



BRUNELLO CUCINELLI

**BRUNELLO CUCINELLI S.P.A.**

**Registered office: 5 Viale Parco dell'Industria, Solomeo, Corciano (PG), Italy**

**Fully paid-up share capital: €13,600,000**

**Tax code, VAT code and registration number with the Register of Companies 01886120540**

**R.E.A. no. 165936**

**Traditional management and control model**

**Institutional website: [www.brunellocucinelli.com](http://www.brunellocucinelli.com)**

**REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF BRUNELLO CUCINELLI S.P.A. PURSUANT TO ART. 123-BIS OF LEGISLATIVE DECREE NO. 58/1998 RELATING TO THE YEAR 2020. APPROVED BY THE COMPANY'S BOARD OF DIRECTORS IN THE MEETING OF 11 MARCH 2021.**

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

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## **GLOSSARY**

**Corporate Governance Code:** the Corporate Governance Code for listed companies approved in July 2018 by the *Corporate Governance* Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code:** the Italian civil code.

**Board:** the Board of Directors of the Issuer.

**Issuer / Company / Brunello Cucinelli:** Brunello Cucinelli S.p.A.

**Year:** the financial year ending on December 31<sup>st</sup>, 2020, to which the Report refers.

**Group:** the group headed by the Issuer.

**Instructions to Market Rules:** the Instructions to the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A..

**Market Regulations:** the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A..

**Consob Regulation on Issuers:** the Regulation issued by Consob with resolution no. 11971 of 14 May 1999 (as subsequently amended) on issuers.

**Consob Market Regulations:** the Regulations issued by Consob with resolution no. 20249 of 2017 concerning markets.

**Consob Related Parties Regulation:** the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended) concerning transactions with related parties.

**Report:** the report on corporate governance and ownership structures that companies are required to prepare pursuant to Article 123-bis of the TUF.

**TUF:** Italian Legislative Decree No. 58 of 24 February 1998: “Consolidated law on financial intermediation”.

## 1. PROFILE OF THE ISSUER

Brunello Cucinelli S.p.A. is a company heading a group doing business on the domestic and international market in the luxury sector whose activity is the *design*, production and distribution of articles of clothing and accessories for man and woman.

Brunello Cucinelli is organized on the traditional model with a shareholders' meeting, a board of directors and a board of statutory auditors.

The corporate governance system adopted by the Issuer is represented by a set of legal, technical and organizational rules that are designed to ensure stakeholder protection and the maximum transparency through the proper management of the Company in terms of governance and control. This system is broken down into a set of rules and procedures which must undergo constant checking and revision to respond effectively to developments in legislation and best practices.

The Board of Directors has set up two internal committees with advisory, proposal and control functions, the Remuneration and Appointments Committee and the Control and Risk Committee, as recommended by the Corporate Governance Code.

The Company, on a voluntary basis, has also set up the following intra-company committees: Management Committee, Council for Harmony with Creation, Human Resources Committee, Architectural Design Committee, Information Security Committee, Council of 50. In particular, it should be noted that on December 16<sup>th</sup>, 2020, the Board of Directors approved the establishment of the Council for Harmony with Creation - for morals, ethics and the dignity of the human being - which has been assigned propositional and consultative functions in the evaluation and decision-making processes concerning sustainability issues that are relevant to the Brunello Cucinelli Group's activities (see § 17 below).

On 27<sup>th</sup> January 2012, on the proposal of Board of Statutory Auditors the Company's ordinary shareholders' meeting appointed EY S.p.A. to perform the legal audit for fiscal years 2012-2020 pursuant to Legislative Decree no. 39/2010.

Brunello Cucinelli's shares have been traded on the Electronic Stock Exchange ("MTA") organized and managed by Borsa Italiana S.p.A. since 27<sup>th</sup> April 2012.

On June 25<sup>th</sup>, 2014, Cav. Lav. Brunello Cucinelli established an irrevocable *trust*, transferring to Spafid Trust S.r.l. (previously named Esperia Trust Company S.r.l.), as *trustee*, the entire stake (equal to 100% of the share capital) held by him in Fedone S.r.l. ("**Fedone**"). As at the date of this Report, Fedone owns 51% of the share capital and voting rights of the Company and therefore has legal control of the Company.

The Company's corporate governance system is essentially oriented towards the objective of creating value for shareholders in the medium to long term, in the awareness of the social relevance of the activities in which the Company and the Group are engaged and of the consequent need to adequately consider all the interests involved in their performance.

The Company exercises management and control activities over its subsidiaries.

The Company does not fall under the definition of small and medium enterprises (SMEs) pursuant to art.1, par.1, lett. W-quater.1) TUF and art. 2-ter Issuers' Regulations.

## 2. INFORMATION ON OWNERSHIP STRUCTURES

(art. 123-bis, para. 1, TUF)

As of December 31<sup>st</sup>, 2020

**a) Capital structure (art. 123-bis, para. 1a), TUF)**

The Issuer's subscribed and paid-up share capital amounts to Euro 13,600,000.00 and is divided into 68,000,000 ordinary shares with no nominal value.

At the date of this Report, no classes of shares with voting or other rights other than ordinary shares have been issued.

At the date of this Report, no other financial instruments granting the right to subscribe to newly issued shares have been issued.

The structure of Brunello Cucinelli's share capital is detailed in Table 1 in the appendix to this Report.

At the date of this Report, there are no share-based incentive plans in place or planned.

**b) Restriction on the transfer of securities (art. 123-bis, para. 1b), TUF)**

There are no restrictions on the transfer of the Company's shares.

**c) Significant holdings in capital (art. 123-bis, para. 1c), TUF)**

Significant shareholdings in the capital of Brunello Cucinelli are indicated, according to the communications made pursuant to art. 120 of the TUF and other information in the possession of Brunello Cucinelli, in Table 1 in the appendix to this Report.

**d) Securities with special rights (art. 123-bis, para. 1d), TUF)**

At the date of this Report, no securities granting special rights of control have been issued.

**e) Employee share schemes: mechanisms for the exercising of voting rights (art. 123-bis, para. 1e), TUF)**

At the date of this Report, there is no employee shareholding system in place.

**f) Restrictions on voting rights (ex art. 123-bis, para. 1f), TUF)**

There are no restrictions on the right to vote.

**g) Agreements between shareholders (art. 123-bis, para. 1g), TUF)**

At the date of this Report the Issuer is not aware of any agreement between shareholders pursuant to article 122 of the TUF.

**h) Change of control clauses (art. 123-bis, para. 1h), TUF) and bylaw provisions regarding public tender offers (art. 104, para. 1-ter and art. 104-bis, para. 1, TUF)**

At the date of preparation of this Report, neither the Issuer nor any of its subsidiaries has entered into any significant agreements that include change of control clauses.

The Issuer's Bylaws do not contain any provisions derogating from the provisions on the *passivity rule* provided for in Article 104(1) and (2) of the TUF.

The Issuer's Bylaws do not provide for the application of the neutralization rules set out in Article 104-bis, paragraphs 2 and 3, of the TUF.

**i) Delegated powers regarding share capital increases and authorization for the purchase of own shares (art. 123-bis, para. 1m), TUF)**

As of the date of this Report, the Board of Directors of Brunello Cucinelli has not been delegated to increase the Issuer's share capital pursuant to article 2443 of the Italian Civil Code, nor to issue participatory financial instruments.

The Company does not have any share buy-back program in place and, as at December 31<sup>st</sup>, 2020, the Company did not have (and did not have at the date of the Report) any treasury shares in its portfolio.

#### **I) Management and coordination activities (art. 2497 et seq. Italian civil code)**

The Company is not subject to the direction and coordination of its parent company Fedone, as (i) the main decisions relating to the management of the Company and its subsidiaries are taken within the Company's own bodies; (ii) the Company's Board of Directors has the responsibility, among other things, to review and approve the strategic, business and financial plan of the Company and the Group, to review and approve the financial policies and credit access policies of the Company and the Group, to review and approve the Group's organizational structure and to assess the adequacy of the organizational, administrative and accounting structure of the Company and the Group; (iii) the Issuer operates in full autonomy with respect to the conduct of relations with customers, suppliers and commercial partners, without any interference from parties outside the Company; (iv) Fedone does not perform any centralised treasury function in favour of the Issuer.

The Issuer carries out management and coordination activities, pursuant to Article 2497 of the Italian Civil Code, on the Italian companies of the Group; it also carries out strategic direction and coordination activities, both of the structure and of the activities carried out, for all other directly or indirectly controlled companies.

The Company also provides secretarial, administrative, general accounting (including the preparation of financial statements and related tax obligations) and management control services to Group companies, in consideration of their characteristics and organisational needs. In addition, internal audit activities may refer to all Group companies.

The Issuer also coordinates and directs the Group companies in defining the investments to be made, commercial relations and administration, finance and management control and in relation to information systems.

\* \* \*

The Issuer specifies that:

- the information required by Article 123-bis, paragraph 1, letter i), of the TUF ("*agreements between companies and directors ... providing for indemnities in the event of resignation or dismissal without just cause or if the employment relationship terminates following a takeover bid*") are illustrated in the Remuneration Report prepared pursuant to Article 123-ter TUF;
- the information required by Article 123-bis, paragraph 1, letter l), of the TUF ("*the rules applicable to the appointment and replacement of directors ... as well as to the amendment of the Company's Bylaws, if different from the laws and regulations applicable in addition*") are illustrated in the section of the Report dedicated to the Board of Directors (§ 4).

### **3. COMPLIANCE**

**(art. 123-bis, para. 2a), TUF)**

Until the end of the Year, the Issuer has adhered to the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. in July 2018, available on Corporate Governance Committee's official website:

<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf>.

The Issuer then adhered to the Corporate Governance Code, approved in January 2020, applicable from the first financial year starting after December 31<sup>st</sup>, 2020, available on Corporate Governance Committee's official website:

<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

The following paragraphs describe any deviations from the recommendations of the Corporate Governance Code and the underlying reasons.

Some of the Company's subsidiaries are subject to non-Italian legal provisions which, however, do not affect the corporate governance structure of Brunello Cucinelli and the Group.

## **4. BOARD OF DIRECTORS**

### **4.1 APPOINTMENT AND REPLACEMENT OF DIRECTORS**

**(art. 123-bis, para. 1l), TUF)**

In accordance with the provisions of Article 147-ter of the TUF, the Company's Bylaws provides that the appointment of directors and statutory auditors takes place through the list voting mechanism.

This mechanism was applied for the first post-listing renewal of the Issuer's Board of Directors, resolved by the Shareholders' Meeting held on April 23<sup>rd</sup>, 2014, and for the renewal of the Board of Directors resolved by the Shareholders' Meeting held on April 20<sup>th</sup>, 2017 and, subsequently, by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020.

Article 14 of the Bylaws requires directors to be elected on the basis of lists presented by shareholders (in which candidates are listed by progressive numbers), who own, individually or jointly, a shareholding of at least equal to that established by CONSOB pursuant to Article 147-ter, paragraph 1, of the TUF and in compliance with CONSOB Regulation on Issuers, as subsequently amended. In this regard, it should be noted that the shareholding threshold determined for the Issuer by Consob pursuant to Article 144-quater of the Consob Regulations on Issuers, with determination No. 28 of January 30<sup>th</sup>, 2020, is 1%.

The lists, signed by those who submit them, must be filed at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting convened to appoint the members of the Board of Directors, together with (i) a statement in which the individual candidates agree to stand and attest, under their own responsibility, that there are no reasons why they may be considered ineligible or incompatible and that they hold the prerequisites prescribed by applicable law and, if it be the case, that they hold the independence prerequisites, (ii) a *curriculum vitae* for each candidate which includes a description of the management and control positions held in other companies, (iii) an attestation providing evidence that at the time the list is lodged at the Company they are the owner of the minimum interest specified for presenting lists (in accordance with the requirements of article 147-ter para. 1-bis of the TUF, this attestation may also be produced after the lodging of the list provided this takes place within the term set for the publication of the lists).

The clause specifies that the names all the directors but one to be elected shall be taken from the list resulting first regarding the number of votes it receives, with the name of the remaining director taken from the minority list which obtained the second highest number of votes and is not in any way associated, even indirectly, with the shareholders who presented or voted in favor of the majority list. This ensures that a minority director is appointed in accordance with article 147-ter, para. 3 of the TUF.

The regulation in the Bylaws, to which reference is made, also governs the situation in which two or more lists receive the same number of votes.

The Company's Bylaws do not set a minimum number of votes for a list to participate in the allocation of the directors to be elected.

In the case that the number of independent directors required by article 147-ter, para. 4 of the TUF is not ensured with the candidates elected in the above manner, article 14 of the Company's Bylaws provides for a specific mechanism. In further detail the following is envisaged: (i) first and foremost that each list must contain a minimum number of candidates having the independence prerequisites established by applicable laws and regulations, and then (ii) that if the number of independent directors required by current legislation is not reached with the candidates elected the following procedure shall be followed:

- a) if a majority list has been submitted, the non-independent candidates (equal to the number of missing independent directors) elected as last in progressive order in the majority list shall be replaced by independent directors from the same list who have not been elected following the progressive order;
- b) in the event that a majority list is not submitted, the non-independent candidates (equal to the number of missing independent directors) elected as last in the lists from which no independent director was drawn shall be replaced by independent directors from the same lists who have not been elected following the progressive order.

The Company's Bylaws (following the amendments resolved by the Shareholders' Meetings held on April 18<sup>th</sup>, 2013 and May 21<sup>st</sup>, 2020) provide that: (i) the list voting mechanism set out for the appointment of directors should lead to the achievement of a result in compliance with the *pro tempore* regulations in force relating to the balance between genders; (ii) lists containing a number of candidates equal to or greater than three must be composed of candidates belonging to both genders in order to ensure the presence of the less represented gender to the extent provided for by the *pro tempore* regulations in force relating to the balance between genders; (iii) if the mechanism under item "ii" is not sufficient to achieve the abovementioned goal, the last candidate in progressive order of the most represented gender elected from the list that obtained the highest number of votes shall be replaced with the first non-elected candidate of the less represented gender of the same list (and, in case of failure of such last remedy, the replacement will be applied by way of a Shareholders' Meeting's resolution after application of persons belonging to the less represented gender); and lastly (iv) the compliance to the provisions of "gender balance" shall be ensured even in case of replacement of ceased directors.

The election mechanism also provides that:

- (a) the loss of the independence requirements implies the removal from the office of director, unless the requirements of independence are still held by the minimum number of directors who must meet these requirements in accordance with applicable law;
- (b) in case of submission of only one list of candidates is submitted for the election of the Board of Directors, the directors shall be drawn from such list.



The Company's Bylaws do not specify the need for any independence requirements in addition to those provided in article 148, para. 3 of the TUF nor for any integrity requirements other than those provided by applicable legislation. There are no professionalism requirements needed to hold a position as director.

If the requirement to replace one or more directors arises, the Board of Directors uses a co-opting procedure pursuant to article 2386 of the Civil Code.

The Issuer is not bound by any other provisions concerning the composition of the Board of Directors with respect to the requirements of the TUF.

### **Succession plans**

At its meeting held on December 13<sup>th</sup>, 2013, the Board of Directors approved the guidelines of a plan, called "Generational Transition", aimed at facilitating turnover in positions of responsibility in the most important offices and departments in which the Company's organisational structure of the Company, through the selection, induction and training of a new generation of managers.

The program aims to train young capable and highly motivated employees, while also achieving the goals of preserving company knowledge and continuity in the management of the Company.

The program requires that each employee of the Company in charge of an office participates in training and tutoring programs for the workers of her/his office; one of these workers may be selected as the "second in charge", who, for formation, capabilities, technical skills, etc. , may become in the future the person in charge of the office. However, it is possible to become "second in charge" only after a trial period of three years, during which she/he shall give proof of their skills and capabilities to assume the role of first in charge of the office. The designation of an employee as "second in charge" does not guarantee his future appointment as "first in charge". The program provides that the succession at the head of an office applies when the person in charge reaches the age of 60 years.

The mechanisms for choosing the "second in charge" shall also apply to the selection of candidates to the positions of CEO (*Chief Executive Officer*), CFO (*Chief Financial Officer*) and COO (*Chief Operating Officer*).

In particular, without prejudice to the competence of the Board of Directors in delegating its powers, the candidate to the position of CEO will be selected among the Company's top management at the end of a trial period during which the abilities and the skills of the candidate for an office of such high responsibility could be properly tested. Differently from the other offices, the mandatory handover at the reaching of the age of 60 years does not apply.

During the meeting held on May 21<sup>st</sup>, 2020, the Board of Directors appointed Riccardo Stefanelli and Luca Lisandrini as new Managing Directors and CEOs, granting them all the necessary managerial powers to perform their respective functions. The Chairman of the Board of Directors, Brunello Cucinelli, was confirmed as Executive Chairman and Creative Director of the Company (see § 4.4 *below*).

## **4.2 COMPOSITION**

### **(art. 123-bis, paras. 2d) and 2d-bis), TUF)**

Pursuant to art. 13 of the Bylaws, as amended by the Extraordinary Shareholders' Meeting held on May 21<sup>st</sup>, 2020, Brunello Cucinelli may be administered by a Board of Directors consisting of a number of directors between nine and fifteen, elected by the Ordinary Shareholders' Meeting also from among non-shareholders.

