



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 Perugia Companies Register no. 01886120540

R.E.A. no. 165936

Traditional management and control model

Institutional website: www.brunellocucinelli.com

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES OF BRUNELLO CUCINELLI S.P.A. PURSUANT TO ARTICLE 123-BIS OF LEGISLATIVE DECREE NO. 58/1998 WITH REFERENCE TO 2018. APPROVED BY THE COMPANY'S BOARD OF DIRECTORS ON 14TH MARCH 2019.

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

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(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

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 Issuers' Board of Directors.

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

Year: the fiscal year ended 31st December 2018, to which the Report relates.

Group: the group headed by the Issuer.

Instructions to Market Rules: Instructions accompanying the Rules of the Markets Organized and Managed by Borsa Italiana S.p.A.

Issuers' Regulations: the Regulations on issuers adopted by way of Resolution no. 11971 of 14th May 1999 (as amended).

Market Regulations: the Regulations on markets, issued by Consob by way of Resolution no. 20249/2017.

Market Rules: Rules of the Markets Organized and Managed by Borsa Italiana S.p.A.

Related Parties Regulation: the Regulation issued by Consob, by way of Resolution no. 17221 of 12th March 2010 (as amended) on related party transactions.

Report: the report on corporate governance and ownership structures which companies must prepare pursuant to article 123-bis of the TUF.

TUF: Italian Legislative Decree no. 58 of 24th 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 having consulting, propositional and control functions: the Remuneration Committee and the Control and Risks Committee, as recommended by the Corporate Governance Code.

On a voluntary basis, the Company has also set up the following intra-business committees having coordination functions: Management Committee, Human Resources Committee, Architectural Design Committee, Cyber Security Committee, Board of the 50, Ethics Committee.

On 27th 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 27th April 2012.

On 25th June 2014 Cav. Lav. Brunello Cucinelli established an irrevocable trust, transferring his entire participation in Fedone S.r.l. ("Fedone") to Spafid Trust S.r.l. (formerly named Esperia Trust Company S.r.l.), which receives such participation as trustee. As of the date hereof, Fedone owns 51% of the share capital and voting rights of the Company and therefore holds the legal control of the Company.

The Company's corporate governance system is essentially directed towards the objective of creating shareholder value in the medium-long term, in the knowledge of the social importance of the activities in which the Company and the Group are involved and the resulting need to give adequate consideration in performing these activities to all the interests involved.

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 31st 2018

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

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The Issuer has subscribed and paid-up share capital of €13,600,000.00 consisting of 68,000,000 ordinary shares with no nominal value.

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

At the date of this Report no other financial instruments have been issued which grant holders the right to subscribe to newly-issued shares.

Details of the structure of Brunello Cucinelli's share capital are provided in Table 1 presented in the annex to this Report.

At the date of this Report there are no outstanding share-based incentive plans nor are any 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 holdings in Brunello Cucinelli's capital are provided in Table 1 presented in the annex to this Report on the basis of the notifications made pursuant to article 120 of the TUF and the other information in Brunello Cucinelli's possession.

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

At the date of this Report no securities which grant special control rights had 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 were no employee share schemes.

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

There are no restrictions on voting rights.

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 this Report, neither the Company neither any subsidiary company has signed any significant agreement providing change of control clauses.

The Issuer's Bylaws contain no provisions that derogate from the passivity rule provided by article 104, paras. 1 and 2 of the TUF.

The Issuer's Bylaws do not provide for the application of the neutralization rules contemplated by article 104-bis, paras. 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)

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

At 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 Civil Code nor to issue participating financial instruments or financial instruments of any other nature.

The Company has no outstanding treasury share purchase programs and held no treasury shares at 31st December 2018 (nor did it hold any at the date of this Report).

l) Management and coordination activities (art. 2497 et seq. civil code)

The Company is not subject to the management and control activities of its parent Fedone, as (i) the main decisions regarding the management of the business of the Company and that of 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 works fully autonomously in conducting its relationships with its customers and suppliers and there is no interference by parties outside the Company; (iv) Fedone exercises no centralized treasury function for the Issuer.

The Issuer carries out management and control activities within the meaning of article 2497 of the Civil Code over Brunello Cucinelli Europe S.r.l. (a sub-holding whose business is the purchase and management of direct stores, showrooms and production units) and, more generally, over the strategic direction and coordination of the structure and the activities performed by the companies it controls.

In addition, the Company supplies Group companies with secretarial, administration and general accounting services (including the preparation of the financial statements and relevant tax formalities) and conducts internal activities within the Group.

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

* * *

The Issuer notes that:

- the information required by article 123-bis, para. 1i) of the TUF (*"agreements between companies and directors ... which envisage indemnities in the event of resignation or dismissal without just cause or if their employment contract should terminate as the result of a takeover bid"*) is provided in the Remuneration Report prepared pursuant to article 123-ter TUF;
- the information required by article 123-bis, para. 1l) of the TUF (*"rules applying to the appointment and replacement of directors ... and to amendments to the bylaws if different from legislative and regulatory rules applied as a supplementary measure"*) is provided in the section of the Report relating to the Board of Directors (see §4).

3. COMPLIANCE

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

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The Issuer complies with the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. and this is available for public access on the website of Borsa Italiana (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm>). In certain cases the Company has not followed the recommendations contained in the Corporate Governance Code. Details of the differences are given in the following paragraphs together with the underlying reasons.

A number of the Company's subsidiaries are governed by non-Italian legislation, although this does 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. 11), TUF)

In accordance with the requirements of article 147-ter of the TUF, the Company's Bylaws require directors and statutory auditors to be appointed by means of a list vote mechanism.

This mechanism has been applied on the first post-listing renewal of the Issuer's Board of Directors and therefore at the shareholders' meeting which took place on 23rd April 2014 to approve the financial statements for the year ending 31st December 2013. Article 14 of the Bylaws requires directors to be elected on the basis of lists presented by shareholders (on which the candidates are assigned a sequential number) who own, individually or jointly, an interest that is at least that established by Consob pursuant to article 147-ter para. 1 of Legislative Decree no. 58/1998 and in compliance with the provisions of the Issuers' Regulations. In this respect it is noted that the interest threshold established for the Issuer by Consob pursuant to article 144-quarter of the Issuers' Regulations, by way of Resolution no. 20273 of 24th January 2018, is 1%.

The lists, which must be signed by the shareholders presenting them, must be lodged at the Company's registered office at least 25 days before the date set for the shareholders' meeting in first call, 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 should be made, also governs the situation in which two or more lists receive the same number of votes.

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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 presented, the non-independent candidates (equal to the number of independent directors missing) elected as last in sequential order in the majority list shall be replaced by independent directors on the same list who have not been elected following the sequential order;
- b) if a majority list has not been presented, the non-independent candidates (equal to the number of independent directors missing) elected as last in the lists from which an independent director has not been taken shall be replaced by independent directors on the same lists who have not been elected following the sequential order.

The Company's Bylaws, as amended by the Shareholders' Meeting of 18th April 2013, provide that: (i) the voting list election mechanism of the directors should result in compliance with the legislation currently in force in the ambit of the "gender balance"; (ii) the lists containing at least three names must be composed of candidates belonging to both genders, so that at least one-third (rounded upwards) of the candidates on the list will belong to the less represented gender and to ensure the election and the presence in the Board of Directors of the less represented gender, in accordance with the prevailing legislation in the ambit of the "gender balance"; (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.

Said Shareholders' Meeting of 18th April 2013 also approved the following changes in the election mechanism:

- a) insertion of a clause according to which 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) provision that, in case of submission of one list only of candidates for the election of the Board of Directors, the directors will be drawn from such list. The shareholders' meeting convened for 23rd April 2014 on first call and, if needed, on 29th April 2014 on second call, to approve the financial statements for the Year has also been called to renew the Board of Directors and the Board of Statutory Auditors.

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.

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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.

Plans of succession

The Board of Directors at its meeting of 13th December 2013 approved the guidelines of a plan, called "Generational Transition", which aims at facilitating the succession in positions of responsibility of the most important offices and departments that comprise the organizational structure of the Company, through the selection, induction and formation of a new generation of managers.

The program aims at training young employees, capable and highly motivated, also realizing the objectives of preservation of corporate know-how 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 to the position of CEO.

4.2 COMPOSITION

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

Pursuant to article 13 of the Bylaws, Brunello Cucinelli may be managed by a Board of Directors consisting of no less than five and no more than twenty members, elected by an ordinary shareholders' meeting. Directors do not have to be shareholders.

The present members of the Board of Directors are the following:

- Brunello Cucinelli, executive director, Chairman of the Board of Directors and Managing Director, firstly appointed on 06/16/2011, re-elected on 04/20/2017;
- Moreno Ciarapica, executive director, Chief Financial Officer and Manager charged with preparing the company's financial reports as per article 154-bis, TUF, firstly appointed on 06/16/2011, re-elected on 04/20/2017;
- Riccardo Stefanelli, executive director, Joint Chief Commercial Officer, firstly appointed on 16/06/2011, re-elected on 04/20/2017;
- Luca Lisandrone, executive director, Joint Chief Commercial Officer, firstly appointed on 04/21/2016, re-elected on 04/20/2017;

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- Giovanna Manfredi, non-executive director, firstly appointed on 06/16/2011, re-elected on 04/20/2017;
- Candice Koo, independent director, firstly appointed on 03/16/2012, re-elected on 04/20/2017;
- Andrea Pontremoli, independent director and Lead Independent Director, firstly appointed on 03/16/2012, re-elected on 04/20/2017;
- Matteo Marzotto, independent director, firstly appointed on 03/16/2012, re-elected on 04/20/2017;
- Camilla Cucinelli, non-executive director, firstly appointed on 04/23/2014, re-elected on 04/20/2017;
- Carolina Cucinelli, non-executive director, firstly appointed on 04/20/2017;
- Massimo Bergami, independent director, firstly appointed on 04/20/2017.

