



BRUNELLO CUCINELLI

**Guiding Principles for the adoption of the
organizational, management and control model
as per Legislative Decree 231/2001**

(General Section)

Approved by the Board of Directors on 20th June 2011
Last amended by the Board of Directors on 7th March 2018

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Definitions

- **“Brunello Cucinelli Group”** or **“Group”**: Brunello Cucinelli S.p.A. and its direct and indirect subsidiaries pursuant to Article 2359 of the Italian civil code;
- **"Code of Ethics"**: document adopted by the Company, containing the set of ethical principles, values and rules of conduct that should inspire the actions of all those who operate within the Group's sphere of activity, whether internally or externally. The Code of Ethics is available on the IR website;
- **"Company"**: Brunello Cucinelli S.p.A.;
- **"Confindustria Guidelines"**: the guidelines for the preparation of organizational and management and control models issued by Confindustria, approved by the Ministry of Justice, at the end of the control procedure they conducted on the guidelines pursuant to Article 6, paragraph 3, of the Decree and Italian Ministerial Decree no. 201 of 26th June 2003;
- **"CONSOB MAR Guidelines"**: Guidelines for the Management of Inside Information no. 1/2017 issued by CONSOB (v. October 2017, as amended);
- **"Consolidated Law on Finance"** or **"TUF"**: Legislative Decree no. 58 of 1998, as amended.
- **"Consultants"**: anyone acting in the name and/or on behalf of the Company on the basis of a special contract or other consulting or partnership agreement;
- **"Corporate Bodies"**: the members of the Company's Board of Directors and the Board of Statutory Auditors;
- **"Corporate Governance Code"**: the Corporate Governance Code for listed companies approved by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A.;
- **"Employees"**: all persons employed by the Group, including managers;
- **“General Data Protection Regulation”** or **“GDPR”**: Regulation (EU) no. 2016/679, as amended;
- **“Group Websites”**: <http://investor.brunellocucinelli.com> (“**IR website**”) and <http://www.brunellocucinelli.com> (“**Official website**”);
- **"Issuer"**: the Company, as a company listed on the Italian electronic stock exchange (“**MTA**”) organized and managed by Borsa Italiana;
- **"Issuers’ Regulation"**: CONSOB regulation no. 11971/1999, as amended;
- **"Legislative Decree 231/2001"** or **"Decree"**: Legislative Decree no. 231 of 8th June 2001, as amended, containing "Provisions on the administrative liability of legal persons, companies and associations, including those without legal personality";
- **“Market Abuse Regulation”** or **“MAR”**: Regulation (EU) no. 2014/596, as amended;
- **"Model"**: the organizational, management and control model provided for by the Decree, as prepared and adopted by the Company;
- **"NCBA"**: Applicable National Collective Bargaining Agreement;
- **"Offences"**: the offences specified in the Decree;

- **"P.A."**: the Public Administration, including the respective officers in their capacity of public officials or public service providers;
- **"Recipients"**: anybody working towards achieving the Company's objectives and purpose. Recipients of the Model include the members of the Corporate Bodies, Employees, *façonisti*, distributors, agents/intermediaries, Consultants and, in general, all those who work in the name and/or on behalf of the Company;
- **"Sensitive Activities"**: Company activities within which there is the risk that Offences may be committed;
- **"Supervisory Body"** or **"SB"**: supervisory body in accordance with the Decree, appointed to oversee the operation of and compliance with the Model, as well as ensuring it is kept up to date, with independent powers of initiative and control;

GENERAL SECTION

1. Introduction

Legislative Decree 231/2001 introduced for the first time in Italy the administrative liability of entities for certain offences specified in the Decree, either committed or attempted, in the interest of entities or for their benefit, by representatives of senior management (i.e. individuals in "senior positions" or "top management"), or individuals under the direction or supervision of any members of senior management (Article 5, paragraph 1, of the Decree).

The Entity's administrative liability is additional to that of the natural person who committed the offence, and is independent of it.

The commission or attempted commission of the above-mentioned offenses are subject to a pecuniary sanction (*fine*) and, in more serious cases, interdictory sanctions (*penalties*), applicable also as a precautionary measure, such as prohibition on conducting business activities; the suspension or revocation of authorizations, licenses or concessions required to commit the offence; prohibition on contracting with the public administration; exclusion from incentives, financing, grants or subsidies, and possible revocation of those already granted; prohibition on advertising goods and services.

The types of offences to which the provisions at issue apply are listed and, in the cases relevant to the Group, discussed in detail in the Annex, to which the reader is referred.

2. Brunello Cucinelli S.p.A.

2.1 The Company's activities

The Bylaws specify that the Company's purposes are:

- i) the ideation, production and merchandising of knitwear, packaging for clothing, leather clothes and related products and accessories (e.g. fragrances and glasses);
- ii) the dressing and management of showrooms for the exhibition and sale, wholesale and retail, of the above products;
- iii) the organization of fashion shows and events for the promotion and popularization of clothing and accessories. The activity may be conducted both on its own or on behalf of third parties, through both wholesale and retail channels, directly and indirectly through third party agreements, including franchise agreements. The Company may also acquire, create, grant trademarks and patents;
- iv) publishing activities, excluding the publication of newspaper and magazines;
- v) the organization of cultural, educational and training events, conferences, congresses, etc., both directly and on the behalf of third parties and other Group companies; in particular, this activity includes the organization of events and fashion shows to promote and popularize the products made by companies in the clothing industry;
- vi) merchandising books, gadgets, clothes, art objects, etc. and any other asset related to the above activities (v), and the commercial use of all the industrial and intellectual property rights related to the activities and products mentioned under (i).