The current members of the Board of Directors are:

- Brunello Cucinelli, executive director, Chairman of the Board of Directors, appointed for the first time on 16/06/2011, re-elected on 21/05/2020;
- Riccardo Stefanelli, executive director, appointed for the first time on 16/06/2011, re-elected on 21/05/2020;
- Luca Lisandrone, executive director, appointed for the first time on 21/04/2016, re-elected on 21/05/2020;
- Camilla Cucinelli, non-executive director, appointed for the first time on 23/04/2014 and re-elected on 21/05/2020;
- Carolina Cucinelli, non-executive director, appointed for the first time on 20/04/2017 and re-elected on 21/05/2020;
- Giovanna Manfredi, non-executive director, appointed for the first time on 16/06/2011, re-elected on 21/05/2020;
- Annachiara Svelto, independent director and *Lead Independent Director*, appointed for the first time on 21/05/2020;
- Andrea Pontremoli, independent director, appointed for the first time on 16/03/2012, re-elected on 21/05/2020;
- Emanuela Bonadiman, independent director, appointed for the first time on 21/05/2020;
- Maria Cecilia La Manna, independent director, appointed for the first time on 21/05/2020;
- Ramin Arani, independent director, appointed for the first time on 21/05/2020;
- Stefano Domenicali, independent director, appointed for the first time on 21/05/2020.

The directors hold office for a period not exceeding three financial years, and until the approval of the financial statements for the last financial year of their mandate, as established by the Shareholders' Meeting at the time of their appointment, and may be re-elected.

The Issuer's Board of Directors, appointed on May 21<sup>st</sup>, 2020 by the Ordinary Shareholders' Meeting, will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as of December 31<sup>st</sup>, 2022.

The Issuer's directors were elected on the basis of the two lists presented at the Shareholders' Meeting of 21/05/2020. The two lists were presented by Fedone (List 1), as well as by the following shareholders (List 2): Aberdeen Standard Investments, Amundi Asset Management SGR S.p.A., ARCA Fondi SGR S.p.A., Eurizon Capital S.A., Eurizon Capital SGR S.p.A., Fideuram Investimenti SGR S.p.A., Mediolanum Gestione Fondi SGR S.p.A., Pramerica SGR S.p.A..

From List 1, eleven of the twelve candidates were elected (the candidate who was not elected was Moreno Ciarapica), while from List 2, the candidate Emanuela Bonadiman was elected.

The percentage of votes in favour of List 1 was 76.007% of the voting capital, while the percentage of votes in favour of List 2 was 23.993% of the voting capital.

For further information on the composition of the Board of Directors, please refer to Table 2 in the Appendix.

The *curricula vitae* of the Issuer's directors are available in the Investor Relations section of the corporate website at the following address: <http://investor.brunellocucinelli.com/en/governance/board-of-directors>.

During the meeting held on March 11<sup>th</sup>, 2021, in compliance with the provisions of the Corporate Governance Code, the Board examined the results of a self-assessment – carried out by a questionnaire submitted to the Directors – on the functioning, size and composition of the Board itself and its committees (board evaluation). According to the information collected, the functioning and composition of the Board has been considered substantially adequate, given the type of business and the size of the Company and the Group (see also § 4.3). In the light of the recommendations of the Corporate Governance Committee contained in the letter dated December 22<sup>nd</sup>, 2020, the questionnaire focused, among other things, on the following areas: (i) the assessment of the independence of Directors and significance of the relationships subject to said assessment; (ii) the assessment of the timeliness and completeness of documents relating to the items on the agenda to be shared before the meeting.

With reference to point (i) above, the Board, at its meeting held on March 11<sup>th</sup>, 2021, also in the light of the information collected through the board evaluation, established that, for the purposes of assessing the significance of commercial, financial or professional relationships, the circumstance that a director of the Company is granted a total remuneration exceeding the amount of Euro 100,000.00 in one financial year, whether paid (or recognised) by Brunello Cucinelli S.p.A. or by companies of the Brunello Cucinelli Group, generally invalidates the requirement of independence.

With reference to point (ii) above, the Board, in the same meeting, taking into consideration the information collected through the board evaluation, set 3 (three) days prior to the meeting as the deadline considered appropriate for the transmission of the preliminary documentation relating to the items on the agenda of the meetings of the Board of Directors and the committees.

Finally, it should be noted that, as of the end of the Year, no member of the Board of Directors has ceased to hold office.

### **Diversity criteria and policies**

With reference to the current Board of Directors, appointed on May 21<sup>st</sup>, 2020 and in charge until the date of the Shareholders' Meeting called to approve the financial statements as of December 31<sup>st</sup>, 2022, the Issuer has not adopted, through specific resolutions or in any other form, diversity criteria and policies in relation to the composition of the administration and management bodies with regard to age, gender composition and educational and professional background.

Nevertheless, the Issuer believes that the current composition of the Board of Directors is such as to respect an adequate level of diversity, not only in terms of gender, but also in terms of age, educational and professional background. This is confirmed by the results of the self-assessment conducted among the Directors (see above).

Pursuant to the provisions of Article 14 of the Company's Bylaws, as most recently amended following the amendments to Article 147-ter, paragraph 1-ter of the TUF concerning the procedure for the appointment of the Board of Directors introduced by Law no. 160/2019, as well as in accordance with Law no. 120/2011 (the so-called "Golfo-Mosca" Law), the Issuer complies, in its composition, both with the balance between genders and the adequate competence and professionalism of the members of the Board, where managerial and professional skills are adequately represented, including those of an international nature, and there are different age and seniority in office.

It is noted that six directors are women and six are men.

The members of the Board include Company managers and independent directors who have worked for many years in the same industry in which the Company operates or who have gained an extensive experience in sectors close to that of luxury clothing or in listed companies. For detailed information on the educational

and professional background of each Director, please refer to the following website: <http://investor.brunellocucinelli.com/en/governance/board-of-directors>.

Further, it is noted that the Board of Directors includes four directors aged between 30 and 50 years old and eight directors aged over 50 years old.

At the expiration date of the current Board of Directors, i.e. the date of the Shareholders' Meeting convened to approve the financial statements for the year ending December 31<sup>st</sup>, 2022, the Board of Directors will be renewed in compliance with the applicable laws on gender balance.

### **Maximum number of positions held in other companies**

As a result of the aforementioned board evaluation, the Board, in its meeting of March 11<sup>th</sup>, 2021, on the proposal of the Remuneration and Appointments Committee, expressed its recommendation on the maximum number of administration and control positions in other companies that can be considered compatible with an effective performance of the role of director of the Issuer. In particular, the Board has deemed that the administration and control positions to be taken into consideration for the adoption of the aforesaid recommendation are those possibly held in other listed companies, Italian or foreign, or in financial, banking or insurance companies or with a consolidated net equity or annual turnover exceeding 250 million euros or an equivalent amount, if the company adopts a different currency (collectively referred to as "**Relevant Companies**"). The Board therefore resolved that:

- (a) with reference to the positions that the executive directors of Brunello Cucinelli S.p.A. may hold in Relevant Companies:
  - (i) 1 (one) is the maximum number of positions as executive director;
  - (ii) 2 (two) is the maximum number of positions as non-executive director;
  - (iii) 2 (two) is the maximum number of control position;
- (b) with reference to the positions that the non-executive directors of Brunello Cucinelli S.p.A. may hold in Relevant Companies:
  - (i) 1 (one) is the maximum number of positions as executive director;
  - (ii) 5 (five) is the maximum number of positions as non-executive directors and/or control position.

For the purposes of calculating the offices indicated above, offices held in companies belonging to the Brunello Cucinelli Group shall not be considered, and companies belonging to the same group shall count as one.

In any event, it is understood that each candidate for the office of director must assess in advance, at the time of accepting the office, the compatibility with the diligent performance of the duties assumed as a director of the Issuer of the offices of director and statutory auditor held in other companies listed on regulated markets, in financial, banking, insurance companies or companies of significant size.

Moreover, non-independent directors (with the sole exception of Cav. Lav. Brunello Cucinelli) are all executives of the Issuer and, in some cases, serve as company directors of the Issuer's subsidiaries, mainly foreign, belonging to the Group, companies of a purely commercial nature dedicated to the management of shops and the marketing of Brunello Cucinelli branded products; in light of this, their contribution to the management of the Issuer is more effective, because it is enhanced by the knowledge acquired through the management of subsidiaries, and knowledge of different geographical markets.

All six Independent Directors serve as directors in companies outside the Group. This does not undermine the degree of commitment to the Issuer's administration activities; indeed, even taking into account the

limited number of other positions held, the adequacy of the time dedicated to the management of the Company is not compromised.

No director of the Issuer holds positions on the control bodies of other companies.

### ***Induction Programme***

No specific induction program was drawn up during the financial year, partly in view of the restrictions related to the Covid-19 pandemic. Nevertheless, an induction session was held on July 14<sup>th</sup>, 2020, during which the CEOs presented to the independent directors and the Statutory Auditors the main characteristics of the Group, the dynamics of the market in which it operates and possible future developments. In addition, during the Board and Committee meetings, also thanks to the encouragement of the Chairman of the Board of Directors, information was provided on the dynamics of the Company, the reference market in which it operates, and the changes and trends underway.

The independent directors had the opportunity to confer, even outside of Board and Committee meetings, with Company managers in order to acquire more information and knowledge on the individual areas in which the Company and the Group are organised.

## **4.3 ROLE OF THE BOARD OF DIRECTORS**

### **(pursuant to Article 123-bis, paragraph 2(d), TUF)**

During the Year, 10 meetings of the Company's Board of Directors were held. The average duration of the Board meetings was 2 hours.

Six meetings of the Board of Directors are planned for the current financial year.

As of the end of the Year, on 31<sup>st</sup> December 2020, the Board met twice on January 11<sup>th</sup>, 2021 and March 11<sup>th</sup>, 2021, respectively.

In order to guarantee the timeliness and completeness of the documents relating to the items on the agenda to be shared before the meeting, the directors regularly receive the relevant documentation with reasonable notice before the date of the meeting. Three days before the date of the meeting of the Board of Directors has been considered by the Board as reasonable to send the relevant documents. However, in case of meetings with a large number of items to be discussed (e.g. when approving the annual and half-year financial reports), documents concerning items on the agenda are usually sent as early as possible in order to allow directors and auditors to examine them carefully.

During the meeting, the Chairman of the Board of Directors encourages the intervention of the directors and any other participants for a constructive and timely analysis of all the items on the agenda, dedicating the necessary time to the analysis of the relevant issues. In particular, a reasonable amount of time is dedicated to explain the main features of the market in which the Company operates and also the specific characteristics of the Brunello Cucinelli Group, including those of an organizational nature.

Some directors also serve as managers of the Issuer; therefore, when they take part in Board meetings, they explain the items on the agenda for the respective areas of responsibility.

The Board of Directors plays a central role in the Company's organization and is responsible for determining and pursuing the strategic objectives of the Company and the Group, as well as verifying the existence of the controls necessary to monitor the performance of the Company and the Group companies.

In addition to the powers the law and the Company's Bylaws reserve to the Company's Board, including the powers indicated in the fourth paragraph of Article 2381 of the Italian Civil Code, the Board of Directors has the following powers:

- the definition of the strategic, industrial and financial plans of the Company and the Group;
- the approval of the budget of the Company or the Group;
- the approval of agreements and strategic decisions relating both to Brunello Cucinelli S.p.A. and to the companies belonging to the Group. They must in any case be understood as strategic in nature:
  - (i) contracts and decisions relating to transactions exceeding Euro 5 (five) million each (except as provided for in (iv) below);
  - (ii) contracts and decisions concerning the purchase, sale or possible licence of trademarks, patents and other intellectual property rights, regardless of the value of the transaction (and, therefore, even if below the threshold of Euro 5 (five) million), with the exclusion of intra-group transactions and agreements instrumental or ancillary to distribution agreements (including franchising agreements) or to the supply of Brunello Cucinelli branded products;
  - (iii) contracts and decisions concerning the hiring, promotion, transfer or termination of employment or collaboration, for any reason and for any amount, in respect of the following positions: chief financial officer; investor relations officer; head of internal auditing; head of legal affairs;
  - (iv) contracts and decisions concerning the hiring, promotion, transfer or termination of employment or collaboration, for any reason, for an annual salary or remuneration exceeding Euro 3 (three) million, with respect to the managers constituting the "front lines" of the market area, the product and operations area and the shared areas.

The following transactions do not fall within the scope of decisions reserved to the Board of Directors, even if they exceed the threshold of Euro 5 (five) million:

- (i) intra-group transactions (unless they are transactions between related parties which, according to the applicable legislation and/or the Company's internal rules, fall within the competence of the Board of Directors);
- (ii) purchases of raw materials, semi-finished products and components necessary for production; supply and distribution agreements (including franchising agreements) of Brunello Cucinelli brand products;
- (iii) payment of overdue debts for taxes, salaries, dividends to be distributed, bonds and other loans.

Pursuant to Article 16 of the Company's Bylaws, a majority of the directors in office must be present for meetings to be valid and resolutions are passed with the favourable vote of the majority of those present.

At its meeting of March 11<sup>th</sup>, 2021, the Board of Directors assessed the adequacy of the Issuer's administrative and accounting organisation set up by the Managing Directors, with particular reference to the internal control system and risk management. The assessment, which was positive, was carried out on the basis of the information provided by the Managing Directors (also in their capacity as Appointed Directors as per § 10.1 below) to the Directors during the relevant meeting.

The Board also assessed the general management performance on a quarterly basis, taking into account the information received from the delegated bodies.

As specified above, the Board is responsible for reviewing and approving transactions of the Company and its subsidiaries, when such transactions have a significant strategic, economic, equity and financial importance for the Company.

The Board has positively evaluated its structure and functioning taking into consideration, among other things, the adequacy of the number of members of the Board, also in the light of the diversity criteria set forth in Article 2 of the Corporate Governance Code, and, in particular, of the Independent Directors, the presence within the Board of Directors which, as a whole, express all the necessary competences for the Issuer and the adequacy of the delegation of powers to the Chairman of the Board of Directors and to the Managing Directors Riccardo Stefanelli and Luca Lisandrone.

With regard to the assessment of the size, composition and functioning of its internal committees, the Board considered the number and composition of the Control and Risk Committee and the Remuneration and Appointments Committee to be adequate. The Board also considered that these Committees made an effective contribution to the Board in terms of analysis and content. The independent directors shared these assessments.

The evaluation was also carried out with the help of a questionnaire filled in by the members of the Board, without using external consultants.

The Issuer's Shareholders' Meeting did not authorise any general, preventive exceptions to the non-competition clause set out in Article 2390 of the Italian Civil Code.

#### **4.4 DELEGATED BODIES**

##### **Managing Directors**

Pursuant to Article 17 of the Company's Bylaws, the Board of Directors may delegate its duties, excluding those specifically reserved to the Board by law, to an executive committee and/or one or more members of the Board of Directors, and may appoint authorized representatives, including on a permanent basis for single acts or operations or for classes of acts or operations.

On May 21<sup>st</sup>, 2020, the Issuer's Board of Directors appointed Riccardo Stefanelli and Luca Lisandrone as Managing Directors, to head the Product and Operations area and the Markets area (as defined below) respectively, under the coordination and strategic supervision of the Chairman of the Board of Directors, Brunello Cucinelli.

The powers delegated to each CEO are divided into three degrees of autonomy:

- (i) autonomous powers to be exercised in their respective areas of competence;
- (ii) shared disjoint powers, with reporting obligations, in the following corporate areas: accounting and financial reporting, finance, taxation, customs, setting up and maintaining the internal control and risk management system, human resources, legal and corporate affairs and insurance, merchandising/buying; information systems;
- (iii) shared joint powers for certain significant decisions.

The effective coordination between the two Managing Directors and between the latter and the Board of Directors, within the framework of the implementation of the plans and budget defined by the Board itself, is entrusted to the Chairman of the Board of Directors, also through the establishment of informal procedures for the exchange and sharing of information.

In particular, the powers of ordinary and extraordinary administration of the Company conferred on the

Managing Directors are exercised with the exclusion of the powers reserved to the exclusive competence of the Board of Directors, as listed in § 4.3 above (in addition to the powers that the law and regulations and the Company's Bylaws reserve to the Board of Directors, including the powers indicated in the fourth paragraph of Article 2381 of the Italian Civil Code) and to that of the Chairman of the Board of Directors with reference to style and communication.

The Managing Directors also qualify as *Chief Executive Officers* and do not hold a position as director in any other issuer in which a director of the Issuer has the role of Chief Executive Officer; therefore, the situation of interlocking directorate does not arise.

In its meeting held on May 21<sup>st</sup>, 2020, the Issuer's Board of Directors appointed Riccardo Stefanelli as Managing Director and CEO of the Company, granting him powers for the ordinary and extraordinary management of the following departments and corporate functions: production, product research and development (with the express exclusion of corporate functions falling within the style area), logistics and procurement, control and quality, facility management (jointly referred to as the "**Product and Operations**" area) as well as the related powers of representation towards third parties. These powers may be exercised with single or joint signature depending on the value of the transaction, within the limits of the budget and coordinating their exercise with the powers vested in the other Chief Executive Officer and the Chairman of the Board of Directors.