The directors hold office for a period not exceeding three fiscal years and up until the approval of the financial statements for the final year of that term, in accordance with the provisions established by the shareholders' meeting on their appointment, and may be re-elected.

The Issuer's Board of Directors, appointed by the ordinary shareholders' meeting on 20rd April 2017, remains in office until the date of the shareholders' meeting called to approve the financial statements for the year ending 31st December 2019.

The directors of the Issuer have been elected on the basis of the two lists presented at the shareholders' meeting of 20rd April 2017. The lists have been presented, respectively, by Fedone ("List 1") and by the following shareholders ("List 2"): Aletti Gestielle SGR S.p.A., Arca Fondi S.G.R. S.p.A., Eurizon Capital SGR S.p.A. Eurizon Capital SA, Fideuram Asset Management (Ireland), Fideuram Investimenti SGR S.p.A., Interfund Sicav Interfund Equity Italy, Mediolanum Gestione Fondi SGR S.p.A., Mediolanum International Funds – Challenge Funds Challenge Italian Equity, Pioneer Asset Management SA.

From the List 1 have been elected ten on eleven candidates (the candidate who has not been elected is Giuseppe Labianca). At the same time, one candidate (Massimo Bergami) has been elected from the List 2 (the candidates who have not been elected are: Ovidi Giacomo, Keissidis Alessia, Paolillo Michele e Maurelli Francesca Michela).

71.926 % of the voting capital voted in favour of the List 1, whilst 16.822% of the voting capital voted in favour of the List 2.

Reference should be made to Table 2 hereto attached for further information on the composition of the Board of Directors.

Curricula vitae of the Issuer's directors may be found in the Investor Relations section of the Company's institutional website at: <http://investor.brunellocucinelli.com/en/governance/board-of-directors>.

At its meeting of 14th March 2019, according to the Corporate Governance Code, the Board considered the outcomes of a self-assessment – carried-out by means of a specific questionnaire brought to the Directors' attention – on the operation, the size and composition of the Board itself and its committees. The self-assessment has taken into account, among others, elements such as professional qualities, experience, including managerial, and gender of its members, as well as their length of service. The outcome of the self-assessment, downstream of all the examined criteria, is that both the operation and the composition of the Board are substantially adequate, having regard to the type of activity and size of the Company and the Group (see § 4.3 below).

No member of the Board of Directors has ceased to hold office after the end of the Year.

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Diversity criteria and policies

Currently the Issuer has not applied, neither by specific resolutions nor by other form, diversity criteria and policies regarding the structure of the administrative and management bodies in relation to aspects such as age, gender and training and professional courses taken. Nonetheless, the Issuer believes that the structure of the Board of Directors does respect the diversity in terms of age, gender, and training and professional courses taken. Pursuant to article 14 of the Company's Bylaws, as well as Law no. 120/2011 (so-called "Golfo-Mosca" Law), the Issuer, in the current composition of its Board of Directors, as appointed on April 20th 2017, and in charge until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31st December 2019, does have a composition which actually complies with requirements both on gender balance and on adequate expertise and professionalism of the Board members, in which are represented managerial and professional competences, also at international level, and are present different ages and tenure ranges.

In this respect, it is noted that four in eleven members are women.

Among the Board's members, there are managers of the Company and independent directors who have been working since many years in the same field of the Company, or have accrued a rich competence either in fields near to the luxury apparel industry or regarding listed companies. Now, being Prof. Bergami recently appointed, also the academy is eminently represented. Further information on the training and professional courses taken by each Director, reference is made to the following website: <http://investor.brunellocucinelli.com/en/governance/board-of-directors>.

Further, it is noted that the Board of Directors includes one director under 30 years old, four directors aged between 30 and 50 years old, and six 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 31st December 2019, the Board of Directors will be renewed in compliance with the applicable laws on gender balance and pursuant to the above mentioned article of the Company's Bylaws.

Maximum number of positions held in other companies

The Board has not established any general criteria for the maximum number of management and control positions in other companies which may be considered compatible with an effective performance of the role as director of the Issuer, without altering the duty of each director to assess the extent to which positions as director or statutory auditor held in other companies listed on regulated markets, in financial, banking or insurance companies and in companies of a significant size are compatible with a diligent performance of the duties assumed as director of the Issuer.

In addition, the non-independent directors are (with the sole exception of Mr. Brunello Cucinelli) all employees of the Issuer and, in some cases, serve as company directors of the Issuer's subsidiaries, mostly foreign companies. These subsidiary companies manage monobrand stores and carry on the marketing of products branded *Brunello Cucinelli*; thus, those directors give a more effective contribution to the management of the Issuer thanks to the knowledge attained through the management of such subsidiaries and the knowledge of other commercial markets.

The four independent directors hold positions of directors in companies outside the Group. This does not affect the level of commitment dedicated to the management of the Issuer; in fact, given the limited number of these other positions, the adequacy of the time dedicated to the management of the Company is not compromised.

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No director of the Issuer holds positions in other companies as member of internal control bodies.

Induction Programme

No specific induction program has been drawn up. Nonetheless, the Chairman of the Issuer's Board of Directors takes initiatives in order to ensure that directors who are not managers of the Company (i.e. the independent directors) can acquire adequate knowledge of the Company's business and the specific market in which the Company operates. This in order to enable all the directors to be more fully involved in the Company's crucial decisional processes. To this end, the Company's characteristics and changes and trends in its specific sector are analysed during Board meetings and the main features of the commercial strategy that the Company intends to adopt are discussed there.

4.3 ROLE OF THE BOARD OF DIRECTORS

(art. 123- bis, para. 2d), TUF)

The Company's Board of Directors met on 7 occasions during the Year. On average Board meetings lasted 1 hour and 28 minutes.

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

The Board of Directors has met on 2 occasions since the end of the Year on 31st December 2018, namely on 7th January 2019 and 14th March 2019.

To ensure that directors receive pre-meeting information in a timely and complete manner the relevant documentation regarding the matters on the agenda is sent on a regular basis to the directors with reasonable notice before the date of the meeting. Notice of four days before the date of the meeting of the Board of Directors is usually considered reasonable for the sending of documentation (however, in case of meetings with several items on the agenda, the practice is to dispatch as swiftly as possible the documents to be examined, so to ease the job of Directors and Statutory Auditors). This notice period has normally been satisfied.

At Board meetings the Chairman of the Board of Directors encourages intervention by directors and any other people who may be attending in order to obtain a constructive and accurate analysis of all the matters on the agenda, dedicating the right time to a review of the various subjects. In particular, a reasonable amount of time is dedicated to illustrating the main features of the market in which the Company works and also the specific characteristics of the Brunello Cucinelli Group, including those of an organizational nature.

Certain directors are also executives of the Issuer; when taking part in Board meetings, therefore, these people illustrate the matters on the agenda for the areas for which they are respectively responsible.

The Board of Directors plays a central role as part of the Company's organization and is in charge of establishing and pursuing the strategic objectives of the Company and the Group, as well as verifying the existence of the controls required to monitor the performance of the Company and other Group companies.

In addition to the powers which the law and the Company's Bylaws reserve for the collegiate management body, including the duties stated in the fourth paragraph of article 2381 of the Civil Code, the following responsibilities are reserved for the Board of Directors:

- review and approval of strategic plans, business plans and financial plans of the Company;
- review and approval of strategic plans, business plans and financial plans of the Group, the corporate governance system of the Company and the structure of the Group;

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- review and approval of the Company's budget, also on a consolidated basis;
- review and approval of the interim management report and the half-year financial report of the Company, also on a consolidated basis;
- an assessment of the adequacy of the organizational, administrative and general accounting structure of the Company and its subsidiaries with strategic relevance drawn up by the Managing Director, with particular reference to the Internal Control and Risk Management System;
- regular review of the income statement, balance sheet, cash flows and financial position of the Company and the Group;
- review and approval of the disposal and acquisition, in whatever capacity and under whatever legal form, of controlling holdings in companies or other bodies which are not included in the budget and are carried out for amounts exceeding €5,000,000;
- the setting up of committees within the Board and the establishment of the regulations they must follow, together with the appointment of their members and the determination of the remuneration committee members will receive;
- granting and revoking powers to the directors, with the specification of any limits to these powers and the means by which they may be exercised, establishing the relative remuneration;
- review and approval of the operations carried out by the Company and its subsidiaries when these operations have an important significance for the Company from an income statement, balance sheet, cash flow or financial standpoint, such as by way of mere example but not limited to: (i) loans to parties other than subsidiaries or associates; (ii) the pledging of personal guarantees or collateral in favour of subsidiaries or in favour of third parties for amounts exceeding a total of €5,000,000 for each fiscal year (with the exception provided below); (iii) and the disposal or acquisition of patents, trademarks and brand names, distinctive signs, copyrights and similar items. To this end, the following do not form part of operations having an important significance for the Company from an income statement, balance sheet, cash flow or financial standpoint: lease contracts for commercial spaces and the related agreements, including guarantee deposits or the recognition of amounts as key money, and the issue of guarantees, personal or collateral, on behalf of subsidiaries for the benefit of lessors of premises dedicated to the exercise of the typical activities of the subsidiary company when the amount of the rental fee does not exceed €5,000,000 on an annual basis, nor franchising agreements and agreements with wholesale customers, distributors or agents. These operations accordingly fall under the competence of the Managing Director;
- signing consultancy contracts whose amount exceeds a total of €500,000 or whose term exceeds 36 months whatever the amount;
- decisions, on the proposal of the Managing Director, on the exercising of voting rights in the extraordinary shareholders' meetings of subsidiaries having strategic relevance.