The Company can: (i) make any business, real estate, insurance and financial transaction (including, but not limited to, securitization, project finance) to the extent permitted by law to non-financial institutions, that the management body considers necessary or useful to achieve the company purpose, including the provision of guarantees for bonds of third parties the Company does business or is involved with; (ii) buy, sell, exchange and invest in companies both personal and real properties, give and receive them for lease or extended loan; (iii) extend loans to subsidiaries and affiliates; (iv) extend/receive real and personal warranties to/from subsidiaries; (v) assume, directly or indirectly, profit sharing and holdings in other companies and Italian or foreign institutions (vi) collect funds from its own members to finance its activities, subject to the conditions and limits provided by law, regulations, directives and decisions taken by the expert authorities and the governing bodies.

The Company can provide technical, business, accounting, administrative, IT and financial services, including cash pooling, to other companies of the group, while respecting those activities that only professionals are allowed to perform under law.

The above-mentioned activities can be exercised by the Company either directly or through subsidiaries and affiliates.

The Company's shares have been traded on the Italian electronic stock exchange ("MTA") organized and managed by Borsa Italiana S.p.A. since 27th April 2012. Up-to-date information on the Company's and the Group's activities is available on the Group's Internet sites.

2.2. Our philosophy as a humanistic company

A humanistic company with strong ancient roots in Italy, focused on the future and on meeting all consumer needs with beautiful handcrafted products, permeated with Umbrian mysticism and innovation.

Brunello Cucinelli Group's philosophy is reflected in a business model that places people at the heart of the production process. This model has made it possible to develop a feeling of being involved in the success of the Group. It is shared across all levels of the company and externally in relations with third party artisanal laboratories (so-called *façonisti*) and wholesale customers, translating into a high level of loyalty. The Company follows its own code of ethics: both internally, in interpersonal relations, and externally, it always puts human values first.

At the humanistic enterprise of Solomeo, humankind is seen as the ultimate good of the company and profit is the means, not the end, to make the Group grow stronger and to allow people working for it to live according to nature and to "*pursue virtue and knowledge*".

The ten pillars of the humanistic company of Brunello Cucinelli are:

- an innovative business model based on a humanistic enterprise and seeking the "common good";
- absolute coherence in the evolution and development of the brand;
- offering "*total look*", modern "*casual chic*" style products, excellence in the raw materials, craftsmanship, pursuit of quality;
- focusing attention on changes in tastes and styles and reinterpreting them with the "Brunello Cucinelli" touch;
- an industrial model based on a network of local small and medium-sized artisan workshops which use state-of-the-art planning techniques and production technologies;
- a multichannel distribution model that builds on the regional expertise of agents and shopkeepers as antennas able to capture and bring home business opportunities along with changes in consumer behavior;
- a young and horizontal organizational structure enabling it to build on the wide-ranging talent and creativity of people;
- a company network with internal processes designed to foster listening and continuous dialogue with all stakeholders: consumers, customers, agents, suppliers and *façonisti*;
- work ethics and discipline: common rules, simple and effective performance measurement systems, shared company values, financial satisfaction;
- sustainability of the entire supply chain, paying *façonisti* fair prices.

Cavaliere del Lavoro (Knight of Industry) Brunello Cucinelli, founder and CEO of the Company, has received many awards and accolades, confirming the success of the philosophy underlying the Group's work. Please see the dedicated section of the Official website for more details on the Group's philosophy. Furthermore, with specific reference to the impact of the principles underlying the Group's activities regarding environmental and social issues, employees, respect for human rights and combatting corruption and bribery, please see the "Non-Financial Disclosure" contained in the Company's annual report (from 2017 onward) for more information.

2.3. Corporate governance

Shareholders' meeting

The Shareholders' meeting may be ordinary or extraordinary according to the law and is called, pursuant to and within the time stated by law, at the Company's registered office or elsewhere, provided that the venue is in Italy. The ordinary general meeting must be called to approve the financial statements at least once a year, within one hundred and twenty days from the end of the financial year or within one hundred and eighty days in the cases permitted by law.

The General meeting, ordinary or extraordinary, is also called for decisions within their area of responsibility when the Board of Directors or Board of Statutory Auditors consider it necessary; meetings are also called when requested by shareholders representing at least five percent of the share capital.

Board of Directors

Pursuant to art. 13 of the Bylaws, the Company is governed by a Board of Directors consisting of a minimum of 5 (five) and a maximum of 21 (twenty-one) members, elected by the ordinary General Meeting, even if they are not shareholders.