In exercising his autonomous powers, Riccardo Stefanelli is required to provide the Chairman and the other Managing Director with adequate information on contracts and decisions pertaining to his area of competence which, regardless of their value, are not of an ordinary and recurring nature.

At the same meeting held on May 21<sup>st</sup>, 2020, the Issuer's Board of Directors appointed Luca Lisandroni as Managing Director and CEO of the Company, granting him powers for the ordinary and extraordinary management of the following departments and corporate functions: retail (which includes the search for new spaces and points of sale), wholesale, e-commerce, marketing (with the express exclusion of corporate functions that fall within the communication area) (jointly referred to as the "**Markets**" area) as well as the related powers of representation towards third parties. These powers may be exercised with single or joint signature, within the limits of the budget and coordinating their exercise with the powers pertaining to the other Chief Executive Officer and the Chairman of the Board of Directors.

In exercising his autonomous powers, Luca Lisandroni is required to provide the Chairman and the other Managing Director with adequate information on contracts and decisions relating to his area of competence that, regardless of their value, are not of an ordinary and recurring nature.

The exercise of management and representation powers as conferred above on Managing Directors concerns the overall performance of the Group's business, for those activities carried out by the Company as well as for those activities carried out through subsidiaries. With regard to the latter, the Managing Directors may hold offices in their respective administrative bodies and/or exercise management and coordination powers, it being understood that both may in any case be appointed as directors of the subsidiaries.

### **Chairman of the Board of Directors**

The Chairman of the Board of Directors coordinates the activities of the Board of Directors, convenes Board meetings, sets the agenda and guides the proceedings, ensuring that directors are provided with the necessary documentation and information in a timely manner in accordance with the Company's Bylaws and the law. He also verifies the implementation of Board resolutions, chairs the Shareholders' Meeting and has powers of legal representation of the Company.

During the meeting held on May 21<sup>st</sup>, 2020, the Issuer's Board of Directors appointed Cav. Lav. Brunello



Cucinelli as "Executive Chairman" with strategic supervision function, granting him all management and representation powers aimed at implementing the function of coordination, supervision and strategic direction of the activities of the Company and the Group, with the power to take any useful initiative, including the establishment of informal procedures to exchange and share information also involving the Chief Financial Officer, to ensure effective coordination between the Managing Directors, as well as between the latter and the Board, within the scope of the implementation of the plans and budget defined by the Board of Directors.

The Executive Chairman, in his capacity as Creative Director, has also been granted the power, to be exercised autonomously, for the ordinary and extraordinary management of the style area and the communication area.

In exercising his autonomous powers, the Chairman shall inform the Managing Directors of contracts and decisions relating to his areas of competence which, regardless of their value, are not of an ordinary and recurrent nature.

Finally, it should be noted that the Chairman, Cav. Lav. Brunello Cucinelli, is also Chairman and Managing Director of Fedone (see § 1 above).

### **Executive Committee**

At the date of this Report, no Executive Committee has been established.

\* \* \*

### **Information to the Council**

During the Year, the Chairman of the Board of Directors, the Managing Directors and the Chief Financial Officer constantly reported to the Board on the activities carried out in exercising the powers delegated to them at least on a quarterly basis and, in general, informed the Directors and Auditors on the ongoing projects and on the most significant operations, even when their approval did not fall within the competence of the Board.

## **4.5 OTHER EXECUTIVE DIRECTORS**

In addition to the Chairman and the Managing Directors, there are no other directors on the Company's Board of Directors who should be considered executive directors. The executive directors regularly attend the meetings of the Board of Directors.

## **4.6 INDEPENDENT DIRECTORS**

There are six independent directors on the Company's Board of Directors: Andrea Pontremoli, Annachiara Svelto, Emanuela Bonadiman, Maria Cecilia La Manna, Ramin Arani, Stefano Domenicali. Therefore, half of the members of the Board meet the independence requirements.

During the first meeting after their appointment, held on May 21<sup>st</sup>, 2020 (see the press release published on the same date), the Board assessed that they met the requirements to be qualified as independent in accordance with the criteria defined in Article 3 of the Corporate Governance Code and according to the criteria laid down in Article 147-ter, paragraph 4, of the TUF (which refers to the criteria set out in Article 148 of the TUF).

In a specific meeting, the Board of Statutory Auditors positively verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members, establishing that the independence requirements are still met.

In order to comply with criterion 3.C.6. of the Corporate Governance Code, Independent Directors hold a specific meeting called *ad-hoc*, without the participation of other Directors, on December 10<sup>th</sup>, 2020.

\* \* \*

The Independent Directors regularly receive extensive information on the management of the Issuer so as to enable them to make a free and constructive contribution from time to time during Board meetings held during the Year.

All Independent Directors constantly undertake to maintain their independence.

#### **4.7 LEAD INDEPENDENT DIRECTOR**

In compliance with the recommendations of the Corporate Governance Code, the Board of Directors, in its meeting held on May 21<sup>st</sup>, 2020, appointed independent director Annachiara Svelto as lead independent director for the period up to the approval of the Company's financial statements at 31 December 2022.

At the same meeting, the lead independent director was granted the right to call, autonomously or at the request of one or more directors, special meetings exclusively called for Independent Directors to discuss issues deemed of interest with respect to the functioning of the Board of Directors or the management of the Issuer.

During the Year, the lead independent director attended all the meetings of the Board of Directors and, in his capacity as Chairman of the Control and Risk Committee and Chairman of the Remuneration and Appointments Committee, all the meetings of the Committees, and had access to all the information concerning the Company and the Group, acting as a point of reference and coordination of the requests and contributions of the independent directors.

### **5. HANDLING OF CORPORATE INFORMATION**

Pursuant to article 114 and 181 of the TUF and to the Regulation (EU) No 596/2014 (so called “MAR”), at its meeting on 13th July 2017 the Company’s Board of Directors approved a new version of the regulation, firstly adopted on 27th January 2012 and then amended, for managing internally and communicating externally documents and information regarding the Company, with specific reference to inside information handled by directors and other persons having access by virtue of their position or function in the Company, in order to ensure that these documents and this information is properly managed, also in respect of the market communication requirements provided for in the TUF and the MAR.

The purpose of the “Regulation for Handling Inside Information” is to regulate the obligations that the relevant parties and individuals of the Company are required to follow as far as handling the Company’s inside information is concerned, and the precautions that the Company must take and the market communication requirements it is required to satisfy.

The Regulation firstly regulates the means of assessing the “inside” nature of the information, continues with the means by which information defined as “inside information” should be communicated to the public and then states that it is forbidden for relevant persons and employees of the Company to disseminate inside

information externally. The Regulation ends with details of the penalties which may be inflicted on directors and employees who disseminate inside information to the public in the absence of suitable authorization or who in any case violate the Regulation for handling inside information.

The approval of such new version of the Regulation instituted the Function responsible for handling inside information (“FGIP”), consisting of the Chairman, the Manager Charged and the General Counsel of the Company. The establishment of said Function, which is responsible for assessing whether an information is an inside information or not, has the purpose of making more efficient the entire process of handling and releasing the same information. Further (as recommended by Consob), a new preparatory stage to the identification of the inside information has been provided; such stage consisting of the early mapping of those information flaws, so called “sensible”, which may be deemed inside information, even if later on. In this respect, the Issuer has instituted the keeping of the register of sensible information, so called “RIL” (to be kept similarly to the Insider List; see below).

On the same meeting of 13th July 2017, the Board also approved a new version of the procedure for managing the mandatory disclosure of internal dealing transactions, concerning the requirements provided for in article 19 of the MAR, article 114, para. 7, of the TUF and articles 152-sexies et seq. of the Issuers Regulations. In particular, this procedure governs the transactions carried out by the directors and/or other relevant persons (including those who hold shares amounting to at least 10% of the share capital) involving the financial instruments issued by the Company, with specific reference to disclosure requirements.

## **6. BOARD COMMITTEES**

### **(pursuant to Article 123-bis, paragraph 2(d), TUF)**

In order to ensure that its corporate governance model complies with the recommendations of the Corporate Governance Code at its meeting of May 21<sup>st</sup>, 2020 the Company’s Board of Directors resolved to set up a remuneration and appointments committee (the “Remuneration and Appointments Committee”) and a control and risks committee (the “Control and Risks Committee”), both having propositional and consulting functions. The composition of the Remuneration Committee and the Control and Risks Committee complies with the requirements of the Corporate Governance Code.

At the date of this Report the Issuer has no committees other than those specified in the Corporate Governance Code, except for those described in § 16 (*Other corporate governance practices*).

## **7. REMUNERATION AND APPOINTMENTS COMMITTEE**

During the meeting held on May 21<sup>st</sup>, 2020, the Board of Directors of Brunello Cucinelli set up the Remuneration and Appointments Committee, which was assigned the functions set forth in articles 5 and 6 of the Corporate Governance Code.

The Issuer, availing itself of the option provided by the Corporate Governance Code, has decided to concentrate the functions of the Appointments Committee and the Remuneration Committee in a single committee. The Committee is composed of three non-executive and independent directors: Annachiara Svelto, as Chairman of the Committee, Emanuela Bonadiman and Stefano Domenicali. All members of the Committee meet the independence requirements set out in Article 3 of the Corporate Governance Code and the requirements of Article 6 thereof. At the time of their appointment, the Board assessed the knowledge and experience in accounting and finance and in remuneration policies as adequate for all Committee members.

The appointment of the Committee is valid until the approval of the Issuer's financial statements as at December 31<sup>st</sup>, 2022 and, therefore, until the date on which the Shareholders' Meeting is held to approve the financial statements for the year ending on December 31<sup>st</sup>, 2022.

During the Year, the Committee met twice, on March 20<sup>th</sup>, 2020 (in its previous composition, prior to the renewal of the Board of Directors, and therefore with responsibilities relating only to remuneration) and on July 7<sup>th</sup>, 2020 (in its new composition, post-renewal of the Board of Directors, and therefore with responsibilities extended to the issue of appointments).

The meetings, chaired by the Chairman of the Committee and duly minuted, lasted an average of 1 hour and 15 minutes. The meetings were attended by all the members of the Committee and, at the invitation of the Committee itself, by members of the Board of Statutory Auditors. The Committee had the opportunity to access useful information as well as the corporate functions necessary for the performance of its duties.

No specific financial resources have been allocated to the Committee since, in order to perform its tasks, it makes use of the Issuer's corporate means and structures and, if necessary, of external consultants, whose expenses are borne by the Company.

During the 2021 financial year, three Committee meetings have already been held on January 11<sup>th</sup>, February 9<sup>th</sup> and March 10<sup>th</sup>.

## **8. DIRECTORS' REMUNERATION**

For all the information relating to the remuneration of the Company's directors and for the indemnity of the directors in case of resignation, layoff or termination of the business relationship as a result of a takeover bid, reference should be made to the Remuneration Report prepared by the Issuer pursuant to article 123-ter of the TUF.

## **9. CONTROL AND RISK COMMITTEE**

At its meeting held on May 21<sup>st</sup>, 2020, the Board of Directors of Brunello Cucinelli appointed a Control and Risks Committee (see §6 above).

### **Composition and functioning of the Control and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF)**

During the Year, the Control and Risks Committee met five times, on February 3<sup>rd</sup>, March 10<sup>th</sup>, June 16<sup>th</sup>, July 16<sup>th</sup> and August 26<sup>th</sup>, 2020. The meetings of the Control and Risk Committee lasted on average 2 hours and 27 minutes and have been properly put on record.

During the year 2021, three meetings of the Control and Risk Committee met, at the date of this Report, three times, on January 8<sup>th</sup>, February 9<sup>th</sup>, and March 10<sup>th</sup>, 2021.

For further information on the composition and functioning of the Audit and Risk Committee, please refer to Table 2 in the Appendix.

On May 21<sup>st</sup>, 2020, Annachiara Svelto, as Chairman of the Control and Risk Committee, Andrea Pontremoli and Maria Cecilia La Manna were appointed as members of the Control and Risk Committee until the approval of the Company's financial statements for the year ending 31 December 2022. All the members of the Committee are non-executive and independent directors.

Also during the Year the composition of the Control and Risks Committee complied with the recommendations of the Corporate Governance Code, under which the committee must consist of at least three members (article 4, application criterion 4.C.1) who are non-executive directors and the majority of whom are independent (article 7, principle 7.P.4).

The existence of the independence requirements, and, also in view of the relative professional profile, the possession of adequate knowledge and experience in accounting and financial matters as well as risk

management for all members of the Control and Risk Committee were lastly confirmed by the Board at its meeting held on March 11<sup>th</sup>, 2021.

In addition to the members of the Control and Risks Committee and the President of the Board of Statutory Auditors, from time to time, the Committee has invited to attend its meetings the members of the Board of Statutory Auditors, some representatives of the external auditors, the General Counsel and the Head of the Internal Audit Function, as well as in general the executives of the Issuer in charge of the business functions involved in the matters on the agenda.

### **Functions assigned to the Control and Risk Committee**

On the basis of the recommendations of the Corporate Governance Code and in accordance with the requirements of the “ICRMS Guidelines ” (as defined by § 10 below), the Control and Risks Committee:

- a) supports, with adequate preliminary activities, the Board of Directors’ assessments and resolutions concerning the Internal Control and Risk Management System, as well as those related to the approval of the periodic financial reports;
- b) issues opinions to the Board of Directors on identifying and updating the principles and recommendations contained in the above-mentioned Guideline;
- c) issues opinions to the Board of Directors on an evaluation of the adequacy of the Internal Control and Risk Management System with respect to the characteristics of the business and the risk profile assumed, together with its effectiveness, for the purpose of ensuring that the main business risks are properly identified and adequately managed;
- d) issues opinions to the Board of Directors on the approval of the work program prepared by the Head of Internal Audit;
- e) issues opinions to the Board of Directors on the description of the main features of the Internal Control and Risk Management System, as part of the annual corporate governance report;
- f) issues opinions to the Board of Directors on an evaluation of the findings reported by the legal auditor in any management letter and in the report on the basic matters arising during the legal audit;
- g) issues non-binding opinions to the Board of Directors on the appointment and dismissal of the Head of Internal Audit, the establishment of his remuneration consistent with the business’s policies and a check that this person has adequate resources for carrying out his responsibilities;
- h) evaluates, together with the Manager Charged with preparing the company’s financial reports and after consulting with the legal auditor and the Board of Statutory Auditors, the correct use of accounting principles and their consistency for preparing the consolidated financial statements;
- i) if it be the case, expresses opinions on the identification on the principal business risks;
- j) reviews, among other things, the periodic reports, and those of specific importance prepared by the Internal Audit Function;
- k) monitors the autonomy, the adequacy and the efficiency of the Internal Audit Function;
- l) may request the Internal Audit Function to carry out tests on specific operating areas, at the same time informing the Chairman of the Board of Statutory Auditors of this;
- m) may at any time invite the Head of Internal Audit to report on the activities performed and on the status of the Internal Control and Risk Management System; the Control and Risks Committee may also request from the Head of Internal Audit a copy of the documentation he holds;

- n) performs the duties which, in accordance with regulatory legislation in force from time to time, have been assigned to it pursuant to the procedure for the approval of related party transactions;
- o) refers to the Board, at least once in six months, in occasion of the approval of the yearly and half-year financial report, on the performed activity as well as on the adequacy of the Internal Control and Risk Management System;
- p) performs the additional duties that have been assigned by the Board of Directors.

At least the Chairman of the Board of Statutory Auditors or another statutory auditor designated by him must attend the proceedings of the Control and Risks Committee; other statutory auditors may in any case attend.

In performing its duties the Control and Risks Committee is entitled to have access to the information and business functions necessary for it to carry out its work.

No specific funds were allocated to the Control and Risks Committee, as in order to perform its duties – as mentioned above - it may avail itself of the Issuer's resources and structures and external consultants, whose costs are incurred by the Company.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Issuer believes that it has adopted an Internal Control and Risk Management System that is suitable for ensuring that the main risks can be identified, measured, managed and monitored in accordance with the recommendations provided by article 7 of the Corporate Governance Code.

The structure of the Internal Control and Risk Management System of the Company involves three lines of defence:

- (i) the first line of defence involves the so called "line checks", carried out directly by the process owner with the purpose of identifying, monitoring, mitigating and reporting, primarily, the inherent risks of the ordinary business activities (in particular, production, sales and commercial distribution);
- (ii) the second line of defence involves the controls carried out by the business functions responsible for management of risks inherent to the activity of the Issuer (e.g. Manager Charged and compliance internal functions);
- (iii) the third line of defence is reserved to the Internal Audit Function, which provides independent, objective assurance and consulting services designed to improve the efficiency and the effectiveness of the Company's Internal Control and Risk Management System and corporate governance.