Pursuant to article 16 of the Company's Bylaws, meetings are valid if the majority of directors holding office are present and resolutions are adopted with the favourable vote of the majority of those attending.

On 14th March 2019, the Board of Directors assessed the adequacy of the Issuer's organizational, administrative and accounting structure as drawn up by the Managing Director (also as Director in Charge as per § 11.1 below), with specific reference to the Internal Control and Risk Management System. This

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assessment, which had a favourable outcome, was carried out on the basis of the information provided by the Managing Director to directors during said meeting.

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

As stated above, one of the Board's duties is the review and approval of the operations carried out by the Company and its subsidiaries when these operations have key importance for the Company from an income statement, balance sheet, cash flow or financial standpoint. In this respect, at its meeting of 14th March 2019, the Board of Directors confirmed that the subsidiaries Brunello Cucinelli USA, Inc. and Brunello Cucinelli USA Retail Co., LLC (formerly named Cucinelli Holding Co., LLC) have the characteristics of companies having strategic importance. In this respect, the assessment has been essentially driven by considerations on the weight of revenues generated by said subsidiaries (accounting for approximately one third of Group's consolidated revenues).

The Board gave a positive assessment to its structure and the way it works on the basis of considerations regarding, among other things, the adequacy of the number of Board members, also considering the diversity criteria referred to in article 2 of the Corporate Governance Code, and, in particular, the number of independent directors, the existence of directors on the Board who, taken as a whole, hold all the skills required by the Issuer, and the adequacy of the powers entrusted to the Chairman and Managing Director and the directors Moreno Ciarapica, Riccardo Stefanelli and Luca Lisandrone.

As regards an assessment of the size, composition and working of the committees set up within the Board, the Board considered the number of members on the Control and Risks Committee and the Remuneration Committee and their composition to be adequate. The Board of Directors also decided that these committees have made an effective contribution to the Board in terms of analysis and contents. The independent directors agreed with that assessment.

The assessment has been carried-out also by the means of a questionnaire, to be filled-in by each member of the Board, without any assistance from advisors.

The Shareholders' meeting of Brunello Cucinelli S.p.A. held on 19th April 2018 did not generally and preemptively authorize exemptions from the non-competition requirements of article 2390 of the Civil Code.

4.4 DELEGATED BODIES

Managing Directors

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

On 20th April 2017, the Issuer's Board of Directors appointed Cav. Lav. Brunello Cucinelli as Managing Director, confirming to him all the powers of ordinary and extraordinary management of the Company, which can be exercised as a single signatory inside and outside of Italy, with the exclusion of the powers reserved for the exclusive competence of the Board of Directors, as listed in § 4.3 above (and the powers that laws and regulations and the Bylaws grant to the Board of Directors, including the duties stated in the fourth paragraph of article 2381 of the Italian Civil Code) and that of the director Riccardo Stefanelli regarding the import, export and / or re-export of raw materials, semi-finished and finished products.

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The director and Managing Director Cav. Lav. Brunello Cucinelli may also be considered to be the Chief Executive Officer and does not hold a position as director in any other issuer in which a director of the Issuer is Chief Executive Officer, therefore no situation of interlocking directorate occurs.

On 20th April 2017 the Issuer's Board of Directors renewed to Moreno Ciarapica in his capacity as the Company's Chief Financial Officer the powers indicated below, as well as the related power of representation before third parties, which may be exercised as a single signatory within the limits of the budget and jointly with the Managing Director and the other directors:

- a. Raw materials and semi-finished goods: to buy sell and exchange raw materials and semi-finished goods required for production purposes for an amount not exceeding €3,000,000 for each single contract or transaction;
- b. Contracts: negotiate, to sign and rescind contracts: purchase contracts with the suppliers of goods and services, signing on the Company's behalf the relative orders and contracts by the means, with the clauses and for the contracted amounts considered most appropriate, as well as any deed relating to the purchase, sale or exchange of registered moveable assets; contracts for the hiring, licensing, transportation, insurance, deposit, leasing and rental of moveable assets, real estate and registered moveable assets; and agreements for recognizing amounts as key money, in all cases for a payment not exceeding €3,000,000 for each single contract or transaction;
- c. Contracts for telephone usage etc.: to enter and rescind contracts for the installation of telephone, lighting, electricity and water supply lines;
- d. Bank transactions: (i) to open, maintain and close current accounts and overdrafts at any bank or post office, to carry out the sale of receivables; (ii) to sign debit instructions and transfer orders to be charged against current accounts held in the Company's name, including overdrafts, within the limits of the facilities provided to the Company, for amounts not exceeding €3,000,000 for each single contract or transaction; (iii) to sign checks, request the issue of bankers' drafts, rent safety deposit boxes, sell receivables, request sureties, open export credit facilities, request the opening of accounts for advances in euro or foreign currency, make transfers of sums of money between bank accounts, also without funds, in all cases for amounts not exceeding €3,000,000 for each single contract or transaction;
- e. Loans: to enter loan, lease and cash facility contracts for a principal amount not exceeding €3,000,000 for each single contract or transaction;
- f. Endorsements and quittances: to endorse and issue receipt for bank checks, promissory notes, warehouse receipts, postal and telegraphic orders and credit instruments in general at banks, lending institutions, postal offices, railway offices, maritime offices and airline offices;
- g. Bills and drafts: to issue bills on debtors, accept bills, negotiate them and discount them with banks or lending institutions, protest bills;
- h. Collection: to make claim for everything due to the Company, for any amount or reason, from any person, issuing a valid receipt and a release from responsibility;
- i. Insurance: to enter and sign insurance contracts when the annual premium for each individual policy does not exceed €500,000 and collect the relative indemnity on behalf of the Company, issuing a valid and releasing receipt;
- j. Import and export transactions: to represent the Company in relation to any import or export transaction and any procedure with customs and the Bank of Italy, especially regarding bank

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clearance, and with the Ministry of Foreign Trade; to represent the Company in any operation with public and private carriers and shippers, with post offices, railway offices and public service offices, collecting goods, valuables, packages, letters, including registered and insured letters, ordinary and telegraphic postal orders, as well as collecting deposits and settling claims, appointing special agents for these operations;

- k. Payment of tax liabilities: to give instruction to make payment for any amount relating to VAT, withholding tax, tax and social security liabilities;
- l. Certificates and statements regarding income tax returns: to issue certificates and statements for employees' income tax returns, extracts from the payroll and attestations regarding the personnel to the persons concerned, public offices and insurance, pension, illness and accident and health benefit institutes; to sign statements regarding the remuneration paid to employed staff;
- m. Income tax, VAT and INTRASTAT returns: to sign the Company's income tax, VAT and INTRASTAT returns;
- n. Representation of the Company in industry associations and organizations: to represent the Company in sectorial economic organizations, associations and consortia and also in business organizations and workers' associations;
- o. Representation before judicial authorities: in relation to contracts arranged or action taken during the year in exercising the powers granted to him, to represent the Company before any ordinary or special judicial, administrative or fiscal authority in any proceeding at any level and in any place, as well as before mediation bodies, with the power to sign applications, appeals, applications to adhere pursuant to Legislative Decree no. 218/1997, requests for exemption refunds, orally or in writing, on any subject, proposing and supporting action, including administrative action and judicial action of a cognizance, enforcement, bankruptcy procedure, insolvency, standstill and special administration nature, carrying out the relative formalities and hence also the issue of special powers of attorney and mandates to lawyers and representatives involved in litigation; to elect domicile; to refer to arbitration each and every dispute in which the Company has an interest or agree to an amicable settlement; to validly propose and sign judicial and extrajudicial settlements and settlement reports including those as per article 48 of Legislative Decree no. 546/1992;
- p. Representation of the Company at public and private offices: to represent the Company at any public or private office, the public debt office, the state investment bank (*cassa depositi e prestiti*) and the issuing institute in respect of any transaction;
- q. Notices and attestations to public and private bodies: to sign applications to public and private bodies for notices, information, documents, certificates and attestations;
- r. Ordinary correspondence of the Company: to sign the Company's ordinary correspondence for the operations included in this list;
- s. Delegation of powers: to delegate the powers included at the points above to the Company's employees or persons with special powers of attorney for individual acts and classes of acts.

The director Moreno Ciarapica promptly informs the Managing Director Cav. Lav. Brunello Cucinelli of the contracts, deeds and operations entered into or arranged.

At the same meeting, the Board has confirmed the appointment of the director Ciarapica as Manager charged with preparing the company's financial reports with the powers and functions provided for by art. 154-*bis* of the Italian Legislative Decree no. 58/1998, by art. 23 of the Bylaws and the provisions contained in the

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policy "Guideline of the Manager charged with preparing the company's financial reports ", approved by the Board at the meeting held on 28th August 2012.