The Board of Directors - within the limits provided by law - may delegate its duties, in whole or in part, to an executive committee composed of some of its members, determining the limits of the delegation and of the powers granted to them. The Board of Directors may also appoint directors, general managers as well as authorized representatives for specific acts or categories of acts. In addition, the Board of Directors may also appoint one or more committees with consultative, proposal or control function, determining their powers and duties in accordance with applicable laws and regulations. The delegated bodies report to the Board of Directors and the Board of Statutory Auditors at least once every three months, on the general performance of the company and its outlook, as well the material transactions, for their size and characteristics, carried out by the Company and its subsidiaries.

Pursuant to article 15 of the Bylaws, the Board of Directors is vested with all the powers for the ordinary and extraordinary management of the Company and for this scope may approve or take any action it deems necessary or useful for the implementation of the corporate purpose, except for those powers reserved by law and the Bylaws to the Shareholders' Meeting.

The Board of Directors is also empowered to adopt, in accordance with the art. 2436 of the Italian civil code, resolutions on the following:

- mergers and de-mergers in the cases specified in Articles 2505, 2505-bis and 2506-ter – last paragraph - of the Italian civil code;
- the opening and closing of secondary offices;
- guidelines on which directors may represent the company;
- reducing share capital on the withdrawal of a shareholder;
- amending the Bylaws for changes in legislation;
- transferring the registered office within Italy.

The assignment to the Board of Directors of responsibilities reserved for the Shareholders in general meeting (see above), does not affect the main responsibility of the Shareholders' meeting which maintains the power to resolve on the matters at issue.

The Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, appoints a manager in charge of preparing the Company's financial report in accordance with the provisions of art. 154-*bis* of the TUF (hereinafter the "**Manager charged** "). The Manager charged is placed at the highest hierarchical position possible, reports directly to the governing body and has the broadest powers and means of supervision, according to the best practices promoted for listed companies. Pursuant to art. 154-*bis*, paragraph 4 of the TUF, the Board of Directors ensure that the Manager charged has the appropriate powers and resources for discharging his statutory duties, as well to ensure compliance with the administrative and accounting procedures. Furthermore, the Board of Directors has the power to dismiss the Manager charged.

The Directors report to the Board of Statutory Auditors on the activities carried out and on any material transactions made by the Company or by subsidiaries impacting the operating results and financial position; more specifically, they report on transactions in which the Directors have an interest, directly or on behalf of a third party, or that are influenced by the party who performs management and coordination activities. Such information is usually given at the board meetings and, in any case at, least on a quarterly basis; when special circumstances arise, information may be submitted in writing to the Chairman of the Board of Statutory Auditors.

Pursuant to art. 18 of the Bylaws, the Chairman of the Board of Directors and, within the powers conferred, the Deputy Chairman, if appointed, and the Managing Directors act, with sole signing authority, as the legal representatives of the Company before third parties and in court, with the power to take legal action and institute judicial and administrative proceedings before all courts and to appoint lawyers and attorneys of record. Representation of the Company for single acts or categories of acts may be granted to employees of the Company and to third parties by the persons entitled to act as legal representative.

Board of Statutory Auditors

Control of the company, with clarifications provided below on auditing the accounts, is entrusted to a Board of Statutory Auditors comprising three standing auditors and two substitute auditors. The requirements, duties, responsibilities of the Board of Statutory Auditors are governed by law.

Statutory Auditors may, also individually, ask the Directors for news and clarifications on the information sent to them and, more in general, on company operations or on particular transactions, as well as carry out inspections and controls or request information at any time, in accordance with law. Two members of the Board of Statutory Auditors, acting jointly, have the right to call a Shareholders' meeting.

External auditors

Pursuant to art. 22 of the Bylaws, the Company's accounts are audited by an independent auditor or an external audit firm entered in the register provided by the applicable law. The firm engaged to audit the accounts is appointed by the General Meeting, on a reasoned proposal from the Board of

Statutory Auditors, in accordance with Legislative Decree 39/2010 and other applicable laws and regulations.

Committees

The Company's Board of Directors, at the meeting held on 26th March 2012, set up, in view of the recommendations in the Corporate Governance Code, a Control and Risks Committee and a Remuneration Committee.

- ***Control and Risks Committee***

The Control and Risks Committee is an advisory body that provides advice and makes proposals and is tasked with supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports.

The Control and Risks Committee is composed of independent directors; as an alternative, the Committee may be composed of non-executive directors, the majority of whom are independent. The Company has approved a regulation for the functioning of the Control and Risks Committee.

- ***Remuneration Committee***

The Remuneration Committee is an advisory body that provides advice and makes proposals, whose main task is to submit proposals to the Board of Directors for establishing the remuneration policy for directors and key management personnel.

It is composed of independent directors; as an alternative, the Committee may be composed of non-executive directors, the majority of whom are independent. The Company has approved a regulation for the functioning of the Remuneration Committee.

The Company has voluntarily set up intra-business committees with functions that mainly regard coordination. More specifically, these committees include:

- a) 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 Board of Directors 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;
- b) 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;
- c) 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;
- d) the **Cyber Security Committee**, which coordinates several relevant functions, with the purpose of assessing and mitigating the risks related to ICT systems of the Group. In particular, the Cyber Security Committee is responsible for:
 - designing a more cyber resilient corporate IT system;

- drafting corporate security policies according to industry best practice;
- continuous improvement of the continuity of critical infrastructures, especially for those considered strategic for the production chain;
- improving user awareness of cyber threats.