As better said in the next paragraphs (see below in §10 and §10.3), such Internal Control and Risk Management System has been built as an integrated system, based on the principles of transparency, segregation of duties, accountability and proportionality with regard to the characteristics of the business. It consists of rules, procedures and organizational structures which are part of the System (as defined below), as well as of the Code of Ethics and the other documents made part of the organizational, management and control model as per Legislative Decree 231/2001 (hereinafter, the "Model"), adopted on 20<sup>th</sup> June 2011 by resolution of the Issuer's Board of Directors, with the approval of that document named "Guiding Principles for the adoption of the organizational, management and control model as per Legislative Decree 231/2001", as lastly revised by the Board of Directors on 7<sup>th</sup> March 2018, governing among others the implementation of the *whistleblowing* procedure re: the management of communications of alleged wrongdoing as per the Law 179/2017. Moreover, the structure of the Internal Control and Risk Management System is described in the "Guidelines for the Internal Control and Risk Management System" adopted by the Company on 12<sup>th</sup> March 2013 with resolution of the Board of Directors and later amended by the Board on 14<sup>th</sup> March 2019, with the

previous opinion of the Control and Risks Committee, after hearing the Board of Statutory Auditors and the Supervisory Body as per Legislative Decree no. 231/2011 (the “**ICRMS Guidelines**”).

Within the Internal Control and Risk Management System structure the Board of Directors plays a central role and to this end avails itself of the Directors in Charge pursuant to principle 7.P.3 of the Corporate Governance Code (as defined below, see § 10.3) and the Control and Risk Committee. Through the ICRMS Guidelines, the Board takes care of the prevention and management of the risks inherent to the Issuer and the Group, ensuring that relevant rules are adequate to ensure that risks are correctly identified, as well as adequately measured, monitored, managed and evaluated, also in relation to the safeguarding of business assets and the healthy and proper management of the business, defining the nature and level of risk that is compatible with the Issuer’s strategic objectives. In this perspective, the ICRMS Guidelines set out the principles and the structure of processes which are intended to monitor the efficiency and the effectiveness of the business activities designed to mitigate risks, the reliability of the financial information, the observance of laws and regulation, the safeguarding of business assets, as well as subjects involved in the risk control and management identified by the Company.

More specifically, the following are involved in the Internal Control and Risk Management System as described into the ICRMS Guidelines:

- (a) the Board of Directors, which is responsible, in addition to the competences and duties provided by the law and by the Company’s Bylaws, for the functions stated in application criterion 7.C.1. of the Corporate Governance Code, which include, among others, establishing the ICRMS Guidelines, the regular assessment (at least once a year) of the adequacy, efficiency and effective functioning of the Internal Control and Risk Management System, as well as the appointment of the Head of Internal Audit upon proposal of the Directors in Charge, subject to the opinion of the Control and Risk Committee and after hearing the Board of Statutory Auditors, with the responsibility of ensuring that the same has adequate means for the execution of the relevant duties, also with reference to the operating structure and internal organizational procedures to access the information required to this end, the approval, at least once a year, of a work-plan prepared by the Head of Internal Audit and the examination, at least every six months, of the reports on the activity performed by the Internal Audit Function;
- (b) the Control and Risks Committee, having the duty to support, with suitable investigative activities, the evaluations and decisions of the Board of Directors regarding the Internal Control and Risk Management System and to which are assigned the duties included in application criterion 7.C.2. of the Corporate Governance Code;
- (c) the Directors In Charge, to whom, by way of a resolution adopted by the Board of Directors on May 21<sup>st</sup>, 2020, are assigned the duties included in application criterion 7.C.4. of the Corporate Governance Code;
- (d) the Manager Charged, who acts in accordance with the provision set out in article 154-bis, TUF and with the Corporate Governance Code, with the cooperation of the Company’s function “Compliance L. 262/2005”;
- (e) the Data Protection Officer, recently appointed by the Board with resolution on May 10<sup>th</sup>, 2018, who performs a supervision and control function, concerning the protection of personal data by the Company;
- (f) the business functions which are identified from time to time in the ICRMS Guidelines, that, for the respective purposes, perform the analysis and management of specific risks or compliance controls related to such risks;
- (g) the Board of Statutory Auditors which supervises the effectiveness of the Internal Control and Risk Management System pursuant to law, the Company’s Bylaws and the Corporate Governance Code;

- (h) the Supervisory Body, as per Legislative Decree no. 231/2001, which supervises over the compliance with the Model;
- (i) the Internal Audit Function with the tasks set out in the application criterion 7.C.5 of the Corporate Governance Code;
- (l) the external auditor, with duties and competences provided by the law.

For further information, the Company has dedicated an entire section of its *investor relations* website to the issue of risk management, available at the following address:  
<http://investor.brunellocucinelli.com/en/governance/risk-management>

In this regard, it should be noted that during the Year, the Issuer decided to define and implement an Enterprise Risk Management ("ERM") model, with the main purpose of consolidating a common language and culture on risk, to ensure informed decision-making at all levels of its organisation and to create and preserve value for its stakeholders without compromising the achievement of its strategic objectives. With this in mind, during the year, the Issuer engaged a consultant to start the ERM implementation project at the beginning of 2021.

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## **Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process pursuant to Article 123-bis, paragraph 2, letter b), TUF.**

### ***Introduction***

The risk management and internal audit systems used by the Company for the Group in relation to the financial reporting process (the "System") are completely integrated within the broader Internal Control and Risk Management System of the Company and the Group. The aim of the System is to provide reasonable certainty as to the soundness, accuracy, reliability and timeliness of the financial disclosures and as to the ability of the process for preparing the financial statements to produce financial information in accordance with international generally accepted accounting standards.

The conceiving of the System has been approached taking into account the international standards and best practices for the relevant industry, as well as the guidelines issued by various reference bodies and associations. In particular, the Company put in place an integrated risk management model developed taking into account the international generally accepted reference model on internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (also known as the CoSO Report).

### ***Description of the main features of the system***

The System is the set of administrative and accounting procedures and internal control tools set up to ensure that the objectives of soundness, accuracy, reliability and timeliness are achieved in preparing the separate and consolidated financial statements and other reports and communications of an economic nature or regarding assets and liabilities, cash flows and the financial position drawn up in accordance with laws and regulations.

Further, the System is completed by the control and monitoring activities, in order to assess the effective application of said procedures and control instruments, also is support of the process leading to certification of financial statements and press releases made by the Manager Charged, as set out in Article 154-bis, TUF.

#### ***a) Stages of the existing risk management and internal control system in relation to the financial reporting process***



The System – as well as the broader Internal Control and Risk Management System – is based first and foremost on a risk assessment designed to identify and assess the areas of risk where the occurrence of specific events could potentially impair reaching the objectives of the current risk management and internal control system for the financial reporting process.

In 2016 the Company has carried out a risk assessment activity, by which have been detected, analyzed and measured the inherent risks for all major business areas, including Administration, Finance and Control. The risk assessment was based on the self-assessment carried out by the managers and supervisors of each department, with the consultancy and assistance of the Internal Audit Function and the Legal Department. In 2017, the Company continued the risk assessment activities, with reference to the functions hierarchically subject to those referred to in the previous year. In 2018, risk assessment activities have been continued through the systematization and the analysis of the risks self-assessment outcomes, classifying and prioritizing the emerged risks, in order to direct the future activities of risk detection, assessment, management and control. In 2019, the Internal Audit Function organized the risk assessment on the strategic businesses of the Group. Moreover, the Compliance L. 262/2005 function started further activities of analysis and assessment of risks with specific reference to the financial reporting process, focusing on the material items of the financial statements for each significant company of the System. Further and more in-depth risk assessment activities will be carried out in 2021, during the implementation of the ERM mentioned above.

The following paragraphs set out the main details regarding the stages in the System.

- Identification of the perimeter of the companies involved and of the significant administrative and accounting processes.

This activity envisages the identification of the Group companies and the processes which feed the income statements and balance sheets of those companies are identified by carrying out quantitative analyses (numeric significance of each company) and qualitative analyses (specific, potential and past risks connected with a company's activity).

The analysis of the perimeter is regularly reviewed by the Company which specifies the need for changes or additions as may be the case.

- Analysis of processes, risks and administrative and accounting controls

In order to effectively mitigate the possible risk that business events are not properly represented, the analysis of the financial reporting control system is carried out for each company (i.e. "entity level") and at a process level (for each entity).

More specifically, the analysis of the administrative and accounting processes includes an assessment of the risks associated with the failure to achieve the control objectives designed to ensure a true and fair representation of financial disclosures and to minimize the likelihood they may occur and their possible effect. These objectives consist of financial statement assertions (typically: existence and occurrence, completeness, rights and obligations, valuation, presentation and disclosure) and other elements that characterize the organization's internal control environment (such as for example respecting approval limits, *segregation of duties*, controls on the physical security and existence of assets, the documentation and traceability of transactions).

The analysis of financial reporting risks provides for a regular review to identify the main changes that have taken place in the structure of the administrative and accounting processes as the result of the natural evolution of the *business*, the organization and any external factor.

- Setting up the administrative and accounting control system

On the basis of the results arising from the identification and assessment of the financial reporting process risks at an inherent level (by assessing risk regardless of the related defence) the Company set up the structure of the administrative and accounting controls considered appropriate for ensuring that risks are contained and reduced to a residual, acceptable level and the means by which these controls are carried out.

The approach adopted takes into account controls of a manual nature and those included in the information systems supporting the administrative and accounting processes, meaning automatic controls at an application systems level, as well as IT *general controls*, meaning the controls presiding over the systems pertaining to the access environment, developments and changes to the systems and, in general, the adequacy of the computer structures.

- Testing administrative and accounting controls.

As the analyzed risks, the control system set up to contain them is monitored on a regular basis to ensure that the risk coverage requirements and the related defences are adequate and consistent over time, despite any changes which may occur in the Group's *business*, organization and processes. The systematic checking of the effectiveness of the administrative and accounting controls is also provided for, meaning the performance of specific *tests* to ensure that the planned controls are being properly carried out by the business functions, as well as the implementation of established corrective action. Monitoring and *testing of the System* are carried out by the Manager Charged and its internal organization, with the cooperation of the Compliance L. 262/2005 function. To this end the Manager Charged (with the Compliance L. 262/2005 function) *reports* on the design, structure and functioning of the System, also providing an assessment of its adequacy and effectiveness.

***b) Role and functions involved***

The Manager charged with preparing the company's financial reports, appointed by the Board of Directors in accordance with the current provisions of the Bylaws, is responsible for the System.

In performing his duties, the Manager charged:

- engages the Compliance L.262/2005 function in order to keep the System effective and up-to-date, along with the testing and monitoring of its functioning;
- is supported by the heads of function involved, who, in respect of the areas for which they are responsible, ensure the completeness and reliance of the information flows to the Manager Charged for the purpose of preparing accounting disclosures;
- coordinates, through the head of management control for the Group, the activities carried out by the administrative heads of significant subsidiaries;
- sets up a mutual exchange of information with the Control and Risks Committee, the Board of Directors and the Board of Statutory Auditors, with reference to the activities which have been carried out, as well as to the adequacy of the System and its organization, along with the reliability of the administrative and accounting system.

Both the monitoring of the effective application of the System and the relevant performance assessment have been carried out on a continuous basis during the Year under the supervision of the Manager charged, who has the direct responsibility for assess whether the management activities in administrative, accounting and financial environment are performed properly and timely by Group's companies.

Upon completion of the abovementioned assessment, the Manager Charged, together with the Managing Directors, shall provide the certification provided for in paragraph 5 of Article 154-bis of the TUF.

In order to ensure that the risks and controls of the financial reporting process are being adequately managed, on the initiative of the Manager Charged, who is responsible for supervising the whole System, the administrative executives of significant subsidiaries have been assigned with the responsibility of ensuring the adequate implementation and maintenance of the System on behalf of the Manager Charged. Further, the Co-CFO, who is also responsible for the financial control and planning with reference to the companies of the Group, coordinates the activities of said administrative executives, with power to give guidelines and instructions , or to request specific checks.

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During the Year the Control and Risks Committee reported on a regular basis to the Board on the work the Committee had carried out, on the result of the testing performed and on the functioning of the Internal Control and Risk Management System , noting that this was in substance reasonable compared to the Issuer's size and organizational and operating structure.

In the meetings held on March 11<sup>th</sup>, 2020 and August 27<sup>th</sup>, 2020, and lastly on March 11<sup>th</sup>, 2021, the Board, with the favorable opinion of the Control and Risks Committee, having acknowledged the reports of the Manager in charge, of the Internal Audit Function and of the Supervisory Body, and having also acknowledged the verification of the process carried out by the Board of Statutory Auditors, the Board confirmed the substantial adequacy, effectiveness and actual functioning of the Company's Internal Control and Risk Management System.

#### **10.1. DIRECTORS IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

As mentioned above, on May 21<sup>st</sup>, 2020, the Board of Directors appointed the Managing Directors Riccardo Stefanelli and Luca Lisandrini, under the supervision and strategic coordination of the Chairman of the Board of Directors, Cav. Lav. Brunello Cucinelli, the task of supervising the functionality of the Internal Control and Risk Management System pursuant to Principle 7.P.3 of the Corporate Governance Code ("Directors in Charge").

The Appointed Directors, with the support of the relevant managers from time to time:

- have identified the main corporate risks (strategic, operational, financial and *compliance*), taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries;
- implemented the ICRMS Guidelines established by the Board, arranging for the design, realization and management of the Internal Control And Risk Management System, constantly checking their overall adequacy, effectiveness and efficiency;
- ensured that the Internal Control And Risk Management System was adapted to operating conditions and the legislative and regulatory background.

Directors in Charge has the additional power to engage the Internal Audit Function to perform tests in certain specific operating areas to ensure that internal rules and procedures are being followed when performing business operations, keeping the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors informed.

More specifically, during the Year, Directors in Charge, with the support of the Internal Audit Function, Legal and Corporate Affairs, and Accounting, Finance and Control, has supervised the updating of the Internal Control And Risk Management System with reference to the reduction of the possible economic and reputational consequences potentially arising out from the relations with third party producers (*façon*) and

suppliers. This has been referred to the Control and Risk Committee, providing relevant information to the Board of Directors.

## **10.2. HEAD OF THE INTERNAL AUDIT FUNCTION**

The Board of Directors of the Company, on the proposal of the Director in Charge, with the favorable opinion of the Control and Risks Committee, having consulted with the Board of Statutory Auditors, on July 13<sup>th</sup>, 2017 appointed Mr. Emanuele Marconi as new head of the internal audit function (“Head of the Internal Audit Function”), pursuant to the application criterion 7.C.1 (second part) of the Corporate Governance Code.

The Head of the Internal Audit Function, who is not in charge of any operational area, reports directly to the management body and in performing his duties ensures that the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors receive the due information. Further, at the invitation of the Board of Statutory Auditors, steadily attends the examination of each item on the control body’s agenda.

The duties of the Head of the Internal Audit Function include performing activities in order to check the effective application of internal procedures and limiting the risks of the Issuer and the Brunello Cucinelli Group. The Head of the Internal Audit Function also performs his duties by carrying out sample testing on the processes regulating business activities.

In keeping with the purpose, authority and responsibility defined by the Board of Directors, as well as with the audit plan from time to time approved, the Head of the Internal Audit Function may extend its control activities to all of the companies of the Brunello Cucinelli Group, and in particular to the companies identified by the Board of Directors as companies with strategic importance,.

The Head of the Internal Audit Function has direct access to all the information required to perform his duties. If third party consultants are engaged by the Company or other Group companies to perform certain specific controls, the Head of the Internal Audit Function also has access to the documentation produced by the parties engaged.

During the Year, the Head of the Internal Audit Function:

- had direct access to all the information required to perform his duties;
- verified the effectiveness and suitability of the Internal Control and Risk Management System, through an audit plan based on a process of analysis and prioritisation of the main risks, approved by the Board on March 11<sup>th</sup>, 2020 and subsequently amended on July 14<sup>th</sup>, 2020, subject to the opinion of the Control and Risks Committee;
- has prepared periodic reports containing adequate information about its work, the way in which the risk management is conducted as well as compliance with the plans defined for risks reduction, and an evaluation of the System of Internal Control and Risk Management and forwarded such reports to the chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors as well as to the Directors in Charge;
- reported the results of his work to the Board of Directors, to the Directors in Charge, to the Control and Risks Committee and to the Board of Statutory Auditors;.

The Company has not assigned a specific budget to the Internal Audit Function, but the management body makes available to the Head of the Internal Audit Function resources required to perform his duties, as needed.

During the Year, the Internal Audit Function performed, among others, the following activities:

- assurance on the design and functioning of the operational controls pertaining to *core* business processes;
- assurance on the work of the Compliance function L. 262/2005;
- request with reference to risk management and corporate governance;
- sponsorship and start-up of the ERM project;
- risk analysis activities in support of the Board of Directors;
- training activities in favour of other business functions;
- participation in training courses and other activities aimed at improving the structure and functioning of the Internal Audit Function;
- participation in the Cyber Committee;
- activities on cooperation and behalf of the Supervisory Body as per Legislative Decree no. 231/2001, of which the Head of the Internal Audit Function is a member
- activities supporting the administrative and control corporate governance bodies.

Finally, it should be noted that, during the Year, the Internal Audit Function has not been entrusted, not even in part, to third parties.