At the same meeting of 20th April 2017 the Issuer's Board of Directors confirmed to the director Riccardo Stefanelli, in his capacity as Company's Joint Chief Commercial Officer and Co-CEO, the powers indicated below, as well as the connected power of representation before third parties, which may be exercised as a single signatory within the limits of the budget and jointly with the powers held by the Managing Director and the other directors:

- a. Contracts: to conclude, amend and terminate purchase agreements to be entered into with suppliers of goods and services, executing on behalf of the Company the relevant purchase orders and contracts, with modalities, provisions and amounts as deemed the most opportune, along with any deed pertaining to the purchase, sale and exchange of registered movable property, as well as agency, distribution, sales, export, franchising and commercial space leasing contracts, guarantee deposit agreements, agreements for recognizing amounts as key money and agreements with wholesale customers for an amount not exceeding €1,000,000 for each single contract or transaction;
- b. Collection: in respect of contracts or transactions arranged in exercising the powers granted to him, to make claim for everything due to the Company, for any amount or reason, from any person, issuing a valid receipt and release from responsibility;
- c. Import and export procedures: supervise and manage the procedures of import, export and / or re-export of raw materials, semi-finished and finished products, including those governed by the "Convention on International Trade in Endangered Species" and their reception and implementation measures (power attributed exclusively to the director Stefanelli);
- d. Representation before judicial authorities: in relation to contracts arranged or action taken during the year in exercising the powers granted to him, to represent the Company before any ordinary or special judicial or administrative authority in any proceeding at any level and in any place, as well as before mediation bodies, with the power to sign applications, appeals, requests for exemption refunds, orally or in writing, on any subject, proposing and supporting action, including administrative action and judicial action of a cognizance, enforcement, bankruptcy procedure, insolvency, standstill and special administration nature, carrying out the relative formalities and hence also the issue of special powers of attorney and mandates to lawyers and representatives involved in litigation; to elect domicile;
- e. Correspondence: to sign the Company's ordinary correspondence for the operations included in the subject list;
- f. Delegation of powers: to delegate the powers included at the points above to the Company's employees or persons with special powers of attorney for individual acts and classes of acts.

The director Riccardo Stefanelli promptly informs the Managing Director Cav. Lav. Brunello Cucinelli of the contracts, deeds and operations entered into or arranged.

At the same meeting of 20th April 2017, the Board of Directors resolved to grant to the directors Moreno Ciarapica and Riccardo Stefanelli the powers already attributed to the Chief Executive Officer, Cav. Lav. Brunello Cucinelli, to be exercised jointly and then with double signature, only in case of impossibility or serious impediment of the CEO, Cav. Lav. Brunello Cucinelli, and providing immediate notice to the Board of Directors in the first following meeting thereof.

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At the meeting of 20th April 2017 the Issuer's Board of Directors granted to the director Luca Lisandroni, in his capacity as the Company's Joint Chief Commercial Officer and Co-CEO the powers indicated below, as well as the connected power of representation before third parties, which may be exercised as a single signatory within the limits of the budget and jointly with the powers held by the Managing Director and the other directors:

- a. Contracts: to conclude, amend and terminate purchase contracts with the suppliers of goods and services, signing on the Company's behalf the relative orders and contracts by the means, with the clauses and for the contracted amounts considered most appropriate, as well as any deed relating to the purchase, sale or exchange of registered moveable assets; agency, distribution, sales, export, franchising and commercial space leasing contracts, guarantee deposit agreements, agreements for recognizing amounts as key money and agreements with wholesale customers for an amount not exceeding €1,000,000 for each single contract or transaction;
- b. Collection: in respect of contracts or transactions arranged in exercising the powers granted to him, to make claim for everything due to the Company, for any amount or reason, from any person, issuing a valid receipt and release from responsibility;
- c. Representation before judicial authorities: in relation to contracts arranged or action taken during the year in exercising the powers granted to him, to represent the Company before any ordinary or special judicial or administrative authority in any proceeding at any level and in any place, as well as before mediation bodies, with the power to sign applications, appeals, requests for exemption refunds, orally or in writing, on any subject, proposing and supporting action, including administrative action and judicial action of a cognizance, enforcement, bankruptcy procedure, insolvency, standstill and special administration nature, carrying out the relative formalities and hence also the issue of special powers of attorney and mandates to lawyers and representatives involved in litigation; to elect domicile;
- d. Correspondence: to sign the Company's ordinary correspondence for the operations included in the subject list;
- e. Delegation of powers: to delegate the powers included at the points above to the Company's employees or persons with special powers of attorney for individual acts and classes of acts.

The director Luca Lisandroni promptly informs the Managing Director Cav. Lav. Brunello Cucinelli of the contracts, deeds and operations entered into or arranged.

Both the Directors Riccardo Stefanelli and Luca Lisandroni, taking into account also the plan "Generational Transition" (abovementioned § 4.1) hold the position of Co-CEO and, in this capacity, co-operate with the CEO in managing the Company, with specific reference to commercial activities.

Chairman of the Board of Directors

The Chairman of the Board of Directors coordinates the activities of the Board of Directors, calls board meetings, establishes the agenda and leads the discussion on the agenda, ensuring that directors are provided on a timely basis with the documentation and information required by the law and under the Bylaws. He additionally checks that board resolutions are implemented, chairs the shareholders' meeting and has powers as a legal representative of the Company.

The Chairman of the Company's Board of Directors, Cav. Lav. Brunello Cucinelli, also holds the position as Managing Director, having the powers granted to him by a resolution of the Board of Directors of 20th April 2017 (see above), and accordingly is the leading person in charge of the Issuer's operations. In the Board's

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opinion the fact that the same person holds the two positions may be justified by the organizational structure of the Company and the Group to which it belongs.

To deal with the above-mentioned concentration of positions, the Board of Directors has taken the following action:

- it has applied the recommendation contained in application criterion 2.C.3. of the Corporate Governance Code, designating Andrea Pontremoli as lead independent director (see § 4.7);
- it has established a Remuneration Committee consisting of three independent directors (see § 8);
- it has established a Control and Risks Committee consisting of three independent directors(see § 10);
- it reserves the functions of the Appointments Committee to the Board of Directors as a whole (see § 7);
- it has assigned operational powers to the directors Moreno Ciarapica, Riccardo Stefanelli and Luca Lisandroni in their respective areas (see hereinabove § 4.4). In particular, it is additionally pointed out that both the Directors Riccardo Stefanelli and Luca Lisandroni hold the position of Co-CEO, cooperating with the Chairman and CEO in managing the Company, with specific reference to the commercial activities.

In consideration of the above, the Board of Directors believes that the fact that the positions of Chairman and Managing Director are held by the same person does not in the specific case lead to any critical situations and on the other hand believes that this can respond to the need to impose unity of direction in the management of the operating companies forming part of the Group.

In conclusion, it is noted that the Chairman Cav. Lav. Brunello Cucinelli is moreover President and Managing Director of Fedone (see above § 1).

Executive committee

No Executive Committee had been established as of the date of this Report.

* * *

Disclosures to the Board

During the course of the Year the Chairman of the Board of Directors and Managing Director Cav. Lav. Brunello Cucinelli constantly reported to the Board on the activities he performed in exercising the delegated powers granted to him, on at least a quarterly basis, and in general informed the directors and statutory auditors about the projects in progress and the more significant operations, even when their approval did not form part of the Board's competence.

4.5 OTHER EXECUTIVE DIRECTORS

In addition to the Chairman of the Board of Directors and Managing Director, there are three members of the board who are to be considered executive directors, Moreno Ciarapica, Riccardo Stefanelli and Luca Lisandroni. Moreno Ciarapica is the Company's Chief Financial Officer and Manager charged with preparing the company's financial reports (as defined by art. 154-*bis* of the TUF) and Chairman of Brunello Cucinelli USA Inc., a subsidiary of the Issuer of strategic importance (see § 4.3). Mr. Stefanelli is the Company's Joint Chief Commercial Officer and Co-CEO. He is also Chairman of Brunello Cucinelli USA Retail Co., LLC (formerly named Cucinelli Holding Co., LLC), a subsidiary of the Issuer of strategic importance (see § 4.3). Mr. Lisandroni is the Company's Joint Chief Commercial Officer and Co-CEO.

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The executive directors regularly attend meetings of the Board of Directors.

4.6 INDEPENDENT DIRECTORS

There are four independent directors on the Company's Board of Directors: Candice Koo, Andrea Pontremoli, Matteo Marzotto and Massimo Bergami.

At the first possible meeting after their appointment, held on 20th April 2017 (see the relevant press release issued on the same date), the Board assessed that these persons hold the independence requirements as per the applications criteria of article 3 of the Corporate Governance Code and as per the criteria stated in article 147-ter, para. 4, of the TUF (which refers to the criteria provided for in article 148 of the TUF). The same assessment has been carried-out at the meetings held on 7th March 2018 and on 14th March 2019, during which it has been confirmed that the independence requirements continue to be met.

The Board of Statutory Auditors has in certain meetings checked and come to a positive conclusion on the proper application of the assessment criteria and procedures used by the Board to evaluate the independence of its members, establishing that the independence requirements continue to be met.

* * *

The independent directors receive on a regular basis extensive information on the Issuer's management, so that they may from time to time provide a free and constructive contribution at the board meetings held during the Year.

All the independent directors constantly undertake to maintain their independence.

4.7 LEAD INDEPENDENT DIRECTOR

In accordance with re recommendations of the Corporate Governance Code, at its meeting of 20th April 2017, the Board of Directors appointed the independent director Andrea Pontremoli as lead independent director for the period until the approval of the Company's financial statements for the year ending 31st December 2019.

On the same meeting, the lead independent director was granted the right to call, autonomously or at the request of one or more directors, meetings consisting solely of the independent directors to discuss matters considered of interest regarding the way in which the Board of Directors works or the Issuer's corporate management.

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

5. HANDLING 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

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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 and Managing Director, the manager charged with preparing the company’s financial reports 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.

Finally, according to article 18 of the MAR, a list of all persons who have access to inside information (i.e. the “Insider List”) is in place.