Furthermore, regular meetings with all employees are held at least four times a year and chaired by the Chairman of the Company. The performance of the company and future prospects are explained at these meetings. It is the perfect occasion to develop the sense of belonging created by the bottom-up approach and to discuss issues concerning the context and the civil and economic environment in which the Company operates.

In addition to the above “coordination venues”, every two years the "Board of the 50" is held at a friendly environment, far from the office. On this occasion, the Company’s strategies, envisaged by the administrative body (shared during the regular meetings with employees) and developed by the operational committees by the means of guidelines of the above-mentioned committees, are enriched in a dialogue-based discussion with a higher number of persons, who, in various ways, put in place these strategies. The participants represent all company departments and act as vehicle of people’s sentiment and needs, , sharing the outcomes with said people, right after the meeting.

2.4. Organizational principles

The Company operates under an organizational structure for its activities that involves sharing product and communication strategies to ensure that they are consistent with the brand image and the Brunello Cucinelli style. Furthermore, this organizational structure is characterized by the rigorous and continuous monitoring of the value chain.

2.4.1. Work organization

<i>Everyone in the company can be part of the creative force</i>
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The Company has organizational tools based on the business plan being embraced by the Employees, also achieved through an open and horizontal organization, in which plenty of room is left for young people to join in and that is characterized by:

- emphasizing the importance of teamwork in handling processes and in making major decisions;
- employing more than one person for key functions and in particular in the technical positions, in order to ensure continuity in the work carried out and the regular exchange of ideas;
- holding periodical meetings, at least on a quarterly basis, where the most important strategic decisions are explained to Employees.

Shared ethical principles and discipline form the basis of the humanistic company, resulting in:

- the same work hours for all employees;
- full concentration at work required at all times, to ensure respect for the work itself and colleagues;
- mechanisms to continuously monitor company performance, which applies to all, so everyone can stay focused on their work;

- strong corporate culture: the maximum sense of belonging at the company and sharing its values.

2.4.2. Production organization: *façonisti*

<i>Our façonisti are of paramount importance to our company.</i>
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Production is outsourced to *façonisti* (third party artisanal laboratories), using raw materials purchased and supplied by the Company, to make clothing; on the other hand, for the production of accessories, *façonisti* are allowed to purchase raw materials directly based on the instructions provided by the Company.

The Company has a carefully selected network of *façonisti* comprising artisans and small-medium sized companies which, in spite of using state-of-the-art planning and technology, make clothing and accessories using artisanal techniques.

The majority of the *façonisti* are based in Umbria. The Group relies on *façonisti* based in other regions for the production of products made by the highly skilled hands of people famous for operating outside of Umbria (for example, the production of women's footwear in Tuscany or men's footwear in Veneto).

A distinctive feature of *façonisti* is their specialization, not only in terms of product, but also in terms of each stage of their production process. Therefore, the processes are entrusted to a *façonista* with expertise in the specific production phase of each product, especially when it comes to knitwear products (which involves up to eight stages of processing), branching out the production process. On the one hand, this allows us to enhance the quality of the products and, on the other hand, reduces the overall workload of each *façonista* along with dependency risks on a financial or operational level.

At the same time, all products undergo meticulous quality controls by the Company that are conducted on a regular basis throughout the entire production process (both at our *façonisti*'s workshops and at the Company, at the end of each processing phase) and it manages all phases of logistics.

The Company also monitors *façonisti* compliance with legislation on health and safety condition in the workplace, social security, insurance, welfare and taxes.

2.4.3. Distribution organization

The Group offers its products on the market through a number of different distribution channels.

From the end customer's standpoint, the Group is present on the market through:

- the retail distribution channel, for which the Group relies on the services of directly operated stores (DOS), directly managed shop-in-shops and online boutiques;
- the wholesale monobrand channel, consisting of monobrand stores managed by commercial partners, on the basis of commercial distribution agreements;
- the wholesale multibrand, channel, consisting of independent multibrand stores and dedicated spaces within department stores (including shop-in-shops operated by the same department stores).

In some countries and regions, the Group uses a network of agents and distributors for sales to a number of monobrand and multibrand wholesale customers.

2.5 The Brunello Cucinelli Group

The Brunello Cucinelli Group operates in the main international markets; up-to-date information on the group structure is available on the IR website. Furthermore, for details on the Group's activities in Italy and abroad, please see the information contained in the annual financial report and in the interim reports required by art. 154-ter of the TUF, and more generally our Group websites.

The Parent company, Brunello Cucinelli S.p.A., is 51% controlled by Fedone S.r.l., whose only member is Spafid Trust S.r.l (formerly Esperia Trust Company S.r.l); on 25th June 2014, Cav. Lav. Brunello Cucinelli transferred his entire stake in Fedone S.r.l., establishing an irrevocable trust under British law called the “Trust Brunello Cucinelli”. For all other significant holdings, pursuant to article 120 of the TUF and article 117 of the Issuers' Regulation (i.e. for shareholdings of more than 3%), please see the specific section of the CONSOB website, www.consob.it.

