION

The Company will pay Non-Executive Directors an annual base fee of EUR 150,000 per annum ("**Annual Base Fee**"), payable 50% in cash and 50% in Company's ordinary shares ("**Equity Awards**"), subject to a restricted stock award.

The Lead Non-Executive Director will be entitled to an additional fee of EUR 15,000 for the additional duties and responsibilities related to that role, payable for its entirety in cash.

The number of Equity Awards granted to the Non-Executive Directors will be established, based on the closing stock price of the last trading day of the month preceding the date of grant, converted into Euros at the reference rate published by the European Central Bank on the closing of the same day, rounded down to the nearest whole share.

The date of the grant for the Equity Awards shall be determined by the Non-Executive Directors. The Equity Awards shall vest on the second anniversary of the date of grant.

Each year, the Non-Executive Directors review the remuneration levels and structure applicable to the Non-Executive Directors and consider whether any adjustment is required.

#### 10.2. ANNUAL COMMITTEE FEE

Without prejudice to Clause 10.1, the Company will pay Non-Executive Directors serving on one of the Company's committees of the Board an additional fee as set forth below:

Audit Committee (member)	EUR 15,000
Compensation Committee (member)	EUR 10,000
Governance and Sustainability Committee (member)	EUR 10,000

The Company will pay a Non-Executive Director serving as chairperson of one of the committees an additional fee as set forth below:

Audit Committee (chairperson)	EUR 30,000
Compensation Committee (chairperson)	EUR 20,000
Governance and Sustainability Committee (chairperson)	EUR 20,000

For the avoidance of doubt, the fee for serving as chairperson shall come in place of the fee the Non-Executive Director receives as member of that committee.

Each year, the Non-Executive Directors review the levels of these additional fees applicable the Non-Executive Directors serving on a committee and consider whether any adjustment is required.

### **10.3. PAYMENT OF CASH COMPENSATION**

The Company will pay the annual cash compensation (cash part of the Annual Base Fee and additional fees) in quarterly installments within 30 days after the end of each calendar quarter.

### **10.4. REIMBURSEMENT OF EXPENSES**

The Company will reimburse the expenses and costs reasonably incurred in relation to the performance of the Non-Executive Directors' duties, in accordance with the Company's expense policy, if any.

### **10.5. BENEFITS**

The Company will subscribe to the benefit of the Non-Executive Directors a liability insurance with a coverage in line with the general market practice prevailing among companies similar to the Company.

### **11. LOANS, ADVANCES AND GUARANTEES**

The Company will not provide any loans, advances or guarantees to Non-Executive Directors, unless the majority of the Non-Executive Directors gives prior written approval.