### **10.3. MODEL AS PER LEGISLATIVE DECREE NO. 231/2001**

On March 7<sup>th</sup>, 2018 the Board of Directors has lastly updated the Model, through the revision of the document “Guiding Principles for the adoption of the organizational, management and control model as per Legislative Decree 231/2001” firstly adopted in the Board meeting of June 20<sup>th</sup>, 2011. Further, during the Year, the Issuer planned to update the Model in order to ensure its compliance with the amendments to the Legislative Decree 231/2001, occurred in the meantime.

Brunello Cucinelli’s Model consists of a general section, in which following a description of the Company’s activities and its organization the objectives, the underlying principles and the recipients of the Model are illustrated.

In accordance with the requirements of Legislative Decree no. 231/2001, the Model regulates the structure, the working and the duties of the Supervisory Body, which has the task of ensuring that the Model is working properly and is being implemented, and of updating the Model. To enable the Supervisory Body to carry out its work, the Model specifies that information flows to the Supervisory Body must be set up by the heads of business functions.

The Model also includes i) a disciplinary system which is applied whenever the measures stated in the Model are not followed, and ii) training of the Company’s personnel in the Model’s contents together with the provision of information in this respect.

The Model further includes a second part (“Special Part”), which lays down each process for which there is the risk that one of the offences referred to in Legislative Decree no. 231/2001 (“Sensible Activities”) may be committed and the general control criteria adopted by the Company. The Special Part incorporates an appendix including: (i) the list of the offences referred to in Legislative Decree no. 231/2001; (ii) the analysis of any such offences taken in particular account by the Company, considering its business; (iii) the Sensible Activities identified in connection with said offences, along with the relevant control instruments implemented by the Company in order to prevent that any such offence is committed.

The Model is then finally completed by: (i) the Code of Ethics describing the fundamental values that inspire the Company and the Group in the performance of its activities, adopted by resolution of the Board of Directors of the Company dated June 20<sup>th</sup>, 2011 and as updated by a Board resolution dated March 14<sup>th</sup>, 2019; (ii) the Guidelines; (iii) the Anti-Corruption Policy approved by the Issuer on March 14<sup>th</sup>, 2019; iv) the organisation chart, the function chart and all internal measures, acts and procedures adopted in the framework of the Model or which in any case constitute its implementation; v) the risk assessment and scoring activities carried out by the Company and the Body, also for the purpose of identifying the Sensitive Activities.

The Company's Supervisory Board, in its current composition, was appointed on 21<sup>st</sup>, May 2020. The members of the Supervisory Board are Mr. Lorenzo Ravizza, who holds the position of Chairman of the Supervisory Board, Prof. Avv. Carlo Fiorio, and Mr. Emanuele Marconi, also Head of Internal Audit Function. The members of the Supervisory Board remain in office until the Shareholders' Meeting called to approve the financial statements at December 31<sup>st</sup>, 2022. In this regard, it should be noted that the Issuer believed that it was more appropriate to appoint a Supervisory Body rather than assign its duties to the Board of Statutory Auditors, in order to ensure a proper allocation of the powers and duties of control, thus implementing the segregation of duties principle in a more incisive manner.

In agreement with the Supervisory Body, the Company brought the principles inspiring the Company's activity, which are contained in its Code of Ethics and which underlie the approach to prevent the offences referred to in the Model being committed, to the attention of the third party producers (*façonisti*) with whom it has a business relationship. Later, the Issuer has extended to the most relevant foreign subsidiaries, the contents of the Code of Ethics and the legal principles of the Model, in respect of the activities and ordinary management of those subsidiaries.

In 2018, the Company completed the implementation of the whistleblowing procedure and tools pursuant to Law No. 179/2017 (which amended Legislative Decree 231/2001). Moreover, at the end of the same year, the Company held a meeting with all its *façonists* (around 350), with the aim to promote a culture based on respect for the rules and a sense of responsibility, including social responsibility, within the relevant organisations, as well as launching a phase of more in-depth monitoring of compliance with said rules. For more information on this matter, please refer to the Consolidated Non-Financial Disclosure, prepared by the Company pursuant to Legislative Decree no. 254/2016.

Subsequently, the Company continued spread rules contained in the Model and , together with the Supervisory Board pursuant to Legislative Decree 231/2001,planned training sessions aimed at spreading the amendments recently introduced in the Model.

#### **10.4. EXTERNAL AUDITORS**

Pursuant to article 14 of Legislative Decree no. 39 of 27<sup>th</sup> January 2010, on 27<sup>th</sup> January 2012 the ordinary general shareholders' meeting approved a resolution to appoint the firm "EY S.p.A." (formerly named "Reconta Ernst & Young S.p.A.") to audit the Issuer's separate financial statements and the Group's consolidated financial statements for the years 2012-2020, as well as perform a review of the condensed consolidated half-year financial statements relating to the nine-year period and ensure that the accounting books and records have been properly kept and that operations have been properly recognized in those accounting books and records during those years, all in accordance with the terms and conditions included in the engagement letter issued by the firm and held in the Company's records.

It is further specified that EY S.p.A., upon previous consent from the Board of Statutory Auditors, has been appointed for issuing an opinion on the non-financial statement provided by the Company under the applicable legal requirements under article 3, para. 10, of the Legislative Decree no. 254/2016.

Once the financial statements for the year ended on December 31<sup>st</sup>, 2020 are approved, EY S.p.A.'s mandate for the financial years 2012-2020 will expire. Therefore, the Shareholders' Meeting called on April 19<sup>th</sup>, 2021 will appoint an audit firm for the financial years 2021-2029.

#### **10.5. MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS AND OTHER BUSINESS ROLES AND FUNCTIONS**

On May 21<sup>st</sup>, 2020, the Issuer's Board of Directors, after receiving the favourable opinion of the Board of Statutory Auditors, renewed Moreno Ciarapica's appointment as Chief Financial Officer of the Company, granting him the powers related to the management and supervision of all administrative, financial and management control activities of the Company and the Group, and confirmed his appointment as the Company's Financial Reporting Officer with the powers and functions set forth in art. 154-bis TUF, Article 23 of the Company's Bylaws and the provisions of the "Regulation of the Executive in Charge of Financial Reporting" policy, approved by the Board at its meeting held on August 28<sup>th</sup>, 2012.

In order to ensure that the Company's Chief Financial Officer has adequate powers and means to perform the tasks assigned, the Board has instructed the Managing Directors to grant Mr. Ciarapica, by means of a power of attorney, management and representation powers in banking, insurance and tax matters, to be exercised in relation to the functions performed by him as Chief Financial Officer, within the limits of the plans approved by the Company's Board of Directors and after informing the Managing Directors.

The Chief Financial Officer shall promptly inform the Managing Directors of any contract, act and transaction entered into or undertaken.

This function is governed by the ICRMS Guidelines approved by the Company's Board of Directors, according to the Corporate Governance Code recommendations, and in the relative attachments, among which the "Regulation of the Manager Charged with preparing the company's financial reports", that identifies the duties, responsibilities and powers connected with that function, as well as the term of office, the reasons for withdrawal from and loss of office, the resources at his disposal and the relations with corporate governance bodies, other business functions and subsidiaries.

The Manager Charged has in particular the following duties: (i) to draw up suitable administrative and accounting procedures in order to prepare the Company's separate and consolidated financial statements and all other communications of a financial nature; (ii) together with the Managing Directors, to certify by means of a suitable report on the Company's separate and consolidated financial statements the adequacy and the effective application of the procedures in point (i) in the period to which the financial statements refer and to check that the financial statements have been prepared in accordance with the international accounting standards approved by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19<sup>th</sup> July 2002, agree with the balances on the books of account and accounting entries and provide a true and fair view of the assets and liabilities, results and financial position of the Company and the set of companies included in the consolidation.

Additionally, on his appointment, the Board granted the Manager Charged all the powers and means required to perform the duties assigned to him.

## **10.6. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE RISK MANAGEMENT SYSTEM**

The Model provides that, at least once a year, the Company shall promote a meeting between all the players in the Internal Control and Risk Management System in order to coordinate their respective activities and functions and ensure a complete and effective exchange of information on risks and controls. During the financial year, this plenary meeting was held on December 10<sup>th</sup>, 2020 with the participation of the following parties: Board of Statutory Auditors, Control and Risk Committee, Remuneration and Appointments Committee, Executive in Charge and Compliance Function L.262/2005, Supervisory Body, General Counsel, Internal Audit Function, Independent Auditors.

## **11. INTERESTS AND RELATED PARTY TRANSACTIONS**

In accordance with the requirements of Consob in Regulation no. 17221/2010 of 12<sup>th</sup> March 2010, as subsequently amended by Resolution no. 17389 of 23<sup>rd</sup> June 2010, on related party transactions ("Related Party Transactions"), after receiving the favourable opinion of the Control and Risks Committee, the Company's Board of Directors adopted an internal procedure for the Management of Related Party Transactions (the "Procedure"), which became effective at the date trading started in the Company's ordinary shares on the MTA, namely 27<sup>th</sup> April 2012. The Procedure has been further amended by the Board of Directors on 12<sup>th</sup> May 2015 with reference to the definition of transactions for smaller amounts. In any case the Board of Directors assesses at least every three years whether to amend or not the Procedure, taking into account any variation occurred with reference to the ownership structures, as well as the effectiveness of the Procedure. In this regard, it should be noted that, during the Year, in the light of the latest amendments introduced by Consob to the aforementioned Regulation 17221/2010 with resolution no. 21624 of 10 December 2020, applicable as of July 1<sup>st</sup>, 2021, the Company has decided to revise and update the Procedure with effect from July 1<sup>st</sup>, 2021. Subsequently in this Report, the terms "Procedure" and "Regulation 17221/2010" refer to the version of these documents in force until June 30<sup>th</sup>, 2021.

The procedure applies to Related Party Transactions (reference should be made to the respective definitions in Regulation no. 17221/2010, explicitly referred to in the Procedure, for the underlying concept) carried out by the Company or through its subsidiaries.

More specifically, the Procedure identifies the discipline applicable to two classes of Related Party Transaction: (i) Related Party Transactions of Greater Importance (identified on the basis of the criteria stated in Regulation no. 17221/2010) and (ii) Related Party Transactions of Lesser Importance (the concept of which is taken from Regulation no. 17221/2010), and provides for specific steps to be taken regarding the initial enquiry into these and their approval.

In accordance with article 8 of Regulation no. 17221/2010 (Procedures for transactions of greater importance in companies adopting traditional or one-tier management and control systems), the approval of Transactions of Greater Importance is reserved for the Company's Board of Directors, and the involvement of the Control and Risks Committee is also envisaged. More specifically, the Control and Risks Committee is required to issue a binding reasoned opinion on the interest of the Company in carrying out each Transaction of Greater Importance and the convenience and the substantial correctness of the underlying terms.

On the other hand, as far as Transactions of Lesser Importance are concerned, approval is remitted to the body (delegated body, Board of Directors, shareholders' meeting) having competence in adopting the relevant decision by law or under the Bylaws. In addition, before the transaction is approved, the Control and Risks Committee must issue a reasoned (non-binding) opinion on the interest of the Company in carrying out the transaction and the convenience and the substantial correctness of the underlying terms.



If Transactions of Lesser Importance are approved by the Board of Directors despite the adverse opinion of the Control and Risks Committee, this fact must be publicized by making an information document available to the public, within fifteen days of the end of each quarter, which contains details of the Transactions of Lesser Importance approved in the relevant quarter on which the Control and Risk Committee expressed a negative opinion, and this opinion must be attached to that document.

The delegated body has specific subsequent quarterly requirements to report to the Board of Directors and the Board of Statutory Auditors on Transactions of Lesser Importance and Transactions of Greater Importance.

In addition, the Board of Directors may adopt framework resolutions regarding a series of homogeneous transactions in relation to (i) transactions for the sale, supply or delivery of items of clothing and accessories or other goods forming part of the ordinary activities of the Company or the Group, (ii) transactions relating to commercial distribution agreements or (iii) transactions for the provision of services, including those of a consulting nature.

The Procedure envisages certain exemptions from its application, identified on the basis of Regulation no. 17221/2010, of which the following are noted:

- shareholders' resolutions regarding the compensation paid to members of the Board of Directors and resolutions on the compensation paid to directors having specific duties (article 2389, paragraph 3 of the Civil Code and article 19 of the Company's Bylaws);
- Transactions for Small Amounts (as defined in the Procedure);
- Regular Transactions that are carried out under Market or Standard Equivalent Terms (as defined in the Procedure on the basis of the provisions of Regulation no. 17221/2010);
- shareholders' resolutions regarding the compensation paid to members of the Board of Statutory Auditors (article 2402 of the Civil Code);
- Related Party Transactions with or between subsidiaries, also jointly, and with associates, if there are no Significant Interests (as defined in the Procedure) in the counterparty subsidiaries or associates.

With respect to the approval of both Transactions of Greater Importance and Transactions of Lesser Importance (for which the Board of Directors has competence), the Procedure requires that the directors be provided with details of any interests (including indirect interests) of the members of the corporate governance bodies in such transactions. Transactions of Lesser Importance for which the Managing Directors having competence holds an interest, also on behalf of third parties, remain the competence of the Board of Directors. In addition, if in respect of a Transaction of Greater Importance or a Transaction of Lesser Importance one of the members of the Control and Risks Committee is a related party in respect of a specific transaction, as defined in Regulation no. 17221/2010, the duties for which the Control and Risks Committee is responsible are carried out by the other members of the Committee who are independent directors and not related parties. The Procedure has been made available on the Company website at the address <http://investor.brunellocucinelli.com/en/services/archive/governance/documents>.

The Issuer has not provided for a specific procedure aimed at identifying situations in which a director has an interest on his own behalf or on behalf of third parties, leaving the detection of this situation to the reporting to the Board by the individual director. For an analysis of the Transactions with Related Parties occurred during the Year, please refer to the annual financial report.

## 12. APPOINTMENT OF STATUTORY AUDITORS

The board of statutory auditors (“Board of Statutory Auditors”) is appointed by the Ordinary Shareholders’ Meeting.

The mechanism for the election of the statutory auditors is regulated by article 21 of the Company’s Bylaws, in accordance with the provisions of article 148 of the TUF and the relative implementation provisions of article 144-quinquies et seq. of the Consob Regulation on Issuers, which: (i) make a list vote mandatory for the appointment of the statutory auditors and regulate the mechanism for this; (ii) require the Chairman of the Board of Statutory Auditors to be appointed from the statutory auditors elected by the minority and (iii) identify the limits to the number of positions that statutory auditors may hold.

The Shareholders’ Meeting held on April 18<sup>th</sup>, 2013 introduced, for the first time, amendments to the Bylaws concerning the election mechanism of the Board of Statutory Auditors, with the aim to ensure a balance between gender balance in compliance with Law No. 120/2011. Further amendments to the Company’s Bylaws aimed at ensuring that the procedure to appoint the Standing and Alternate Auditors by list voting complied with the *pro tempore* regulations in force on gender balance were approved by the Shareholders’ Meeting held on May 21<sup>st</sup>, 2020.

Article 21 of the Bylaws of Brunello Cucinelli S.p.A. requires statutory auditors to be appointed on the basis of two separate lists: one for candidates for the position as standing auditor, the other for candidates for the position as substitute auditor, in which the candidates are assigned a sequential number. Lists must be presented by shareholders who on their own or together with other shareholders are holders, at the time the lists are lodged, of an interest that is at least that established by Consob pursuant to article 147-ter, paragraph 1 of Legislative Decree no. 58/1998, and in accordance with the Issuers’ Regulations. In addition, the Board of Directors arranges for the minimum shareholding eligible for presenting lists of candidates to be included with the publication of the notice convening the shareholders’ meeting called to approve the appointment of the statutory auditors.

The minimum shareholding required to present the lists is calculated with reference to the shares recorded in the shareholder’s name on the day on which the lists are lodged with the Company.

Each shareholder may present, or join with others to present, including through an intermediary or a trust company, and vote in favour of one single list. In addition, the following may present, or join with others to present, including through an intermediary or a trust company, and vote in favour of one single list: (i) shareholders belonging to the same group; and (ii) shareholders who are party to the same shareholders’ agreement whose object is the Company’s shares as per article 122 of the TUF.

Each candidate may only appear on one list, under penalty of inadmissibility.

The lists, signed by those presenting them, are lodged at the Company’s registered office at least 25 (twenty five) days prior to the date set for the shareholders’ meeting in first call, together with:

- details of the identity of the shareholders who have presented the lists, with a statement as to the total percentage shareholding held and an attestation in which the ownership of the shareholding is confirmed. This attestation must be produced by the different date specified by the applicable legislation and regulations;
- statements in which the individual candidates accept to stand for the position and attest, under their own responsibility, that there are no reasons why they may be considered incompatible and that they hold the prerequisites prescribed by current law for the specific position;
- a *curriculum vitae* containing the personal and professional characteristics of the candidates, which includes a description of the management and control positions held in other companies; and

- a statement of the shareholders other than those who hold, also jointly, a controlling interest or a relative majority interest, attesting to the absence of the relationships of association specified in article 144-quinquies of the Issuers' Regulations with the latter.

Any list for which the provisions of this paragraph are not observed is considered as not having been presented.

The lists that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that the least represented gender in the list belongs to the quota of candidates for the office of Standing Auditor and for the office of Substitute Auditor, as established by the *pro tempore* regulations in force relating to the balance between genders .