The Company is not subject to management and coordination by Fedone S.r.l. given that:

- the main decisions regarding management of the Company and of its subsidiaries are taken within the Company's own bodies;
- 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 policies on access to credit access 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;
- the Company is totally autonomous in its dealings with customers and suppliers, with no interference by anyone outside the Company;
- Fedone S.r.l. exercises no centralized treasury function for the Company.

The Company carries out management and coordination activities within the meaning of article 2497 of the Italian civil code over the Italian companies of the Group; it also carries out strategic direction and coordination activities of the structure and the activities performed by all the companies it controls directly or indirectly.

In particular, the Company also coordinates and directs Group companies in determining the investments to be made, in commercial and financial administration relations, in management control and in the management and maintenance of information systems. The main initiatives through which the Company exercises this coordination and direction function are outlined below.

- communication of accounting information. For the preparation of the Company's consolidated financial statements and interim consolidated statements, the subsidiaries periodically submit their annual and interim financial statements to the Company. For this purpose, the Company gives its subsidiaries instructions to ensure prompt and correct disclosure, as well as consistent application of accounting standards for the entire Group;
- preparation of the Group's budget and business plan. The procedure for preparing the Company's consolidated budget and business plan requires that: (a) the Company sends to

its subsidiaries the instructions, plan assumptions and timetable for the preparation of the strategic framework, budget and business plan; (b) the subsidiaries provide the Company with the budget information, including that relating to planned investments, revenues, costs and financial position; (c) the Company defines the budget and plan targets for each subsidiary; (d) the Company defines and approves the Group's budget and business plan; (e) each subsidiary approves its own budget and any industrial plan, in line with the Group's budget and business plan;

- management and communication control of management information. In order to prepare consolidated management statements, the Group companies periodically report their management data to the Company. For this purpose, the Company gives its subsidiaries the necessary instructions to ensure consistent disclosure by the entire Group;
- financial services. The Company has adopted guidelines for subsidiaries for the management of exchange rate and interest rate risk;
- coverage of corporate risks. The Company coordinates the coverage of certain insurable business risks, in order to optimize the criteria for managing operations.

Finally, the Company provides the Italian Group companies with some secretarial, administration and general accounting services.

3. The Company's Organizational, Management and Control Model

Based on the provisions of the Decree - art. 6, paragraph 1, lett. a) and b) - the entity is exempt from liability resulting from the commission of offenses by persons identified in art. 5 of Legislative Decree 231/2001, if the governing body has, among other things:

- adopted and effectively implemented an appropriate organizational, management and control model suitable for preventing the offences considered (i.e. the "Model" for the purposes of this document);
- set up an independent body, vested with powers to act on its own initiative and conduct monitoring, to oversee the functioning of and compliance with the Model and to update it (i.e. the "Supervisory Body" or "SB" for the purposes of this document);

Moreover, the Company intends to uphold and disseminate, in line with the philosophy of a humanistic company, a culture based on:

- legality, so that no unlawful conduct, even if carried out in the interest or to the benefit of the Company, is considered to be in line with policy adopted by the Company;
- control, which must govern every decision-making and operational phase of the Company's activity, in full awareness of the risks arising from the possible commission of offences.

For these reasons and to achieve the aforementioned purposes, the Company has prepared and adopted a Model, formalizing a coherent system of principles, organizational, management and control procedures and regulations.

3.1. Purpose of the Model

The Model has the following objectives:

- to increase the awareness of Recipients, requiring them, within the limits of the activities carried out in the interest of the Company, to adopt correct and transparent behavior, in line with the ethical values adopted by the Company in pursuing its corporate purpose and to prevent the risk of the offences covered in the Decree from occurring;
- to establish that the above persons are aware that violations of the provisions issued by the Company may result in disciplinary and/or contractual measures, in addition to the imposition of criminal and administrative penalties against them;
- to establish and/or strengthen controls enabling the Company to promptly prevent or respond to the perpetration of offences by members of senior management and persons under their direction or supervision resulting in the administrative liability of the Company;
- to allow the Company, thanks to the monitoring of Sensitive Activities, and at-risk activities in general, to take swift action to prevent and combat any criminal offences and punish any conduct contrary to its Model;
- to improve the effectiveness and transparency in the management of corporate activities;
- to make Recipients perfectly aware that committing an offence is strongly condemned and against – not only the provisions of the law – but also the ethical principles which the Company is committed to abide by, and the interests of the Company, even when it could seemingly be to its advantage.

The adoption of the Model, as a means to steer the conduct of those working at the Company and encourage lawful, correct conduct at all Company levels, has a positive effect on preventing any type of crime or offence provided for by the legal system.

3.2. The Brunello Cucinelli S.p.A. project for the definition of its Model

In order to adapt its control system to the needs expressed by the Decree, the Company decided to launch a specific project aimed at creating a risk management and prevention system based on the provisions of the Decree and the principles already rooted in the Company's business philosophy and governance culture (hereafter the “**Project**”).

The Company's Model was prepared and adopted through this Project.

The methods chosen to execute the Project, in terms of organization, definition of operating procedures, structuring into phases, and allocation of responsibilities among the various functions, were designed to ensure the quality and validity of the results.