The Issuer has also given instructions on the management of inside information to the most significant subsidiaries of the Group.

6. BOARD COMMITTEES

(art. 123- bis, para. 2d), TUF)

In order to ensure that its corporate governance model complies with the recommendations of the Corporate Governance Code at its meeting of 20th April 2017 the Company’s Board of Directors resolved to set up a remuneration committee (the “Remuneration Committee”) and a control and risks committee (the “Control and Risks Committee”), both having propositional and consulting functions.

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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 § 17 (Other corporate governance practices).

7. APPOINTMENTS COMMITTEE

The Issuer has not deemed it necessary to set up an appointments committee for the following reasons: (i) in the Board of Directors there are four independent directors who may express opinions to the Board regarding the size and composition of the same and propose candidates for the office of director in the cases of co-option of a Board member; (ii) the tasks that would be assigned to the appointments committee are performed by the Board as a whole, under the leadership of the President and with the contribution of the independent directors; (iii) some of the proposals that the appointments committee could propose are already contained in the decisions taken by the Board of Directors on 13th December 2013 (the "Generational Transition ") (see above § 4.1).

8. REMUNERATION COMMITTEE

In accordance with principle 6.P.3 of the Corporate Governance Code, the Board of Directors of Brunello Cucinelli has established a Remuneration Committee.

For all the information relating to the Company's Remuneration Committee reference should be made to the Remuneration Report prepared by the Issuer pursuant to article 123-ter of the TUF.

9. 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.

10. CONTROL AND RISKS COMMITTEE

At its meeting of 20th April 2017, the Board of Directors of Brunello Cucinelli appointed a Control and Risks Committee (see § 6), partially changing the composition of the Committee firstly established on 26th March 2012, and then reconfirmed on 23rd April 2014, by way of replacing the independent Director, Candice Koo, with the independent Director (appointed from minority shareholders), Prof. Massimo Bergami.

Composition and working of the Control and Risks Committee (art. 123-bis, para. 2d), TUF)

The work performed by the Control and Risks Committee is coordinated by the committee's chairman, the Director Andrea Pontremoli.

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The Control and Risks Committee met three times during the Year, on 7th March, , 27th August and 13th December 2018. The meetings of the Control and Risks Committee lasted on average 2 hours and 13 minutes and have been properly put on record.

At least three meetings of the Control and Risks Committee are planned for 2019, of which two have already been held on 18th February 2019 and 12th March 2019.

Further details of the composition of the Control and Risks Committee and its work may be found in Table 2 in the annex.

* * *

On 20th April 2017 the following people were confirmed as members of the Control and Risks Committee until the approval of the Company's financial statements for the year ending 31st December 2019: Andrea Pontremoli, being the Chairman of the Control and Risks Committee and Matteo Marzotto. Conversely, Candice Koo has been replaced by Massimo Bergami, new elected member of the Board. All the committee's members 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 necessary independence requirements and, also in consideration of their relative professional profile, a suitable knowledge and experience in accounting and financial matters and risk management matters of all the members of the Control and Risks Committee, have been checked and ascertained by the Board of Directors at the meeting on 14th March 2019.

From time to time on the invitation of the committee members of the Board of Statutory Auditors, representatives of the external auditors, the General Counsel and the Head of the Internal Audit Function attended meetings of the Control and Risks Committee, together with 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 Risks Committee

On the basis of the recommendations of the Corporate Governance Code and in accordance with the requirements of the "Guidelines " (as defined by § 11 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;

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- 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 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.

11. 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.

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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 §11 and §11.3), 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 20th 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 7th 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 12th March 2013 with resolution of the Board of Directors and later amended by the Board on 14th 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 “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 Director in Charge pursuant to principle 7.P.3 of the Corporate Governance Code (as defined below, see § 11.3) and the Control and Risk Committee. Through the 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 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 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 Guidelines, the regular assessment (at least once a year) of the adequacy, efficiency and effective functioning of the Internal Control and Risk

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Management System, as well as the appointment of the Head of Internal Audit upon proposal of the Director 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 Director In Charge, to whom, by way of a resolution adopted by the Board of Directors on 20th April 2017, 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;

(e) the Data Protection Officer, recently appointed by the Board with resolution on 10th May 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 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>

* * *

Main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process pursuant to article 123-bis, para. 2b), 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

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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 (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 with preparing the company's financial reports, as provided for in art. 154-*bis*, TUF.

a) Stages of the current risk management and internal control system relating to the financial reporting process.

The System is based first and foremost on an initial 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.

During the year 2016 the Company has completed a thorough activity of risk assessment, by which have been detected, analysed and measured the inherent risks for all major business areas. The risk assessment has been based upon the identification and the self-assessment of the Company's risks, carried out by the managers and supervisors of each department, with the consultancy and assistance of internal audit and compliance functions. During the Year 2017, the Company continued the risk assessment activities, with reference to the functions hierarchically subject to those referred to in the previous year. During the Year 2018, risk assessment activities have been continued through the systematisation 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.

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.

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- 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 analysed 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, also with the capacity to engage the Internal Audit Function. To this end the Head of Internal Audit reports to the Manager Charged on the design, structure and functioning of the system, and also provides 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:

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- may engage the Internal Audit Function for testing and monitoring the performance of the System ;
- 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.

Further to the abovementioned assessment, the Manager Charged, together with the Managing Director, provides the certification required by 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, as well as through second instance line checks carried out by the management control function.

* * *

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.

On 28th August 2018 and on 14th March 2019, the Board, acknowledged the opinion of the Control and Risks Committee in the meetings of 27th August 2018 and 12th March 2019, also taking into account the reports of the Internal Audit Function and the Supervisory Body, as well as the assessment on the process carried out by the Board of Statutory Auditors, issued an opinion confirming the adequacy, effectiveness and effective functioning of the Internal Control And Risk Management System.

11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As discussed above, on 20th April 2017 the Board of Directors confirmed the Chairman and Managing Director Cav. Lav. Brunello Cucinelli as the director in charge of supervising the working of the internal

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control and risk management system pursuant to Principle 7.P.3 of the Corporate Governance Code (“Director in Charge”).

The Director in Charge , with the support of the executives from time to time responsible:

- attended to the identification of the principal business risks (strategic, operational, financial and compliance) taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries;
- implemented the 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.

The Director 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, the Director 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.

11.2 HEAD OF THE INTERNAL AUDIT FUNCTION

The Board of Directors of the Company, on the proposal of the director in charge of the internal control system, with the favourable opinion of the Control and Risks Committee, having consulted with the Board of Statutory Auditors, on 13th July 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 Statutory Auditors receives 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, and he has access to all the

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documentation regarding their activities. 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.

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 , also through an audit plan, approved by the Board and based on a structured analysis and ranking of the main risks;
- in the framework of the audit plan, performed activities in order to assess the effective application of the administrative and accounting procedures and the reliability of the IT systems, including the including accounting recognition systems;
- 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 Director in Charge;
- reported the results of his work to the Control and Risks Committee and the Board of Statutory Auditors;
- also reported the results of his work to the Director in Charge.

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:

- activities on 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 on behalf of the Manager Charged;
- consultancy in the implementation of whistleblowing procedures and tools;
- consultancy in the risks analysis and management related to third party producers and other Company's suppliers, as well as in the implementation phase of an action plan made to mitigate such risks;
- consultancy in the updating procedures of the Guidelines and of the Code of Ethics, as well as in the adoption of the anti-corruption policy;
- risks analysis activities supporting the Board of Directors;
- active training in favour of other business functions;
- participation in training courses and other activities aimed at improving the structure and the functioning of the Internal Audit Function;
- participation in the Cyber Committee;
- activities supporting the administrative and control corporate governance bodies.

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Finally, it should be noted that the Internal Audit Function has not been entrusted, not even in part, to third parties; nevertheless, during the Year, the Internal Audit Function has identified an external party to be engaged during 2019 in order to perform third party auditing on Company's processes related to the applicable legislation on aviation security.

11.3 ORGANIZATIONAL MODEL AS PER LEGISLATIVE DECREE NO. 231/2001

On 7th March 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 20th June 2011. Said changes to the Model having been previously shared with the Supervisory Body.

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) a Code of Ethics describing the fundamental values to which the Company inspires in carrying out its activities, which was adopted with a resolution of the Company's Board of Directors on 20th June 2011; ii) risk assessment activities carried out by the Company, among others, in order to identify the Sensible Activities; iii) the guidelines for the Internal Control and Risk Management System of the Group; iv) each internal document, the documents and procedures which are implemented in the framework of the Model or, in any case, which arise out from the application of the Model.

The Supervisory Body, which has the duty of ensuring that the Model is working properly and is being implemented and of updating the Model, was firstly appointed on 20th June 2011 as monocratic, where Prof. Paolo Bertoli was the sole member, and was later replaced on 23rd April 2014 by a board. The Supervisory Body of the Company is currently a board consisting of Prof. Paolo Bertoli, chairman of the Body, of Dr. Lorenzo Ravizza, a former member of the Board of Statutory Auditors of the Issuer, and Dr. Emanuele Marconi, also Head of Internal Audit Function. The members of the Statutory Body have been appointed by the Board of Directors on 13th July 2017 and, according to the Model, shall cease with the Board of Directors who appointed them, it being understood that they will continue to hold the position as long as the Supervisory Body is not re-appointed. In this respect, it is further 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, during the first few months of 2013 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.