In the event that only one list has been lodged at the date on which the term of 25 (twenty five) days for lodging the lists and documents at the Company's registered office expires, or only lists presented by shareholders who are associated with each other within the meaning of article 144-quinquies of the Issuers' Regulations, lists may be presented up the end of the third day following that date. In that case, the percentage thresholds provided in the Bylaws are reduced by one half.

The first two candidates on the list obtaining the highest number of votes (the "Majority List") and the first candidate on the list which obtained the second highest number of votes (the "Minority List") and is not associated, even indirectly, with the shareholders who presented or voted in favour of the Majority List are elected as standing statutory auditors; the latter candidate shall also be appointed as the Chairman of the Board of Statutory Auditors.

The first substitute candidate on the Majority List and the first substitute candidate on the Minority List are elected as substitute statutory auditors.

If two or more lists obtain the same number of votes, a ballot is held between those lists in a new round of voting at which all those attending the shareholders' meeting and entitled to vote take part, with the candidates on the list obtaining a simple majority of the votes cast being elected.

If the methods above described do not assure the composition of the Board of Statutory Auditors, in its standing members, in conformity with the regulations currently in force concerning the balance between genders, then the candidates for the office of standing auditor of the Majority List will be replaced as necessary, according to the order in which the candidates are listed.

If a standing auditor ceases to hold office before the end of the term for any reason, the first substitute on the list of the statutory auditor being replaced takes over and holds office until the next shareholders' meeting. If the chairman has to be replaced, the chair is held until the next shareholders' meeting by a substitute member taken from the minority list.

If only one list is presented or if two or more lists obtain the same number of votes, if the Chairman has to be replaced the first standing auditor on the list of the Chairman being replaced takes over the position until the next shareholders' meeting.

If the number of substitute auditors is not sufficient to make up the Board of Statutory Auditors a shareholders' meeting must be called to supplement this number, with resolutions being adopted on the basis of the legal majorities and in compliance with current laws and regulations. More specifically:

- if the auditor being replaced is (i) the standing auditor and/or the Chairman or (ii) the substitute auditor taken from the Minority List, the names are proposed of the unelected candidates who stood for the position as standing auditor for case (i) and as substitute auditor for case (ii) listed in the corresponding sections of the same Minority List, and the person obtaining the highest number of votes in his favour is elected;

- in the absence of names to be proposed pursuant to the preceding paragraph and if it is a question of replacing the standing and/or substitute auditor(s) taken from the Majority List, the provisions of the Civil Code are applied and the shareholders' meeting adopts resolutions on the basis of the majority of votes cast.

It is understood that, at the time of replacement, the composition of the Board of Statutory Auditors shall comply with the rules currently in force concerning the balance between genders.

If only one list is presented, the shareholders' meeting casts its vote on that alone; if the list obtains a relative majority of the votes cast, without counting abstentions, the candidates stated in the respective section of the list are elected as standing auditors and substitute auditors; the person at the top of the list becomes the Chairman of the Board of Statutory Auditors. If no list have been submitted, the shareholders' meeting decides with the majority of law. In any case, the compliance to the law currently in force concerning the balance between genders is required.

The list vote mechanism described above has been applied for the first post-listing renewal of the Issuer's Board of Statutory Auditors and therefore at the Shareholders' Meeting held on April 23<sup>rd</sup>, 2014 as well as on for the renewal of the Board of Statutory Auditors resolved by the Shareholders' Meeting held on April 20<sup>th</sup>, 2017 and the subsequent renewal resolved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020.

The Company's Bylaws do not provide for the election of more than one statutory auditor from the minority list.

### **13. COMPOSITION AND WORKING OF THE BOARD OF STATUTORY AUDITORS**

#### **(art. 123-bis, paras. 2d) and 2d-bis), TUF)**

In article 20 the Company's Bylaws require the Board of Statutory Auditors to consist of 3 standing auditors and 2 substitute auditors, all holding the requirements stated in current provisions.

The statutory auditors hold office for a term of three fiscal years which expires at the date of the shareholders' meeting called to approve the financial statements of the last year of their term.

In accordance with applicable laws and regulations, the appointment of statutory auditors is subject to the requirement that the auditors shall respect the limit on the number of positions they may hold.

In compliance with the relevant legal and regulatory provisions, the appointment of Statutory Auditors is subject to their compliance with the limits on the maximum number of positions, without prejudice to the obligation to notify CONSOB and to resign from one or more positions if these limits have been exceeded.

The Board of Statutory Auditors in office at December 31<sup>st</sup>, 2020 was appointed by the Ordinary Shareholders' Meeting held on May 21<sup>st</sup>, 2020 and will remain in office until the approval of the financial statements at December 31<sup>st</sup>, 2022.

The current Board of Statutory Auditors was elected on the basis of the two lists submitted.

List no. 1 was submitted by Fedone S.r.l.. and its candidates, Gerardo Longobardi and Alessandra Stabilini, were elected with 72.998% of votes in favour of the voting capital.

List no. 2 was presented by the following shareholders: Aberdeen Standard Investments, Amundi Asset Management SGR S.p.A., ARCA Fondi SGR S.p.A., Eurizon Capital S.A., Eurizon Capital SGR S.p.A., Fideuram Investimenti SGR S.p.A., Mediolanum Gestione Fondi SGR S.p.A., Pramerica SGR S.p.A. List no. 2 expressed the candidate, Prof. Paolo Prandi, elected with a percentage of votes in favour compared to the voting capital equal to 23.963%. Pursuant to art. 148, paragraph 2-bis, TUF, Prof. Prandi was appointed Chairman of the Board of Statutory Auditors.

Reference should be made to Table 3 included in the annex to this Report for the composition of the Board of Statutory Auditors.

In accordance with the provisions of Article 144-decies of the Consob Regulation on Issuers, the personal and professional characteristics of each Auditor are provided in Annex "B" to this Report.

During the year, the Board of Auditors met 12 times and the average duration of the meetings was 2 hours and 5 minutes.

During the 2021 financial year, up to the date of this Report, the Board of Statutory Auditors met on January 5<sup>th</sup>, January 11<sup>th</sup>, February 9<sup>th</sup>, March 11<sup>th</sup> and March 25<sup>th</sup>, 2021.

The Issuer's Board of Statutory Auditors has verified the independence of its members, with a positive outcome, since they took office on May 21<sup>st</sup>, 2020, following its appointment by the Shareholders' Meeting. During the meeting held on March 11<sup>th</sup>, 2021, the Board of Statutory Auditors ascertained that its members still held the above-mentioned independence qualifications required in accordance with the criteria set out in article 148, paragraph 3 of the TUF and article 8, applications criterion 8.C.1 (which cross references to article 3) of the Corporate Governance Code.

Finally, during the meeting held on March 12<sup>th</sup>, 2020, the Board of Statutory Auditors assessed the independence of the auditing firm EY S.p.A., concluding that it had not been found to be compromised up to that date.

### **Diversity criteria and policies**

Currently the Issuer has not applied, neither through specific resolution nor in another form, diversity criteria and policies regarding the structure of the control body in relation to aspects such as age, gender and training, and professional courses taken. Nevertheless, the Issuer believes that the composition of the Board of Statutory Auditors is such as to respect the diversity in terms of age, gender and educational and professional background.

Pursuant to Article 21 of the Company's Bylaws, as amended following the amendments to Article 148, paragraph 1-bis of the TUF relating to the composition of the Board of Statutory Auditors introduced by Law no. 160/2019, as well as in accordance with Law no. 120/2011 (the so-called "Golfo-Mosca" Law) the Issuer complies, in the composition of the current Board of Statutory Auditors appointed on May 21<sup>st</sup>, 2020 and in office until the date of the Shareholders' Meeting for the approval of the financial statements as at December 31<sup>st</sup>, 2022, with both the balance between genders and the adequate competence and professionalism of the members of the Board, where managerial and professional skills are adequately represented and there are different age and seniority in office.

In this respect, it is noted, in fact, that one in three members is a woman and that the Board of Statutory Auditors, in terms of composition, not only complies with legal requirements, but also gives value to the technical competence and the knowledge of the industry, as well as to the academic component.

At the expiration of the current Board of Statutory Auditors, that is at the date of the Meeting called to approve the financial statements for the year ending as of December 31<sup>st</sup>, 2022, the Board of Statutory Auditors will be renewed in compliance with the legislation on gender balance and the aforementioned statutory clause.

\* \* \*

The Chairman of the Issuer's Board of Directors was concerned as to whether the Board of Statutory Auditors had suitable knowledge of the Company's business and the reference market in which it operates.

The aim of this concern was to ensure that the Board of Statutory Auditors would be able to perform the duties that are its specific responsibility. See also §4.2.

\* \* \*

The remuneration of the Board of Statutory Auditors – as defined by the Shareholders' Meeting at the time of its appointment – is adequate to the commitment, to the importance of the position held and to the dimensional and sectorial characteristics of the Company.

\* \* \*

A statutory auditor who on his own behalf or on behalf of third parties has an interest in a specific transaction of the Company must inform the other statutory auditors and the Chairman of the Board of Directors as to the nature, the terms and conditions, the origin and the extent of his interest on a timely and exhaustive basis.

The Board of Statutory Auditors carries out its meetings and verifications after having shared preliminary activities (where possible and appropriate) with all interested parties and in carrying out its activities has coordinated regularly with the Internal Audit Function, the Control and Risks Committee and the Supervisory Body. This coordination took place through the participation of these bodies at specific meetings, as stated in § 10.6; further, the Board of Statutory Auditors has requested the systematic participation of the General Counsel and the Head of Internal Audit also in order to have continuous and effective information flows.

#### **14. RELATIONS WITH SHAREHOLDERS**

The Company believes that it is in its specific interest - besides also being a duty towards the market - to establish a constant dialogue with shareholders as a whole and with institutional investors that is based on a reciprocal understanding of each other's roles; a dialogue which in any case is to be carried out in compliance with the procedure for external communications of business documents and information.

The Company has set up a specific section of its website, which is easy to find and access, where the information concerning the Issuer that is likely to be of a certain importance to its shareholders is made available (<http://investor.brunellocucinelli.com/en>).

At its meeting of 26th March 2012 the Company's Board of Directors appointed Pietro Arnaboldi as its Investor Relator (being the person in charge of relations with institutional investors and other shareholders), in order to ensure correct, constant and complete communications, without prejudice to the fact that as part of these relations, documents and, in general, information concerning the Company must be communicated in accordance with the Regulation for Handling Inside Information (briefly described in § 5 of this Report). The appointment of the Investor Relator became effective from the start of trading in the Company's shares on the MTA (27th April 2012).

The Company has also established an internal structure responsible for managing relations with shareholders; the structure consists of 4 persons, in addition to the Investor Relator that coordinates the relevant activities.

#### **15. SHAREHOLDERS' MEETINGS**

**(ex art. 123-bis, paragraph 2, letter c), TUF)**

Pursuant to provisions of current law, the shareholders' meeting has competence in ordinary session to approve the financial statements, appoint and dismiss directors, statutory auditors and the Chairman of the Board of Statutory Auditors and establish the remuneration of the directors and Statutory Auditors, and to adopt resolutions on any other matters that are of its competence under the law. In extraordinary session, the

shareholders' meeting adopts resolutions on changes to the Company's Bylaws and on any on any other matters that are reserved for its competence under the law.

Company's management fully agrees with the recommendations contained in article 9, principles 9.P.1 and 9.P.2 of the Corporate Governance Code with the aim of (i) taking initiatives aimed at promoting the broadest participation possible of shareholders in the shareholders' meetings and easing the exercise of shareholders' rights and (ii) establishing a constant dialogue between the Board of Directors and the shareholders, based on an understanding of their reciprocal roles.

As far as the procedures regarding shareholders' meetings are concerned, article 9 of the Company's Bylaws specifies that meetings shall be called, pursuant to and within the time stated by law, at the Company's registered office or in any other place, provided this is in Italy, by means of a notice containing the information required by the laws and regulations current from time to time.

Ordinary shareholders' meetings must in all cases be called within 120 days of the end of the fiscal year or within 180 days in the case specified by law.

The Company's Bylaws do not establish any specific quorums for the valid constitution of meetings of for passing valid resolutions. In this respect article 11 cross references to the quorums for the valid constitution of meetings provided by law.

Shareholders' meetings are competent to adopt resolutions on the matters stated by law. It is appropriate to note that article 15 of the Bylaws assigns the Board of Directors with the competence to adopt resolutions on the following: (i) setting up and closing of secondary offices; (ii) indicating which directors, besides those indicated in the Bylaws, may represent the Company; (iii) reducing share capital on the withdrawal of a shareholder; (iv) amending the Bylaws for changes in legislation; (v) transferring the Company's registered office to another municipality in Italy; (vi) mergers and demergers pursuant to articles 2505, 2505-bis and 2506-ter, final paragraph, of the Civil Code.

The assignment to the management body of areas of responsibility that are due to the shareholders' meeting, as referred to in this article, does not remove the main responsibility of the shareholders' meeting which maintains the powers to adopt resolutions on the matters in question.

Pursuant to article 10 of the Issuer's Bylaws, the entitlement to attend a shareholders' meeting and exercise a voting right is attested by a statement sent to the Company by the intermediary on behalf of the person holding the voting right (which must be received by the Issuer by the end of the third open market day prior to the date set for the shareholders' meeting in first call) on the basis of the evidence relating to the end of the accounting day of the seventh open market day prior to the date set for the shareholders' meeting.

More specifically, article 10 states that: *"Anyone entitled to vote may attend a shareholders' meeting. The entitlement to attend a shareholders' meeting and exercise a voting right is attested by a statement sent to the Company by the intermediary on behalf of the person holding the voting right on the basis of the evidence relating to the end of the accounting day of the seventh open market day prior to the date set for the shareholders' meeting in first call (or such other deadline specified from time to time by applicable law). The intermediary's statements as per this article 10 must be received by the Issuer by the end of the third open market day prior to the date set for the shareholders' meeting in first call or by any other deadline specified by the laws and regulations in force from time to time. The entitlement to attend a meeting and exercise a vote shall remain valid for notifications received by the Company after the above deadlines provided they arrive before the start of the proceedings of the shareholders' meeting referred to in the individual call notice.*

*Anyone entitled to attend a shareholders' meeting may be represented by another person through the use of a proxy by the means established by law. Shareholders may notify the Company that they have issued a proxy*

*for attendance at the shareholders' meeting by sending a copy of the proxy form by electronic mail to the address stated in the notice calling the shareholders' meeting."*

The Company's Bylaws additionally specify that to make it easier for shareholders to attend meetings and exercise their voting rights, they may also cast their vote by correspondence by the means provided by law (article11).

The shareholders' meeting is chaired by the Chairman of the Board of Directors and, in default, by the person designated by those attending the meeting.

The chairman of the shareholders' meeting verifies that the meeting has been validly convened, through persons delegated for the purpose as may be necessary, verifies the identity of those attending and their entitlement to attend, manages the proceedings and ascertains the results of the ballots held.

The resolutions adopted by shareholders' meetings must be recorded in a minute drawn up and signed in accordance with the law.

\* \* \*

On January 27<sup>th</sup>, 2012, the ordinary shareholders' meeting of Brunello Cucinelli approved a set of "Rules of Procedure Shareholders' Meetings" in order to permit an orderly and effective conduct of meetings.

The "Rules of Procedure Shareholders' Meetings" may be found on the Company's institutional website at: <http://investor.brunellocucinelli.com/en/services/archive/governance/documents>.

In order to ensure that every shareholder has the right to speak on the matters under discussion, in accordance with article 9, applications criterion 9.C.3 of the Corporate Governance Code, article 16 of the Rules of Procedure Shareholders' Meetings requires the shareholders concerned to make a request to the chairman of the meeting by raising their hand or making a request in writing, as established by the latter, after the matter on the agenda to which the question relates has been read out. If questions are proposed by the raising of hands, the chairman of the meeting gives leave to speak to the person who first raised their hand, or when it is not possible to determine with any certainty who was the first he proceeds in the order he decides at his absolute discretion; in the case of written questions leave to speak is granted to applicants in alphabetical order.

\* \* \*

During the Year the shareholders' meeting of the Company was held on May 21<sup>st</sup>, 2020. Twelve directors of the Company have attended the meeting.

The Issuer considers the shareholders' meeting as a fundamental occasion of discussion between the shareholders and the directors. For this reason, the Board of Directors has prepared and provided, in a timely manner, adequate documentation to shareholders about the topics of the meeting, in order to ensure adequate information to shareholders and enable them to take informed decisions. In addition, the Issuer has provided during the shareholders' meeting held on May 21<sup>st</sup>, 2020 the main information about the activities carried out during the year 2019 and that at the time scheduled for the Year, and has allowed each shareholder to take the floor and to request additional information.

The full minutes of the meeting of May 21<sup>st</sup>, 2020 is available on the Issuer's website at the following address: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings/2020#docs>.

\* \* \*



The Remuneration Report pursuant to art. 123-ter TUF presented to the shareholders' meeting of May 21<sup>st</sup>, 2020 contained, among other things, information on the exercise of functions by the Remuneration Committee.