The Project comprised the following phases:

- analysis of the documentation relating to the corporate and organizational structure;
- preliminary identification of Sensitive Activities within which the offenses set out in the Decree could be committed;
- identification of the individuals responsible for identifying Sensitive Activities, the control environment and the results of the gap analysis (“**Key Officers**”)¹;
- sharing the preliminary identified Sensitive Activities with the administrative body along with the list of Key Officers identified for the performance of the subsequent phases of the Project;
- analysis of existing control system covering the areas with Sensitive Activities and identification of the areas of improvement (“**Gap Analysis**”);
- preparation of the Organizational, Management and Control Model in all of its parts and operating rules and consistent with the guidelines drafted by trade associations (Confindustria).

This document is divided into:

a) a General Section, which describes:

- the overall functioning of the organization, management and control system adopted by the Company aimed at preventing the commission of Offences;
- the methodology adopted for the preparation of the organizational, management and control model;
- the identification and appointment of the Supervisory Body, specifying their powers, tasks and information flows;
- the disciplinary system and related penalty system;
- the training and communication plan to be adopted in order to ensure that people are familiar with the measures and the provisions of the Model;

¹ The Key Officers were identified among personnel from the highest organizational level able to provide detailed information on the individual corporate processes and on the activities of the individual functions.

- the criteria for updating and adapting the Model;
- b) a Special Section, designed to supplement the content of the General Section with:
 - a description of the purpose of the Special Section of the Model, the Sensitive Activities and the general control criteria adopted by the Company;
 - an Appendix containing: (i) a list of the Offences; (ii) an analysis of any such offences covered in the Decree taken in account by the Company, considering its business; (iii) the Sensitive Activities identified in connection with the offences mentioned in point (ii) above, along with the relevant control instruments implemented by the Company in order to prevent these offences from being committed.

The following constitute an integral part of the Model:

- the Code of Ethics;
- the risk assessment activities carried out by the Company for various reasons in order to identify the Sensitive Activities and assess the other risks for the Group, as well as the related documents;
- the guidelines for the internal control and risk management system of the Group;
- all internal measures, documents and company procedures implemented in the framework of the Model or, in any case, implementing the Model.

3.3. Model adoption and updating

3.3.1. Duties

The Board of Directors adopted the Model on 20th June 2011 and is solely responsible for approving updates, amendments and additions to the Model, as well as its implementation and execution.

The Supervisory Body, as part of the powers granted to it in compliance with art. 6, paragraph 1, letter b) and art. 7, paragraph 4, letter a) of the Decree, has the power to oversee, develop and promote the continuous updating of the Model. For this purpose, it may make observations and proposals, relating to the organization and control system, to the relevant organizational units or, in particular circumstances, directly to the Board of Directors.

The Body must also inform the Board of Directors in writing, in a timely manner and in its periodic reports, the facts, circumstances or organizational shortcomings that it has encountered during its supervisory activities, highlighting the need or advisability to amend or supplement the Model.

Also for this purpose, each year the Supervisory Body approves a monitoring program containing the criteria and procedures to be adopted for its operations, as well as the schedule (even if approximate) of its activities ("**Monitoring Program**").

3.3.2. Updating of the Model

When it is considered advisable or necessary to update the Model, the Board of Directors, subject to the input or opinion of the Supervisory Body, approve these updates. The Model must be updated at least in the following cases:

- infringement or circumvention of the regulations contained in the Model, which have demonstrated that the Model is ineffective or inconsistent for the purpose of preventing offences or prohibited conduct;
- significant changes in the Company's organizational structure and/or in the way in which it conducts business (e.g. following the acquisition of a business branch);
- changes to the applicable regulatory framework affecting the Company (e.g. the introduction of new types of Offences);
- the outcome of the controls performed is unsatisfactory.

Once approved, the amendments and instructions for their immediate application are communicated to the Supervisory Body, which, in turn, will, without delay, ensure that they are properly communicated and implemented. The Supervisory Body will also, through a specific report, notify the Board of Directors on the outcome of the activities conducted in compliance with the decision to update the Model.

The Model will be, in any case, subject to a periodic review procedure every three years, organized through a resolution of the Board of Directors.

3.3.3. Extension of the principles of the Model

The Company, aware of the importance of a correct application of the principles established by Legislative Decree no. 231/2001 within the entire Group, delivers the principles contained in this Model to its subsidiaries and to its commercial partners considered relevant for the purposes of the Decree.

4. Supervisory Body

The Company has delegated the task of overseeing the operation of and compliance with the Model, as well as assessing its effectiveness and ensuring it is kept up to date to a Supervisory Body, in the form of a board, vested with powers to act on its own initiative and conduct monitoring. This body operates in compliance with the principles of independence, professionalism and continuity of action, as identified by applicable regulations and by the guidelines of the most authoritative trade associations - in particular, by Confindustria.

To ensure compliance with the requirements of autonomy and independence, the Supervisory Body is considered a staff unit in the highest hierarchical position possible, reporting directly to the Board of Directors, considered top management.

In order to protect the Supervisory Body's objectivity of judgment and continuity of action, it does not have any duties that may lead it to make decisions with financial consequences and its members do not hold positions within the Company requiring them to take part in decisions and operating activities.