In 2014 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. The process of Model rules dissemination continued during the Year, in which – after having formalised the process of Model review and update carried out in 2017 – the Company completed the implementation of the whistleblowing procedure and tools pursuant to Law. no. 179/2017 (which amended Legislative Decree no. 231/2001) and organized, together with the Supervisory Body pursuant to Legislative Decree no. 231/2001, a training session aimed at disseminating the latest innovations introduced in the Model. Furthermore, in October 2018, the Company held a plenary meeting with all its third party producers (approximately 350), with the aim to promote a culture based on respect for rules and on the sense of responsibility, including social responsibility, within the related organizations, as well as to start a more detailed phase of rule compliance supervision. For more information on this matter, please refer to the Consolidated Non-Financial Disclosure for the year 2018, prepared by the Company pursuant to Legislative Decree no. 254/2016.

Finally, the Board of Directors, in the meeting of 14th March 2019, has adopted an anti-corruption policy and a new version of its Code of Ethics, which sets out with more emphasis the principles concerning the protection of the “*Human Privacy*” by the Group.

11.4 EXTERNAL AUDITORS

Pursuant to article 14 of Legislative Decree no. 39 of 27th January 2010, on 27th 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.

11.5 MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS AND OTHER BUSINESS ROLES AND FUNCTIONS

In compliance with the requirements of article 154-*bis* of the TUF and with the relevant appointment rules provided for in article 23 of the Issuer's Bylaws, on 20th April 2017, after receiving the favourable opinion of the Board of Statutory Auditors, the Issuer's Board of Directors confirmed Moreno Ciarapica, the Chief Financial Officer (CFO) of Brunello Cucinelli, as the manager charged with preparing the company's financial reports (“*Manager Charged*”).

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Article 23 of the Issuer’s Bylaws specifies that the Manager Charged shall be appointed by the Board of Directors subject to the mandatory, but not binding, opinion of the Board of Statutory Auditors. If the opinion of the Board of Statutory Auditors should differ from that opinion, the Board must justify its decision. This article of the Bylaws also requires the Manager Charged to have experience of at least three years in administration, finance and control matters and to hold the integrity requirements specified for the directors.

This function is governed by the Internal Control and Risk Management System 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 Director, 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 Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19th 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.

11.6 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE RISK MANAGEMENT SYSTEM

The Model provides that at least once a year, the Company promotes a meeting among all the control bodies (in particular, Board of Statutory Auditors, Control and Risk Committee, Manager in Charge, Supervisory Board, General Counsel, Internal Audit Function, External Auditors) in order to coordinate their activities and functions and ensure an exchange of information among the various functions involved in monitoring activities. During the Year this plenary meeting was held on 13th December 2018; all of the above mentioned control bodies took part to the meeting.

12. DIRECTORS’ INTERESTS AND RELATED PARTY TRANSACTIONS

In accordance with the requirements of Consob in Regulation no. 17221/2010 of 12th March 2010, as subsequently amended by Resolution no. 17389 of 23rd 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 27th April 2012. The Procedure has been further amended by the Board of Directors on 12th 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.

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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);

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- 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 Director 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>.

At the meetings of 7th March 2018, 28th August 2018 and 14th December 2018, the Board of Directors adopted - after a favourable opinion of the Control and Risk Committee – certain resolutions through which it has previously authorized a series of transactions to be carried out with related parties, providing a limit of expenditure during the term (yearly, at most) of the resolutions.

The Issuer does not have a specific procedure designed to identify situations where a director is the holder of an interest on his own behalf or on behalf of third parties, leaving it up to the individual director to report to the Board in order to identify situations of this nature. Details of the Related Party Transactions which were carried out during the Year may be found in the annual financial report.

13. APPOINTMENT OF STATUTORY AUDITORS

The board of statutory auditors (“Board of Statutory Auditors”) is appointed by an 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 Issuers’ Regulations, 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 of 18th April 2013 resolved to amend the Bylaws in the part of the election mechanism of the Board of Statutory Auditors, with the aim to ensure gender balance in fulfilment of the Italian Law no. 120/2011.

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

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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 at least one-third (rounded upwards) of the candidates for the office of standing statutory auditor and at least one-third (rounded upwards) of the candidates for the office of substitute statutory auditor belong to the less represented gender in list.

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.

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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 on the first post-listing renewal of the Issuer's Board of Statutory Auditors and therefore at the shareholders' meeting held on 23rd April 2014 which approved the financial statements for the year ending 31st December 2013.

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

14. 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, without prejudice to the obligation to provide notification to Consob and to resign from one or more positions if these limits have been exceeded.

The Board of Statutory Auditors in office at 31st December 2018 was appointed by the ordinary shareholders' meeting of 20th April 2017 and will remain in office until the approval of the financial statements for the year ending 31st December 2019.

The current Board of Statutory Auditors was elected on the basis of two lists. The list no. 1 was presented by Fedone S.r.l.; from said list have been elected Dr. Gerardo Longobardi and Prof. Alessandra Stabilini LL.M, with a percentage of favourable votes equal to 83.135% of the voting share capital.

The list n. 2 was presented by the following shareholders: Aletti Gestielle SGR S.p.A., Arca Fondi S.G.R. S.p.A., Eurizon Capital SGR S.p.A. Eurizon Capital SA, Fideuram Asset Management (Ireland), Fideuram Investimenti SGR S.p.A., Interfund Sicav Interfund Equity Italy, Mediolanum Gestione Fondi SGR S.p.A., Mediolanum International Funds – Challenge Funds Challenge Italian Equity, Pioneer Asset Management SA. From the list n. 2 has been elected Prof. Paolo Prandi, with a percentage of favourable votes equal to 16.468% of the voting share capital. In accordance with article 148, para 2-bis, TUF, Prof. Paolo Prandi has been appointed as President of the Board of Statutory Auditors.

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

In accordance with the requirements of article 144-decies of the Issuers' Regulations, the personal and professional characteristics of each statutory auditor are provided in Annex B to this Report.

There have been no changes in the composition of the Board of Statutory Auditors since 31st December 2017.

The Board of Statutory Auditors met 9 times during the Year and the meetings lasted an average of 3 hours and 2 minutes.

During the year 2019, the Board of Statutory Auditors met on 6th February, 22nd February and 14th March.

The Issuer's Board of Statutory Auditors checked the independence of its members, with a positive outcome, since they took office on 20th April 2017, following the appointment made by the shareholders' meeting.

In its meeting of 14th March 2019 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.

In conclusion, during the meeting of 14th March 2019 the Board of Statutory Auditors assessed the independence of the auditing firm EY S.p.A., concluding that it had not found any situations which may impair its independence up to that date.

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Diversity's 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. Nonetheless, the Issuer believes that the structure of the Board of Statutory Auditors does respect the diversity in terms of age, gender, and training, and professional courses taken. Pursuant to article 21 of the Company Bylaws, as well as to Law no. 120/2011 (so-called “Golfo-Mosca” Law), the Issuer, in the current composition of its Board of Statutory Auditors, as appointed on 20th April 2017 and in charge until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31st December 2019, does have a composition which actually complies with requirements both on gender balance and as well as on adequate expertise and professionalism of the relevant members, in which are represented managerial and professional competences, also at international level, and are present different ages and tenure ranges.

In this respect, it is noted, in fact, that one in three members is 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.

It should also be noted that one statutory auditor is aged between 30 and 50 years old, and two statutory auditors are aged over 50 years old.

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 31st December 2019, 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.

In performing its duties, the Board of Statutory Auditors 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 § 11.6; further, on the invitation of the President of the Board of Statutory Auditors, the Internal Audit Function participates to the activities of the Board of Statutory Auditors.

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15. 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.

16. SHAREHOLDERS' MEETINGS

(art. 123-bis, para. 2c), 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.

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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 (article 11).

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.

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* * *

On 27th January 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 19th April 2018. Nine directors of the Company have attended the meeting; 2 directors, one of whom an independent director, were justified absent.

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 19th April 2018 the main information about the activities carried out during the year 2017 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 19th April 2018 is available on the Issuer's website at the following address: http://investor.brunellocucinelli.com/yep-content/media/ASSEMBLEA_BC_SPA_2018.pdf.

* * *

The Remuneration Report pursuant to art. 123-ter TUF presented to the shareholders' meeting of 19th April 2018 contained, among other things, information on the exercise of functions by the Remuneration Committee.

* * *

There were no significant changes in the Issuer's shareholding structure during the Year. Nonetheless, it is further specified that, on 9th January 2018, Fedone S.r.l., majority shareholders of the Company, has completed the placement of 4,080,000 common shares of the Company, corresponding to 6.00% of the Company's share capital, at a price of € 26.00 per share and for a total consideration of € 106,080,000. The placement was carried out through an accelerated book build offering to both qualified Italian investors and foreign institutional investors, where Mediobanca – Banca di Credito Finanziario S.p.A. did act as Sole

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Bookrunner for the placement. As a result of the transaction, Fedone S.r.l. now holds 34,680,000 common shares of the Company, equal to 51.00% of the Company's share capital.

Market capitalization of the Issuer of € 1,836,680,000 (€ 27.01 per share) as of the last stock market trading day of 2017 increased to € 2,043,400,000 (€ 30.05 per share) as of the last stock market trading day of 2018, with a percentage variation of + 11.26%.

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.

17. OTHER CORPORATE GOVERNANCE PRACTICES

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

18. CHANGES SINCE THE REPORTING DATE

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

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19. OPINIONS ON THE LETTER OF 21ST DECEMBER 2018 FROM THE PRESIDENT OF THE CORPORATE GOVERNANCE COMMITTEE

During the meeting of the Control and Risk Committee held on 12th March 2019, the one of the Remuneration Committee held on 14th March 2019 and the one of the Board of Directors held on 14th March 2019, have been taken into account the recommendations included in the Report on the development of listed companies' corporate governance 2018 (6th report on the application of the Corporate Governance Code from the Italian Corporate Governance Committee). Said bodies noted as follows.