\* \* \*

During the Year, there were no significant changes in the composition of the Issuer's shareholding structure.

Market capitalization of the Issuer of € 2,146,080,000 (€ 31.56 per share) as of the last stock market trading day of 2019, increased to € 2,427,600,000 (€ 35.70 per share) as of the last stock market trading day of 2020, with a percentage change of +13,12%.

The Board of Directors has not assessed the opportunity of making a proposal to the shareholders' meeting for changes to the Bylaws concerning the percentages established for exercising the actions, nor to the prerogatives intended to protect minorities.

## **16. FURTHER CORPORATE GOVERNANCE PRACTICES**

### **(pursuant to Article 123-bis(2)(a) TUF)**

As stated in the introduction (§ 1), a number of committees have been set up in the Company on a voluntary, non-institutionalized basis which carry out operational coordination and support functions for business management. Among these committees, there are the following:

- the Management Committee, consisting of executive directors and managers responsible for production, sales, marketing and communication, finance and legal affairs of the Company, with the main purpose of supporting the administrative body in the execution of strategic and business plans. Taking into account the rising attention to the Company's image within the digital world, the managers of digital function, recently joined the Committee;
- the Human Resources Committee, which defines the guidelines and criteria for hiring people, career steps, remuneration of employees, as well as the internal policies for the work relationship;
- the Architectural Design Committee, which has the duty to decide on the concept of the monobrand stores and other exhibition spaces (such as showrooms) as well as the architectural design of Company's headquarters and offices;
- the Cyber Committee, which has the purpose of coordinating several interested functions in the assessment and mitigation of the risks related to the information systems of the Group.

Every two years, the so-called Board of the 50 is held in addition to the abovementioned "coordination venues", taking place in a friendly environment, far from the office. On the Board of the 50, the Company's strategies, envisaged by the administrative body (which share it with the employees through regular assemblies) and developed by the operational committees by the means of guidelines, are enriched in a dialogue-based discussion with a higher number of persons, who, in various ways, put in place these strategies. The persons who attend the Board of the 50 represent all Company's departments and act as vehicle of people's sentiment and demands, sharing the outcomes with said people, right after the meeting.

## **17. SUSTAINABILITY - COUNCIL FOR THE HARMONY WITH CREATION**

With reference to sustainability, identified as one of the areas of improvement in the letter dated December 22<sup>nd</sup>, 2020 from the President of the Corporate Governance Committee (see § 19 below), at its meeting held

on December 16<sup>th</sup>, 2020 the Board of Directors approved the establishment of the "Council for Harmony with Creation - for morals, ethics and human dignity". The Council for Harmony with Creation aims at integrating the sustainability of business activities into the definition of strategies, also on the basis of a relevance analysis of the factors that may have an impact on long term-value.

The Council assists the Board of Directors with propositional and advisory functions in the evaluation and decision-making processes concerning sustainability that are relevant to the Group's activities. It consists of six directors and four employees of the Company and is chaired by the Chairman of the Company, Cav. Lav. Cucinelli.

In particular, the Board promotes the continuous integration of national and international best practices and of environmental, social and governance factors in the Company's strategies in the Company's corporate governance, monitoring the Company's positioning with respect to financial markets on sustainability and initiatives addressed to local communities and stakeholders.

It is also responsible for bringing to the attention of the Board of Directors and the Board committees policies based on the principles of corporate social responsibility and sustainable success that take into account ethics, human sustainability, protection of human rights, protection of the environment and a balanced relationship with earth and animals.

The Group's commitment and attention to sustainability are ensured by the Human Sustainability function, which, also thanks to the support of external consultants and in collaboration with the heads of the relevant functions, identifies areas to be improved, possible concrete actions to be implemented in order to enhance the Group's performance in the CSR ("Corporate Social Responsibility") area and collects the qualitative and quantitative information of a non-financial nature necessary to prepare the non-financial statement pursuant to Articles 3 and 4 of Legislative Decree no. 254/2016.

## **18. CHANGES SINCE THE REPORTING DATE**

There have been no changes in the Issuer's corporate government structure since the end of the Year.

## **19. CONSIDERATION ON THE LETTER DATED DECEMBER 22<sup>ND</sup>, 2020 SENT BY THE PRESIDENT OF THE CORPORATE GOVERNANCE COMMITTEE**

Recommendations included in the Report on the development of listed companies' corporate governance relating to 2020 (8<sup>th</sup> report on the application of the Corporate Governance Code from the Italian Corporate Governance Committee) have been taken into account during the meetings of the Control and Risks Committee held on March 8<sup>th</sup>, 2021, of the Remuneration and Appointments Committee held on February 9<sup>th</sup>, 2021 and of the Board of Directors held on March 11<sup>th</sup>, 2021.

Among the main issues addressed in the recommendations and examined by the Company:

- (a) quality of the information provided to the Board before the meeting (see paragraph §4.3);
- (b) application of the independence criteria (see §4.2);
- (c) self-assessment of the administrative body (see §4.2);
- (d) the appointment and succession of directors (see §4.1 and §4.2 respectively);
- (e) the integration of sustainability in the business activity when defining strategies (see §17).

As for the remuneration policy, reference is made to the Report on Remuneration;

As for the Appointments and Remuneration Committee, reference is made to §7 hereinabove.

Please note that the above mentioned issues have been discussed also by the Board of Statutory Auditors on its meeting held on February 9<sup>th</sup>, 2021.

## **TABLES**

- TABLE 1 (INFORMATION ON OWNERSHIP STRUCTURE)
- TABLE 2 (STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES)
- TABLE 3 (STRUCTURE OF THE BOARD OF STATUTORY AUDITORS)

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

**TABLE 1**  
**(INFORMATION ON OWNERSHIP STRUCTURES ON THE DATE OF 31<sup>ST</sup> DECEMBER 2020)**

<b>SHARE CAPITAL STRUCTURE</b>				
	<b>No. of shares</b>	<b>As a % of share capital</b>	<b>Listed (indicate markets) / unlisted</b>	<b>Rights and obligations</b>
<b>Ordinary shares</b>	68,000,000	100	Listed, Electronic Stock Exchange (MTA)	Each share is entitled to one vote. Shareholders' rights and obligations are those stated in article 2346 et seq. of the Civil Code.
<b>Shares with multiple voting rights</b>	0	0		
<b>Shares with restricted voting rights</b>	0	0		
<b>Shares with no voting rights</b>	0	0		
<b>Others</b>	0	0		

<b>OTHER FINANCIAL INSTRUMENTS</b> (granting the right to subscribe to newly issued shares)				
	<b>Listed (please indicate the markets) / unlisted</b>	<b>No. of outstanding instruments</b>	<b>Classes of shares to be used for the conversion/exercise</b>	<b>No. of shares to be used for the conversion/exercise</b>
<b>Convertible bonds</b>	-	0		
<b>Warrant</b>	-	0		

<b>SIGNIFICANT CAPITAL HOLDINGS</b> on the basis of the notifications received by the Company pursuant to art. 120 TUF				
<b>Declarant (or party at the top of the investment chain)</b>	<b>% of the voting share capital</b>	<b>% of the ordinary share capital</b>	<b>Type of possession</b>	<b>Company controlled by the declarant or trust company holder direct participation</b>
<b>FMR LLC</b>	9,483	9,483	Non-discretionary asset management	<ul style="list-style-type: none"> <li>- FIAM LLC: 0.039%.</li> <li>- Fidelity Institutional Asset Management Trust Company: 0.190%.</li> <li>- Fidelity Management &amp; Research Company LLC: 9.254%.</li> </ul>
<b>"TRUST BRUNELLO CUCINELLI" (*)</b>	51,000	51,000	Beneficial ownership	FEDONE SRL
<b>INVESCO LTD</b>	4,156	4,156	Non- discretionary asset management	INVESCO ADVISERS INC

#### NOTES TO TABLE 1

(\*) **Further disclosures as per Consob Communication n. 0066209 dated 2<sup>nd</sup> August 2013**

**Trust:** Irrevocable and non-discretionary Trust

**Trust's law:** English

**Trustee:** Spafid Trust S.r.l. (formerly named Esperia Trust Company S.r.l.)

**Protector:** The Settlor and, after his death or supervening inability, the Committee of Wise Persons ("Comitato dei Saggi")

**Trustee's powers:** full powers. In certain cases, the Trustee shall obtain non-binding advices from the Protector.

**Beneficiaries:** Cucinelli's family members and Brunello and Federica Cucinelli Foundation

**Settlor:** Mr. Brunello Cucinelli

**Potential overlap:** the Settlor is the Chairman and Managing Director of Fedone S.r.l., Chairman of the Issuer and holds executive positions in several subsidiaries of the Issuer. Certain beneficiaries hold offices within Fedone S.r.l. and the Issuer; also are members of the Committee of Wise Persons. All said persons are Board members of the Brunello and Federica Cucinelli Foundation.

**TABLE 2**  
**(STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES)**

BOARD OF DIRECTORS													CRC		RAC	
Position	Member	Year of Birth	* Date of first Appointment	In office since	In office until	** List	Exec .	Non - exec	Ind. Code	Ind. TUF	(*)	*** Other position	(*)	(**)	(*)	(**)
Executive Chairman;	Cucinelli Brunello	1953	16/06/2011	20/04/2017	FS approval as of 31/12/2022	M	x				10/10	0				
Managing Director - •; ◇	Stefanelli Riccardo	1981	16/06/2011	20/04/2017	FS approval as of 31/12/2022	M	x				10/10	0				
Managing Director - •; ◇	Lisandrone Luca	1978	21/04/2016	20/04/2017	FS approval as of 31/12/2022	M	x				10/10	0				
Director	Cucinelli Camilla	1982	23/04/2014	20/04/2017	FS approval as of 31/12/2022	M		x			9/10	0				
Director	Cucinelli Carolina	1991	20/04/2017	20/04/2017	FS approval as of 31/12/2022	M		x			9/10	0				
Director	Manfredi Giovanna	1961	16/06/2011	20/04/2017	FS approval as of 31/12/2022	M		x			9/10	0				
Director ○	Svelto Annachiara	1968	21/05/2020	21/05/2020	FS approval as of 31/12/2022	M		x	x	x	6/6	2	3/3	P	2/2	P
Director	Pontremoli Andrea	1957	16/03/2012	20/04/2017	FS approval as of 31/12/2022	M		x	x	x	10/10	4	4/5	M		
Director	Bonadiman Emanuela	1963	21/05/2020	21/05/2020	FS approval as of 31/12/2022	m		x	x	x	6/6	0			2/2	M
Director	La Manna Maria Cecilia	1963	21/05/2020	21/05/2020	FS approval as of 31/12/2022	M		x	x	x	6/6	2	3/3	M		

Director	Arani Ramin	1970	21/05/2020	21/05/2020	FS approval as of 31/12/2022	M		x	x	x	6/6	4				
Director	Domenicali Stefano	1965	21/05/2020	21/05/2020	FS approval as of 31/12/2022	M		x	x	x	6/6	1			2/2	M
----- DIRECTORS CEASING TO HOLD THE POSITION DURING THE YEAR OF REFERENCE -----																
Director	Ciarapica Moreno	1961	16/06/2011	20/04/2017	Appr. budget at 31/12/2019	M	x									
Director	Marzotto Matteo	1966	16/03/2012	20/04/2017	Appr. budget at 31/12/2019	M		x	x	x	2/4		1/2	M	1/1	P
Director	Koo Candice	1977	16/03/2012	20/04/2017	Appr. budget at 31/12/2019	M		x	x	x	4/4				1/1	M
Director	Bergami Massimo	1964	20/04/2017	20/04/2017	Appr. budget at 31/12/2019	m		x	x	x	4/4		2/2	M		

	BoD	CRC	RAC
No. of meetings held during the Year	10	5	2
Required quorum in order to present minority lists for election of one or more member (pursuant to Article 147-ter TUF):	1%		

## NOTES TO TABLE 2

The following symbols must be entered in the "Load" column:

- This symbol indicates the director in charge of the internal control and risk management system.

◇ This symbol indicates the person primarily responsible for the management of the issuer (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

CRC: Control and Risk Committee

RAC: Remuneration and Appointment Committee

The date of first appointment of each director means the date on which the director was first appointed (ever) to the Board of Directors of the issuer.



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\*\* This column shows the list from which it was derived each director ("M": majority list; "m" minority list; "Board": the list submitted by the Board).

\*\*\* This column shows the number of positions as director or auditor held by the person in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies. In the report on corporate governance, these positions are listed in detail. Positions held in companies belonging to the same Group has been counted as one in the table.

(\*) This column indicates the attendance of directors at meetings of the Board and Committees (indicate the number of meetings attended compared to the total number of meetings which he could participate; e.g. 6/8, 8/8 etc.).

(\*\*) This column shows the title of the director within the Committee: "P": President; "M": member.

“FS approval” = date of the Shareholders’ Annual General Meeting approving the Financial Statements

Dates are in the following format: DD/MM/YYYY.

**TABLE 3**  
**(STRUCTURE OF THE BOARD OF STATUTORY AUDITORS)**

BOARD OF STATUTORY AUDITORS									
Position	Members	Year of birth	* Date of first appointment	In office from	In office until	** List	Ind. Code	*** Meetings attended	**** Other positions
Chairman	Prandi Paolo	1961	20/04/2017	20/04/2017	FS approval as of 31/12/2022	m	x	12/12	6
Standing Auditor	Longobardi Gerardo	1958	16/06/2011	20/04/2017	FS approval as of 31/12/2022	M	x	12/12	7
Standing Auditor	Stabilini Alessandra	1970	23/04/2014	20/04/2017	FS approval as of 31/12/2022	M	x	12/12	7
Substitute auditor	Castaldo Guglielmo	1957	16/06/2011	20/04/2017	FS approval as of 31/12/2022	M	x	0/0	4
Substitute auditor	Amato Myriam	1974	20/04/2017	20/04/2017	FS approval as of 31/12/2022	m	x	0/0	19
----- STATUTORY AUDITORS CEASING TO HOLD THE POSITION IN THE YEAR OF REFERENCE -----									
No. of meetings held during the Year of reference:								12	
Required quorum in order to present minority lists for election of one or more member (as per art. 148 TUF):								1%	

#### NOTES TO TABLE 3

\* The date of first appointment of each auditor means the date on which the auditor has been appointed for the first time (ever) in the supervisory board of the issuer.

\*\* This column shows the list from which it was derived each auditor ("M": majority list; "m" minority list).

\*\*\* This column shows the participation of statutory auditors to the meeting of the Board (indicate the number of meetings attended compared to the total number of meetings which he could participate; e.g. 6/8, 8/8 etc.).

\*\*\*\* This column shows the number of positions as director or auditor held by the person in accordance with art. 148-bis TUF and related provisions contained in the Consob Issuer Regulations. The full list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Consob Issuer Regulations.

“FS approval” = date of the Shareholders’ Annual General Meeting approving the Financial Statements

Dates are in the following format: DD/MM/YYYY

## **ANNEXES**

### **ANNEX A**

- List of other positions held by members of the Board of Directors

### **ANNEX B**

1. *Curriculum Vitae* of the members of the Board of Statutory Auditors
2. List of positions held by the Statutory Auditors

## ANNEX A

### LIST OF OTHER POSITIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

#### - **Andrea Pontremoli**

- Director on the Board of Directors of Barilla S.p.A. (unlisted company, not part of the Issuer's group).
- Managing Director and CEO of Dallara Automobili S.p.A. (unlisted company, not part of the Issuer's group).
- Director on the Board of Directors of Turbocoating S.p.A. (unlisted company, not part of the Issuer's group).
- Director on the Board of Directors of Credit Agricole Italia S.p.A. (unlisted company, not part of the Issuer's group).
- President of Centro Studi Valceno 'Antonio Samore'.

#### - **Annachiara Svelto**

- Director on the Board of Directors of Enel S.p.A. (listed company, not part of the Issuer's group);
- Director on the Board of Directors of Techedge S.p.A. (listed company, not part of the Issuer's group).

#### - **Maria Cecilia La Manna**

- Director of the following subsidiaries of Titan International Inc. (listed company, NYSE, not part of the Issuer's group):
  - Deputy Chairman and Chief Executive Officer of Titan ITM Holding S.p.A.;
  - Managing Director of Italtractor ITM S.p.A.;
  - Managing Director of Titan Italia S.p.A.;
  - Executive Director of Titan Europe Ltd;
  - Supervisory Board Member of Titan Itertractor GmbH;
  - Director of Titan Asia A.S.;
  - Vice President of Itertractor America Corp;
  - Executive Director of Aros del Pacifico S.A.;
  - Director of ITM Latin America Ltda;
  - Director of Piezas y Rodajes SA Pyrsa;
  - Sole Director of ITM India S.r.l.;
  - Executive Director of ITM Mining Pty Ltd;
  - President of PT Titan Wheels Indonesia;
  - Director of ITM Dozco (India) Pvt Ltd;

- Director on the Board of Directors of Technogym S.p.A. (listed company, not part of the Issuer's group);
- **Ramin Arani**
  - Director on the Board of Directors of LiveXLive Media Inc. (listed company, NASDAQ, not part of the Issuer's group);
  - Chief Executive Officer of Sakara Life (an unlisted company, not part of the Issuer's group);
  - Director on the Board of Directors of Rumble Fitness (unlisted company, not part of the Issuer's group);
  - Director on the Board of Directors of Fast Acquisition Corp (listed company, NYSE, not part of the Issuer's group).
- **Stefano Domenicali**
  - Chairman and CEO of Formula 1® (unlisted company, not part of the Issuer's group);
  - President of the Automotive Sector of Confindustria Emilia;
  - Member of the Advisory Board of Confindustria Foreign Investors;
  - Member of the Technical and Scientific Commission of Hyperloop Italy;
  - Member of the International Advisory Board of the Bologna Business School;
  - Vice-President of the Board of Directors of Fondazione Altagamma.