4.1. Appointment and dismissal

The Supervisory Body is established with a resolution of the Board of Directors and its term of office expires together with the Board of Directors who appointed them, it being understood that they will continue to hold the position until a new body is appointed.

The appointment and dismissal of members of the Supervisory Body (hereinafter the "**Members**"), as well as the determination of their number, is the exclusive responsibility of the Company's Board of Directors, that decides according to the procedures set forth in the Model.

The appointment as Member is established by resolution of the Board of Directors, subject to the non-binding opinion of the Board of Statutory Auditors and the Control and Risks Committee. Appointment is dependent on meeting the subjective requirements of good repute, integrity and respectability, as well as the absence of any grounds for incompatibility with the appointment itself (hereinafter, the "**Requirements**"), as ascertained by the Board of Directors.

The Members are required to report any reasons impeding the performance of their duties, at the latest, during the first meeting of the Supervisory Body, which informs the Board of Directors in writing, issuing an opinion on whether the Requirements are met and, where necessary, providing a reasoned proposal for dismissal of the relevant Member.

At any rate, the Supervisory Body, at least once a year, verifies whether each Member still meets the Requirements and informs the Board of Directors.

The Supervisory Body or one of its Members may only be dismissed for just cause, with a reasoned decision by the Board of Directors, subject to the favorable opinion of the Company's Board of Statutory Auditors and the Control and Risks Committee. Dismissal of the majority of the Members will result in the automatic dismissal of the entire Supervisory Body.

The following circumstances always constitute just cause for dismissal:

- a) the Requirements are no longer met, for any reason whatsoever, and in particular for the following causes:
- conflicts of interest, including potential, with the Company likely to jeopardize the independence required by the role and duties within the Supervisory Body;
 - to have held management or control functions - in the three years prior to their appointment as Member – within companies subject to bankruptcy, forced liquidation or other insolvency proceedings;
 - to have taken up employment as a civil servant at central or local governments in the three years prior to their appointment as Member;
 - a conviction ruling, even in a lower court, or judgments applying a plea-bargaining agreement, in Italy or abroad, for the offences mentioned in Legislative Decree 231/2001 or similar offences;
 - a conviction ruling, even in a lower court, or judgments applying a plea-bargaining agreement, in Italy or abroad, which imposes a penalty involving disqualification, even temporary, from holding public office, or temporary disqualification from holding directorships in legal persons and companies.
- b) serious negligence in carrying out the duties associated with the appointment, including, but not limited to: failure to provide a half-yearly or annual report on the activities carried out to the Board of Directors and the Board of Statutory Auditors referred to in section 4.3.1 or the unwarranted failure to prepare the Monitoring Program;
- c) failure of or shortcomings in supervision on the part of the Supervisory Body - as provided for by Art. 6, paragraph 1, lett. d), of Legislative Decree 231/2001 – resulting from a conviction ruling, with final judgement, entered against the Company in accordance with Legislative Decree 231/2001 or from judgments applying a plea-bargaining agreement;
- d) the assignment of operational functions and responsibilities within the company organization that are incompatible with the requirements of “autonomy and independence” and “continuity of action” of the Supervisory Body.

In particularly serious cases, the Board of Directors may in any case – after consulting with the Board of Statutory Auditors – suspend the powers of the Supervisory Body and appoint a body *ad interim*.

4.2. Functions and powers

The Supervisory Body has the powers to act on its own initiative and conduct monitoring, which extends to all sectors and departments of the Company. These powers must be exercised with independence, professionalism and continuity of action, in compliance with the competences and duties established in the Model, necessary to ensure the effective and efficient monitoring of the functioning of and compliance with the Model in accordance with the provisions of art. 6, Legislative Decree 231/2001.

To that end, the Supervisory Body governs its operations independently, also through the introduction of rules to regulate its activities, which is disclosed to the Board of Directors ("**SB Regulations**").

The control and inspections activity carried out by the SB is strictly functional to the objectives of effective implementation of the Model; therefore, the activities put in place by the Supervisory Body cannot be audited by any other corporate body or structure, and does not replace or substitute the Company's institutional control functions.

More specifically, the Supervisory Body is vested with the following powers and responsibilities, both in order to prevent the commission of Offences and other violations of the Model, and in order to prove the actual or potential commission of an offence:

- a) monitoring the functioning of and compliance with the Model (including the associated documents);
- b) carrying out inspections and checks on regular basis and on random occasions, in consideration of the various areas of work or the type of the activities performed and their critical points, with the express right to:
 - free access to any department and unit of the Company – with no need for any prior permission - to request and obtain information, documents and data considered necessary to perform the tasks provided for by Legislative Decree 231/2001, by all employees and managers; in case the SB receives a motivated refusal to obtain access to documents, and does not agree with the reason for refusal, it will prepare a report to submit to the Board of Directors;
 - request relevant information or the exhibition of documents, including IT documents, pertaining to the Sensitive Activities, from the directors, control bodies, external auditors, collaborators, consultants and generally from all individuals who must observe the Model;
- c) developing and promoting the constant update of the Model, including identification, mapping and classification of the Sensitive Activities, submitting, where necessary, to the Board of Directors, proposals for any updates and adjustments to be made through the amendments and/or supplements that may be necessary;
- d) managing the flow of information under their remit, as well as reviewing the information flows and reports of the corporate functions, to and from the Corporate Bodies;
- e) promoting initiatives to raise awareness and understanding of the Model, the contents of Legislative Decree no. 231/2001, the impact of the regulation on the Group's activities and rules of conduct, as well as initiatives for educating Recipients and raising their awareness on the need to comply with the Model, with the right to check attendance;
- f) verifying that an efficient internal communication system has been set up to allow transmission of relevant information in compliance with the provisions and safeguards provided by the Decree;
- g) promoting awareness of the types of conduct which must be reported and the procedures for making reports. To this end, for greater clarity, the Supervisory Body may prepare a list of actions and conduct that, in any case, must be reported to it;
- h) providing all Recipients with clarifications on the correct interpretation and application of the Model;