As for the pre-meeting information to the Board, has been noted, taking also into account the outcomes of the self-assessment process (see above §4.2 and §4.3), that the documentation and the information preparatory for the meetings of the Company's statutory bodies are complete and timely circulated, so to ensure the opportunity of a proper exam of the item on the agenda.

As for the remuneration policy, reference is made to the Report on Remuneration; being noted however that the policy currently applied by the Issuer does not consider, generally speaking, the payment of variable remuneration in favour of Directors or top managers.

As for the Appointments Committee, reference is made to §7 hereinabove. Currently, the Board's position is not to institute a specific committee with such responsibilities as recommended by the Corporate Governance Code.

Lastly, it is specified that, on 22nd February 2019 and 14th March 2019, the foregoing has been discussed also by the Board of Statutory Auditors.

TABLES

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

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TABLE 1**(INFORMATION ON OWNERSHIP STRUCTURES ON THE DATE OF 31ST DECEMBER 2018)**

SHARE CAPITAL STRUCTURE				
	No. of shares	As a % of share capital	Listed (please indicate the markets) / unlisted	Rights and obligations
Ordinary shares	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.
Shares with multiple voting rights	0	0		
Shares with restricted voting rights	0	0		
Shares with no voting rights	0	0		
Others	0	0		

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

SIGNIFICANT CAPITAL HOLDINGS				
on the basis of the notifications received by the Company pursuant to art. 120 TUF				
Declarant (or party at the top of the investment chain)	% of the voting share capital	% of the ordinary share capital	Type of possession	Company controlled by the declarant or trust company holder direct participation
FMR LLC	10,000	10,000	Non-discretionary asset management	- FIAM LLC: 0.032% - Fidelity Institutional Asset Management Trust Company: 0,306% - FMR Co. Inc: 9,662% (of which 3,040% owned on behalf of FIDELITY CONCORD STREET TRUST)
"TRUST BRUNELLO CUCINELLI" (*)	51,000	51,000	Beneficial ownership	FEDONE SRL
OPPENHEIMERFUNDS INC.	4,864	4,864	Discretionary asset management	OPPENHEIMERFUNDS INC.

NOTES TO TABLE 1

(*) **Further disclosures as per Consob Communication n. 0066209 dated 2nd 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 and Managing Director 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		RC	
Position	Member	Year Of Birth	* Date of first Appointment	In office from	In office until	** List	Exec.	Non-exec.	Ind. Code	Ind. TUF	(*)	*** Other positions	(*)	(**)	(*)	(**)
Chariman; Managing Director; • ; ◊	Cucinelli Brunello	1953	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M	x				7/7	0				
Director	Ciarapica Moreno	1961	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M	x				7/7	0				
Director	Stefanelli Riccardo	1981	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M	x				7/7	0				
Director	Lisandroni Luca	1978	21/04/2016	20/04/2017	FS approval as of 31/12/2019	M	x				6/7	0				
Director	Cucinelli Camilla	1982	23/04/2014	20/04/2017	FS approval as of 31/12/2019	M		x			6/7	0				
Director	Cucinelli Carolina	1992	20/04/2017	20/04/2017	FS approval as of 31/12/2019	M		x			7/7	0				
Director	Manfredi Giovanna	1961	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M		x			6/7	0				
Director; ○	Pontremoli Andrea	1957	16/03/2012	20/04/2017	FS approval as of 31/12/2019	M		x	x	x	7/7	3	3/3	P	1/1	M
Director	Marzotto Matteo	1966	16/03/2012	20/04/2017	FS approval as of 31/12/2019	M		x	x	x	7/7	3	3/3	M	1/1	P
Director	Koo Candice	1977	16/03/2012	20/04/2017	FS approval as of 31/12/2019	M		x	x	x	7/7	0			1/1	M
Director	Bergami Massimo	1964	20/04/2017	20/04/2017	FS approval as of 31/12/2019	m		x	x	x	7/7	1	3/3	M		
-----DIRECTORS CEASING TO HOLD THE POSITION DURING THE YEAR OF REFERENCE-----																
											BoD	CRC	RC			
No. of meetings held during the Year of reference:											7	3	1			
Required quorum in order to present minority lists for election of one or more member (as per art. 147-ter TUF):											1%					

NOTES TO TABLE 2

The symbols listed below must be entered in the column "Position":

- This symbol indicates the administrator in charge of the system of internal control and risk management.
- ◇ This symbol indicates the main 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

RC: Remuneration Committee

** 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.

(*) 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 31/12/2019	m	x	9/9	8
Standing Auditor	Longobardi Gerardo	1958	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M	x	8/9	8
Standing Auditor	Stabilini Alessandra	1970	23/04/2014	20/04/2017	FS approval as of 31/12/2019	M	x	5/9	5
Substitute auditor	Castaldo Guglielmo	1957	16/06/2011	20/04/2017	FS approval as of 31/12/2019	M	x	0/0	4
Substitute auditor	Amato Myriam	1974	20/04/2017	20/04/2017	FS approval as of 31/12/2019	m	x	0/0	8
----- STATUTORY AUDITORS CEASING TO HOLD THE POSITION IN THE YEAR OF REFERENCE -----									
No. of meetings held during the Year of reference:								9	
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 of Barilla S.p.A. (unlisted company of significant size, not part of the Issuer's group).
 - Managing director and CEO of Dallara Automobili S.p.A. (unlisted company of significant size, not part of the Issuer's group).
 - Director of Turbocoating S.p.A. (unlisted company, not part of the Issuer's group).
 - President of Valceno 'Antonio Samore' Centre of Study.
- **Matteo Marzotto**
 - Director of Morellato S.p.A. (unlisted company of significant size, not part of the Issuer's group).
 - Director of 1000Miglia S.R.L. (unlisted company of significant size, not part of the Issuer's group).
 - President of ARCADIA S.R.L. (unlisted company of significant size, not part of the Issuer's group).
 - President of Fondazione Fibrosi Cistica Onlus (non-profit corporation, not part of the Issuer's group).
 - Director of Alamtra S.R.L. (unlisted company of significant size, not part of the Issuer's group).
- **Massimo Bergami**
 - Director of Ferrarelle S.p.A. (unlisted company of significant size, not part of the Issuer's group).

ANNEX B

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

▪ **Paolo Prandi (Chairman of the Board of Statutory Auditors)**

Graduated *magna cum laude* in Business and Economics in 1985 at the University of Brescia and he won a scholarship banned by the University of Lombardy. A degree thesis summary was published in *Finanza Marketing e Produzione*, a Bocconi University's scientific journal.

Twenty years of international experience followed as a consultant and manager.

In McKinsey since 1987, he has contributed to various projects such as: the introduction of Trade Marketing in consumer companies and the creation of related management skills; company valuations for the purpose of sale and acquisition; the rationalization of oil distribution networks; the management of the phases following the acquisitions and, finally, the solution of the economic and financial problems deriving from the uncoordinated management of the collection and loans of a credit institution operating mainly in the medium / long term. In Pepsi Cola since 1991, as Regional Manager of the Reading Region and Schuylkill Haven (Pennsylvania-USA) he has carried out a significant organizational restructuring. The responsibility concerned two sites (corresponding to the offices of two recently acquired distributors) where sales were carried out (managed through three different networks: attempted sale, traditional sale and large distribution), distribution, customer service and administration. Back in Italy, he became Sales Director of Pepsi Cola North Mediterranean Area (managed in franchising) and Head of Business Development in the food area. Since 1996 he has managed, also as an entrepreneur, restructuring operations in various sectors such as toy, collecting and information technology (Majorette, Solido, Rivarossi Group, Seltering Group, etc.) international partnership and relocation projects. Since 2005, companies of different sizes have been engaged in extraordinary finance operations, corporate restructuring, internationalization, marketing, customer satisfaction and generational change. It 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 company contexts. He has deepened the issue of civil car liability.

Certified Accountant (Dottore Commercialista) (since 2004); Statutory Auditor (since 2007) and Technical Consultant at the Court of Brescia (since 2008), is an adjunct professor at the University of Teramo, where he teaches "Financial Markets and Institutions" and "Risk Management and Healthcare Companies". In previous years he had taught "Risk Management" at the "Università del Sacro Cuore" in Brescia and "Service Marketing" at the University of Brescia.

He is a Director, Statutory Auditor and Member of Supervisory Bodies (also with the functions of 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 the Cinzia Dabrassi National Foundation.

▪ **Gerardo Longobardi (Standing Auditor)**

Gerardo Longobardi, born in Rome on July 17, 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 registered Roll of Auditor, in the Roll of Technical Consultants, and in the Roll of Experts in criminal matters at the Rome Court. Founding partner in the legal, tax and international firm "Puoti, Longobardi, Bianchi", based in Rome, mainly works as a tax and corporate affairs advisor companies and public entities, also of significant national interest, as well as being a representative before Tax Commissions. Has been involved in numerous extraordinary transactions carried out by important public and private group. He holds the position of Judicial Commissioner and Insolvency Administrator in several insolvency procedures. Has acted and acts as a technical expert for

the court (CTU) and CTP in corporate, tax and criminal cases. Since February 2016, appointed by the Italian Government, he is Special 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 public and private Entities' Boards of Auditors. Chairman and member of the boards of statutory auditors of public and private companies and entities. Lecturer on numerous courses and seminars organized by public entities, public Administrations and companies of significant national interest. 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. He has been a lecturer at the High School for Economic and Finance "Ezio Vanoni", holding courses on tax matters at the offices of the Tax Revenue Agency in various regions. Author of numerous articles on topics of a fiscal and corporate nature in the specialized press. He collaborated with the Accounting Institute of the "La Sapienza" in Rome from 1987 to 2002 in respect of the following teachings: General and Applied Accounting, Business Economics, Economics of Groups and Business Concentrations. From 2015 to 2017, he held the position of Professor for the matter of companies and financial instruments assessments at the "Università Cattolica del Sacro Cuore" of Rome.