## ANNEX B

### 1) CURRICULUM VITAE OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

#### - **Paolo Prandi (Chairman of the Board of Statutory Auditors)**

He graduated with honours in Economics and Commerce at the University of Brescia in 1985 and won a scholarship from the Ente Universitario Lombardia Orientale (Postgraduate specialisation course in budgeting, finance, marketing, trade marketing, sales and public administration). This was followed by twenty years of international experience as a consultant, manager and entrepreneur respectively in McKinsey since 1987, Pepsi Cola since 1991, as Regional Manager of the Reading Region and Schuylkill Haven (Pennsylvania-USA) and since 1996 he has managed, also as an entrepreneur, restructuring operations in various sectors such as toys, collectibles and IT (Majorette, Solido, Gruppo Rivarossi, Gruppo Seltering etc.) and has managed numerous model development projects in parallel with the launch of Fiat, Lancia and Alfa Romeo vehicles. Since 2005 he has been assisting companies of different sizes in extraordinary finance transactions, corporate restructuring, internationalisation, marketing, customer satisfaction and generational changeover. He designs and coordinates projects relating to the introduction of the risk management process, the evolution of governance and the creation of models pursuant to Legislative Decree 231/2001 in corporate contexts. He has deepened the issue of civil car liability.

Certified Accountant (Dottore Commercialista) (since 2004), a Legal Auditor (since 2007) and a Technical Consultant at the Court of Brescia (since 2008). He is a contract professor at the University of Teramo, where he teaches "Economics of Financial Intermediaries", "Risk Management and Healthcare Companies" and "Economics of Real Estate and Securities". In previous years he taught "Risk Management" at the Università Cattolica del Sacro Cuore in Brescia and "Marketing of Services" at the University of Brescia.

He is a Director, Statutory Auditor and Member of Supervisory Boards (including as Chairman) of listed and non-listed industrial and financial companies and author of publications on risk management, insurance and business management issues.

He is Vice President of Cinzia Dabrassi National Foundation.

#### - **Gerardo Longobardi (Standing Auditor)**

Gerardo Longobardi, born in Rome on July 17<sup>th</sup>, 1958, graduated *magna cum laude* in Business and Economics at the University of Rome "La Sapienza", has been a Certified Accountant (Dottore Commerciale) since 1984 and a Registered Auditor. He is registered in the Register of Technical Consultants and in the Register of Experts in Criminal Matters at the Rome Court.

Founding partner of "Studio Legale, Tributario e Internazionale Puoti, Longobardi, Bianchi", based in Rome, he mainly works as a tax and corporate consultancy for companies and public entities, also those of significant national interest, as well as being a representative before Tax Commissions. He has been involved in many extraordinary operations concerning important groups, both public and private. He holds the position of Judicial Commissioner and Insolvency Administrator in several bankruptcy procedures. He has held positions as CTU and CTP in corporate, tax and criminal litigation. Since February 2016, by appointment of the Italian Government, he has been Extraordinary Commissioner of two large companies in crisis. He is Chairman and member of several companies' Board of Statutory Auditors as well as Chairman and member of Boards of Auditors of public and private entities.

Former lecturer in courses and seminars organised by public entities, (INPS, Italian Chambers of Commerce, territorial Orders of Certified Accountants), public administrations and companies of relevant national interest. A former lecturer at the IPSOA Tax Master and at the Scuola Superiore della Guardia di Finanza, he took part, as organizer and speaker, in updating seminars at the offices of the Tax Administration. As a lecturer at the Scuola Superiore Economia e Finanze 'Ezio Vanoni', he has held courses on tax matters at the offices of the Tax Revenue Agency (Agenzia delle Entrate) in various regions.

Author of many publications on tax and corporate issues in the specialised press.

He collaborated with the Institute of Accounting of the Faculty of Economics of the University "La Sapienza" of Rome from 1987 to 2002 in respect of the following subjects: *General and Applied Accounting I, Business Economics, Economics of Groups and Business Concentrations*. He held the position of Professor for the teaching of *Techniques for the evaluation of companies and financial instruments* at the Catholic University of the Sacred Heart of Rome for the two-year period 2015/2017.

Vice-President of the Order of Certified Accountants of Rome and President of the Direct Tax Commission of the same Order from 2000 to 2006.

President of the School of Accountant Trainees of the Order of Certified Accountants in Rome from 2000 to 2002.

President of the Order of Certified Accountants of Rome from October 30<sup>th</sup>, 2006 to December 31<sup>st</sup>, 2007.

President of the Order of Certified Accountants of Rome for the period January 1<sup>st</sup>, 2008 - December 31<sup>st</sup>, 2012.

President of the National Council of Certified Accountants and Accounting Experts for the period July 31<sup>st</sup>, 2014 - February 14<sup>th</sup>, 2017.

- **Alessandra Stabilini (Standing Auditor)**

Law degree, University of Milan, 1995.

Master of Laws (LL.M.), The University of Chicago (Illinois, U.S.A.), 2000.

PhD in Business Law, Bocconi University, Milan, 2003.

Aggregate Professor of corporate governance and corporate social responsibility (English language course), University of Milan (since 2018), of Corporate interest, corporate social responsibility, and financial reporting (English language course), University of Milan (from 2016 to 2018), of International Corporate Governance (English language course), University of Milan (from 2011 to 2016). Confirmed researcher in Commercial Law, University of Milan, Department of Private Law and History of Law (since 2004, confirmed in 2007).

Member of the Milan Bar since 2001. She worked with NCTM Studio Legale Associato, Milan, first as a collaborator and then as Of Counsel from 2011 to 2015. Since 2015 she has been an Equity Partner.

She mainly deals with corporate law, with particular reference to listed companies law, and financial markets law, banking regulation, corporate governance and the crisis of banks and financial intermediaries. She assists, among others, non-listed companies in the areas of corporate and commercial law, including corporate litigation and arbitration. She has held the position of sole arbitrator in disputes set by the Chamber of Arbitration of Milan.

In March 2007, by Decree of the Minister of Economy and Finance, she was appointed as a member of the Technical Support Committee of the Italian Committee “Piazza Finanziaria Italiana”, chaired by the then Deputy Minister, Hon. Roberto Pinza.

Vice-President of NED Community, a non-profit association of non-executive and independent directors ([www.nedcommunity.it](http://www.nedcommunity.it)). Member of the Board of Directors of EcoDa - European Confederations of Directors Associations representing NED Community. She is included in the "Ready-for-Board Women" list of the Professional Women's Association of Milan - 2011 edition and in the Database of Excellent *Curricula* of the *Marisa Bellisario Foundation* (2011). On May 17<sup>th</sup>, 2012, she was awarded the *Ambrogio Lorenzetti Prize* for Corporate Governance (3rd place in the Non Executive Directors category), with the following motivation: "She spreads the culture of corporate governance and promotes its application for the renewal of corporate governance in teaching and publishing".

- **Guglielmo Castaldo (Substitute Auditor)**

Law degree, University of Perugia, September, 30<sup>th</sup> 1981. Registered in the Register of Legal Counsel at the Order of the Provincial District of Perugia on November 7<sup>th</sup>, 1981. Registered in the Roll of Authorized Officers of Perugia on May 30<sup>th</sup>, 1988. Registered in the Role of Lawyers of the Province of Perugia on June 23<sup>rd</sup>, 1994. Registered in the Roll of the Supreme Court on October 26<sup>th</sup>, 2000. Since 1980, he has worked continuously as an auditor (also as chairman of the board) for many private and public/private companies, including listed companies. Appointed legal auditor with Ministerial Decree of March 6<sup>th</sup>, 1992, published in the Official Gazette no. 23 of March 20<sup>th</sup>, 1992, and registered in the relevant register pursuant to Legislative Decree no. 88/92 held at the Ministry of Justice.

In the course of his professional activity and within the scope of the professional association, he has carried out judicial and extrajudicial activities and consultancy mainly in tax and corporate matters as well as extraordinary transactions (mergers, demergers, capital transactions, corporate restructuring and inheritance) with leading clients: Gruppo Pac2000A soc.coop, Luisa Spagnoli S.p.A. and associates, Cassa di Risparmio di Perugia, Nestle S.p.A., Fornaci Briziarelli Marsciano S.p.A., Banca dell'Umbria S.p.A., Fondazione Cassa di Risparmio di Perugia, Cassa di Risparmio di Foligno, Fondazione Cassa di Risparmio di Foligno, Mediocredito dell'Umbria, CIR S.p.A., Banca Mediolanum S.p.A. - Comune di Corciano.

In the course of his professional activity, he has held the following positions: Vice-President of the National Association of Italian Tax Advisors, Umbria section; member of the Provincial Observatory for Sector Studies at the Regional Department of Umbria; member of the Commission for free legal aid at the Regional Tax Commission of Umbria and the Provincial Commission of Perugia.

- **Myriam Amato (Substitute Auditor)**

Graduated in Business Administration at Bocconi University in Milan in 2000.

Master in Tax Law at Bocconi University in 2001-2002.

Certified Accountant (Dottore Commercialista) since April 2002.

Registered in the Roll of Legal Auditors.

She has acquired professional experience in the activity of statutory auditing of national and multinational companies, alternating her auditing experience with her profession of Certified Accountant, collaborating with the primary accounting firm of Milan. She has gained in-depth knowledge regarding the control of the regular keeping of company accounts and the correct recording of



management events in the accounting records; the recording of accounting and administrative procedures and of the main operational-business flows; the procedures for verifying and assessing the adequacy of the internal control system and its implications on the reliability and integrity of the accounting data in the annual and consolidated financial statements; diagnosis and certification of the transition process from Italian accounting standards to International Financial Reporting Standards (IFRS); auditing of consolidated financial statements and reporting packages; implementation of models pursuant to Legislative Decree No. 231/2001; specific knowledge in the field of taxation of Private Equity transactions.

From February 2015 to December 31<sup>st</sup>, 2018, she was appointed as CFO of the Giglio group in order to support the CEO in the reorganisation of the group (with a focus on governance and process reorganisation) with a view to an IPO, which then took place on August 7<sup>th</sup>, 2015 on the AIM market. The group has subsidiaries in Italy, England and China. She also supported the CEO in certain extraordinary operations of acquisitions and mergers, taking care of the integration of the acquisitions in the group. In 2015, the Group had a turnover of Euro 11.5 million and closed 2017 with revenues of €78m (proforma €98m). She is in charge of the transling process on the star segment of the MTA of Borsa Italiana, which took place on March 20<sup>th</sup>, 2018, becoming the reference point for relations with the regulatory bodies Borsa Italiana and Consob and with investors. In 2017 she was appointed as Manager charged with preparing the company's financial reports and Investor Relator.

She is an active member of ANDAF (National Association of Financial Managers) with management position and a member of the Governance of Listed Companies and Accounting Principles Committees of the ODC of Milan. She is a member of PWA (Professional Women Association), Alumni Bocconi and NedCommunity.

She collaborates as a lecturer/collaborator with Bocconi University - Prof. Valter Conca; Title of research "The role of Governance in venture backed companies"; with Castellanza University - Prof. A. Cortesi; Title of research "Finance and credit in companies operating in the Varese area"; with AIDC - Italian Association of Chartered Accountants; ODCMI. She is a member of the study group set up by the ODC of Milan which drafted the documents relating to the updates of the accounting standards on behalf of the OIC (Italian accounting body).

She published "Crisi d'impresa e ristrutturazione del debito" published by EGEA 2014.

2) **LIST OF POSITIONS HELD BY THE STATUTORY AUDITORS**

STANDING AUDITORS	COMPANY	POSITION AS AT 31/12/2020
<b>Paolo Prandi</b>	<b><u>Brunello Cucinelli S.p.A.</u></b>	<b><u>Chairman of the Board of Statutory Auditors</u></b>
	IW Bank Private Investments S.p.A. (UBI Banca Group)	Chairman of the Board of Statutory Auditors and Chairman of the Supervisory Body
Prima Lending S.p.A. Chairman of the Board of Statutory Auditors as an auditor	FNM S.p.A.	Chairman of the Board of Statutory Auditors
	Trenord S.r.l. (FNM Group)	Standing Auditor
	Superpartes S.p.A.	Standing Auditor
	Girasole S.p.A.	Chairman of the Board of Directors
	IGD SIIQ S.p.A.	Substitute Auditor
	ERG S.p.A.	Substitute Auditor
	Istituti Ospedalieri Bergamaschi S.r.l.	Substitute Auditor
	Kirey Holding S.p.A.	Substitute Auditor
<b>Gerardo Longobardi</b>	<b><u>Brunello Cucinelli S.p.A.</u></b>	<b><u>Standing Auditor</u></b>
	Bulgari S.p.A.	Chairman of the Board of Statutory Auditors
	British American Tobacco S.p.A.	Chairman of the Board of Statutory Auditors
	Busitalia - Sita Nord S.r.l. (FF.SS. Group)	Chairman of the Board of Statutory Auditors
	H.I.D. S.p.A.	Chairman of the Board of Statutory Auditors
	Federcalcio Servizi S.r.l.	Chairman of the Board of Statutory Auditors
	T.E.R. - Tavolo Editori Radio S.r.l.	Sole Standing Auditor
	P.E.R. - Player Editori Radio S.r.l.	Sole Standing Auditor
<b>Alessandra Stabilini (*)</b>	<b><u>Brunello Cucinelli S.p.A.</u></b>	<b><u>Standing Auditor</u></b>
	Aidexa S.p.A.	Independent Director
	Librerie Feltrinelli S.r.l.	Non-executive Director
	Unieuro S.p.A.	Non-executive Director
	Cerved Group S.p.A.	Independent Director
	Coima RES S.p.A. SIIQ	Independent Director
	Hitachi Rail STS S.p.A.	Standing Auditor
	ECU SIM S.p.A. in l.c.a.	Member of the Supervisory Committee

(\*) For the sake of completeness, please note that Alessandra Stabilini was appointed as IllyCaffè S.p.A.'s Standing Auditor on February 25<sup>th</sup>, 2021. This appointment has not been taken into account for the purposes of calculating the number of offices held as indicated in Table no. 3 above.

<b>SUBSTITUTE AUDITORS</b>	<b>COMPANY</b>	<b>POSITION AS AT 31/12/2020</b>
<b>Guglielmo Castaldo</b>	<b><u>Brunello Cucinelli S.p.A.</u></b>	<b><u>Substitute Auditor</u></b>
	Fedone S.r.l.	Standing Auditor
	Consauto S.r.l.	Standing Auditor
	Eurospin Tirrenica S.p.A.	Standing Auditor
	FAIST Componenti S.p.A.	Standing Auditor
	Fondazione Forense	Standing and External Auditor
<b>Myriam Amato</b>	<b><u>Brunello Cucinelli S.p.A.</u></b>	<b><u>Substitute Auditor</u></b>
	Revinet S.p.A.	Director
	Amgas Blu S.r.l.	Chairman of the Board of Statutory Auditors
	Hera S.p.A.	Chairman of the Board of Statutory Auditors
	Hera Luce S.r.l.	Chairman of the Board of Statutory Auditors
	Hera Comm S.p.A.	Chairman of the Board of Statutory Auditors
	Hera Trading S.r.l.	Chairman of the Board of Statutory Auditors
	Tamburi Investment Partners S.p.A.	Chairman of the Board of Statutory Auditors
	Acegasapsamga Servizi Energetici S.p.A.	Chairman of the Board of Statutory Auditors
	Wolmann S.p.A.	Chairman of the Board of Statutory Auditors
	Doorway S.r.l.	Sole Standing Auditor
	Herambiente S.p.A.	Standing Auditor
	Acegasapsamga S.p.A.	Standing Auditor
	Acantho S.p.A.	Standing Auditor
	Credimi S.p.A.	Standing Auditor
	Castel Guelfo I S.r.l.	Standing Auditor
	Kipoint S.p.A.	Standing Auditor
	Ascotrade S.p.A.	Standing Auditor
	Neptune Vicolungo I S.r.l.	Standing Auditor
	Blue Meta S.p.A.	Standing Auditor
	Yoox Net-A-Porter Group S.p.A.	Substitute Auditor
	Poste Assicura S.p.A.	Substitute Auditor
	Herambiente Servizi Industriali S.r.l.	Substitute Auditor
	Hestambiente S.r.l.	Substitute Auditor
	Ascopiave Energie S.p.A.	Substitute Auditor
	Etra Energia S.r.l.	Substitute Auditor
	Tod's S.p.A.	Substitute Auditor
	Freni Brembo S.p.A.	Substitute Auditor