Vice President of the professional association of Chartered 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 professional association of Chartered Accountants of Rome from 30th October 2006 to 31st December 2007.

From 1st January 2008 to 31st December 2012 he was President of the professional association of Chartered Accountants and accounting Experts of Rome.

From 31st July 2014 to 14th February 2017 he was President of the National Council of Chartered Accountants and Accounting Experts.

▪ **Alessandra Stabilini (Standing Auditor)**

Law degree, University of Milan, 1995.

Master of Laws (LL.M.), University of Chicago (Illinois, USA), 2000.

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

Assistant Professor of International Corporate Governance (course in English), University of Milan (from 2011 to 2016) and of Corporate Interest, Corporate Social Responsibility and Financial Reporting (English language course; since 2016). Researcher of Commercial Law, University of Milan, Department of Private Law and legal history (since 2004, confirmed in 2007).

Admitted to the Bar of Milan since 2001. She works with NCTM Law Firm, Milan, first as an assistant and from 2011 as Of Counsel. From 2015 she is Equity Partner.

She mainly deals with corporate law, with particular reference to the listed companies law, and financial markets law. She assisted, among others, Italian listed companies in the following areas: public offering and admission to listing, share capital increase with rights offering of new shares to shareholders, takeover bids, corporate governance (assistance and consultancy in the field of management and control, assistance in the preparation of internal regulations and procedures, assistance for the legal aspects in relation to shareholders' meetings and shareholders' relations), market communication and management of price sensitive information, relationships with supervisors, assistance under penalty proceedings before the Consob. She also assisted and advised unlisted companies in the field of corporate law and commercial law, both by providing advice and extra-judicial assistance, both representing clients in court in arbitration proceeding. She has held the position of sole arbitrator in disputes set by the Chamber of Arbitration of Milan. Vice President of NED Community, non-profit association of non-executive and independent directors (www.nedcommunity.it). She is part of the list of "Ready-for-Board Women" of the Professional Women's Association of Milan - 2011 Edition - and of the Excellent Curricula Database of Marisa Bellisario Foundation (2011). On 17th May 2012, she was awarded of the

Ambrogio Lorenzetti Prize for corporate governance (3rd place in the category non-executive directors), for the following reasons: "It spreads the culture of corporate governance and promote its application for renewal of the corporate governance in teaching and journalism."

▪ **Guglielmo Castaldo (Substitute Auditor)**

Law degree, University of Perugia, 30th September 1981. Registered in the Roll of Legal Representatives with the Institute of the Provincial District of Perugia on 7th November 1981. Registered in the Roll of Authorized Officers of Perugia on 30th May 1988. Registered in the Role of Lawyers of the Province of Perugia on 23rd June 1994. Registered in the Roll of the Supreme Court on 26th October 2000. Has performed the role of statutory auditor (and has also held the position as chairman of the board of statutory auditors) in various private and public/private companies, someone listed, on a continuous basis since 1980. Appointed legal auditor by way of the Ministerial Decree of 6th March 1992 published in the Official Journal no. 23 of 20th March 1992, with entry in the respective Roll as per Legislative Decree no. 88/92 kept by the Ministry of Justice. Registered in the Roll of Auditors on 12th April 1995. During his professional activity has held the following positions: Vice-president of the Umbria section of the National Association of Italian Tax Lawyers; observing member, Provincial Sector Studies at the Regional Department of Umbria; member of the Legal Aid Commission at the Regional Tax Commission of Umbria and Provincial Tax Commission of Perugia. Has acted as a lawyer since being registered in the relative Roll, specializing in tax and corporate matters. He dealt with various corporate mergers, demergers, capital operations and business and hereditary restructurings and in drafting appraisals for important companies.

▪ **Myriam Amato (Substitute Auditor)**

Business and Economics degree, Milan Bocconi University, 2000. Master in Tax Law, Milan Bocconi University, 2001-2002.

Certified Accountant (Dottore Commercialista) since April 2002. Registered in the Roll of Legal Auditors.

She gained professional experience in the legal audit of national and multinational companies, alternating the experience of auditing with profession of Certified Accountant, collaborating with the primary accounting firm of Milan. She has deepened knowledge regarding the control of the regular bookkeeping of the company accounting and the correct recognition of accounting, administrative and operational flows of the main-business; the procedures for monitoring and assessing the adequacy of the internal control system and its implications on the reliability and integrity of the accounting data of the annual and consolidated financial statements; preparing of the transition process from Italian accounting principles according to international accounting standards (IFRS); the revision of the consolidated financial statements and reporting packages; implementation and updating the "models" as required by Legislative Decree 231 \ 2001; specific knowledge in the field of taxation of transactions related to the world of Private Equity.

Since February 2015 she has appointed as CFO of the Giglio group in order to support the CEO in the reorganization of the group (with a focus on governance) in order to the IPO, which took place on 7th August 2015 on the AIM market. The group has subsidiary in Italy, England and China. She joined the CEO in certain extraordinary transactions (including the acquisition of the subsidiary Mthree Satcom SpA, MF FASHION S.P.A, and Evolve Group), taking care of the integration of the acquired into the group. She is the Head of the process of transling on the star segment of the MTA of "Borsa Italiana" and a reference point for relations with the regulatory bodies of Borsa Italiana and Consob. In 2017 she was appointed as Manager charged with preparing the company's financial reports and Investor Relator. Active member of the commissions "Accounting principles" and "Governance of Listed Companies" of the Order of Chartered Accountants of Milan, in particular for the accounting principles committee she is a member of the sub-group that collaborated with the OIC (Italian Accounting Body) in the preparation of new Italian Accounting Principles. She is associated with PWA (professional women association), Alumni Bocconi and NedCommunity.

2) LIST OF POSITIONS HELD BY THE STATUTORY AUDITORS

STANDING AUDITORS	COMPANY	POSITION
Paolo Prandi	<u>Brunello Cucinelli S.p.A.</u>	<u>Chairman of the Board of Statutory Auditors</u>
	IWBank Private Investments S.p.A.	Chairman of the Board of Statutory Auditors
	Montini S.p.A.	Chairman of the Board of Statutory Auditors
	FNM S.p.A.	Chairman of the Board of Statutory Auditors
	Prima Lending S.p.A.	Chairman of the Board of Statutory Auditors
	Superpartes S.p.A.	Standing Auditor
	Trenord S.r.l.	Standing Auditor
	Antares Vision S.r.l.	Standing Auditor
	Fine Foods & Pharmaceuticals N.T.M. S.p.A.	Standing Auditor
	Olio Dante S.p.A.	Director
Gerardo Longobardi	<u>Brunello Cucinelli S.p.A.</u>	<u>Standing Auditor</u>
	Bulgari S.p.A.	Chairman of the Board of Statutory Auditors
	British American Tobacco S.p.A.	Chairman of the Board of Statutory Auditors
	Altran Italia S.p.A.	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
	Brand Id S.p.A.	Chairman of the Board of Statutory Auditors
	T.E.R.- Tavolo Editori Riuniti S.r.l.	Sole Standing Auditor
	Mercitalia Transport & Services S.r.l.	Sole Standing Auditor
	Tirrenia di Navigazione S.p.A. in Amministrazione straordinaria	Special Commissioner
	Siremar –S.p.A. in Amministrazione Straordinaria	Special Commissioner
Alessandra Stabilini	<u>Brunello Cucinelli S.p.A.</u>	<u>Standing Auditor</u>
	Librerie Feltrinelli s.r.l.	Non-executive Director
	Coima RES SIIQ S.p.A.	Independent Director
	Banca Widiba S.p.A.	Independent Director
	TANK SGR S.p.A.	Liquidator
	Ansaldo STS S.p.A.	Standing Auditor
	GIMA TT S.p.A.	Independent Director
	ECU SIM S.p.A. in I.c.a.	Member of the Supervisory Committee

SUBSTITUTE AUDITORS	COMPANY	POSITION
Guglielmo Castaldo	<u>Brunello Cucinelli S.p.A.</u>	<u>Substitute Auditor</u>
	Fedone s.r.l.	Chairman of the Board of Statutory Auditors
	Consauto s.r.l.	Standing Auditor
	Eurospin Tirrenica S.p.A.	Standing Auditor
	FAIST Componenti S.p.A.	Standing Auditor
Myriam Amato	<u>Brunello Cucinelli S.p.A.</u>	<u>Substitute Auditor</u>
	Hera S.p.A.	Chairman of the Board of Statutory Auditors
	Acantho S.p.A.	Standing Auditor
	Hera Comm S.r.l	Chairman of the Board of Statutory Auditors
	Hera Ambiente S.p.A.	Standing Auditor
	Hera Luce S.p.A.	Chairman of the Board of Statutory Auditors
	Credimi S.p.A.	Standing Auditor
	Neptune Vicolungo I S.r.l.	Standing Auditor
	Tamburi Investment Partners S.p.A.	Chairman of the Board of Statutory Auditors
	Tod's S.p.A.	Substitute Auditor
	Freni Brembo SPA	Substitute Auditor