- i) establishing with complete independence, and submitting for approval by the administrative body, a forecast of the expenditure required to ensure that the Monitoring Program is properly carried out;
- j) autonomously using financial resources within the limits approved by the administrative body, also for the purpose of engaging external advisors, as long as this is done in compliance with the conditions and procedures specified in the Model;
- k) autonomously using financial resources over the limits approved by the administrative body, only when the use of such resources is necessary to deal with exceptional and urgent situations, with the requirement to inform the Board of Directors at its next meeting;
- l) promptly reporting to the governing body, for the appropriate measures, identified violations of the Model that may result in the Company incurring liability and recommend the imposition of applicable penalties based on the Model;
- m) assessing the suitability and effectiveness of the disciplinary system provided in the Model, pursuant to Legislative Decree no. 231/2001.

The Supervisory Body may, in the exercise of its powers and responsibilities, call on the support of the relevant corporate functions and, where deemed appropriate, consultants or external specialists, whose involvement is essential for the specific activities. In this case, the SB verifies that these consultants and specialists meet the requirements for appointment as a Member and, upon appointment, consultants and specialists will be required by the SB to submit a declaration certifying:

- that they are adequately informed on the provisions and rules of conduct laid down in the Model;
- that they meet the Requirements;
- there are no reasons to prevent them from being hired or perform their duties.

Lastly, the Members, like all individuals that the Supervisory Body relies on, for any reason, must comply with the duty of confidentiality of all the information they learn about in the performance of their duties.

To be clear, the Supervisory Body has no management or decision-making powers related to the performance of the Company's activities, nor does it have any powers to organize or change the corporate structure or any sanctioning powers.

The Board of Directors ensures adequate communication of the duties of the Supervisory Body and of its powers to the corporate structures.

4.3. Information flows

4.3.1. Supervisory Body reporting to the corporate bodies

The Supervisory Body reports on the implementation of the Model, the detection of any critical aspects, and the need for modifications. There are two distinct lines of reporting:

- the first, on a continuous basis, is directly to the Chairman and CEO;
- the second, on a periodic basis and at least every six months, is to the Board of Directors and the Board of Statutory Auditors.

Specifically, the Supervisory Body:

- i) reports to the Chairman and CEO (who informs the Board), keeping them informed whenever considered appropriate on the significant circumstances and events of its office. The SB immediately communicates the occurrence of exceptional situations (e.g. significant breaches of the principles contained in the Model, new legislation on administrative liability of entities, etc.) and reports received which are urgent in nature;
- ii) presents a written report, on a periodic basis and at least every six months, to the Board of Directors and the Board of Statutory Auditors and the Control and Risks Committee, which must contain at least the following information:
 - a) a summary of the activities carried out in the half-year;
 - b) any problems or issues that emerged during the supervisory activities;
 - c) when not covered in previous and specific reports:
 - the corrective actions required to ensure the efficiency and/or effectiveness of the Model, including those necessary to correct the organizational or procedural deficiencies identified and able to expose the Company to the risk of the commission of significant offences pursuant to the Decree, including a description of any newly identified Sensitive Activities;
 - always in compliance with the terms and the methods indicated in the disciplinary system adopted by the Company under the Decree, evidence of conduct verified as not being in line with the Model, with a proposal on the penalty deemed most appropriate against the person responsible for the infringement or of the function and/or process and/or area concerned;
 - d) an account of the reports received from internal and external parties, including those directly discovered, regarding alleged violation of regulations contained in the Model, of the prevention protocols and in the related implementation procedures, as well as violation of the regulations in the Code of Ethics, and the outcome of the resulting checks;
 - e) information regarding any perpetration of offences covered in the Decree;
 - f) the disciplinary measures and any penalties that may be applied by the Company, with reference to violations of the provisions of this Model, the prevention protocols and the related implementation procedures as well as for any violations of the regulations laid down in the Code of Ethics;
 - g) an overall assessment of the operation and the effectiveness of the Model with any proposals for additions, corrections or amendments;
 - h) any changes to the regulatory framework and/or significant changes to the internal structure of the Company and/or the methods of conducting business activities which require the Model to be updated;
 - i) any conflicts of interest, even potential, of a member of the SB;
 - j) a statement of expenses incurred;
 - k) the Monitoring Program for the next period;

The Board of Directors and the Board of Statutory Auditors have the right to convene the Supervisory Body at any time, so that it can inform them on the relevant activities.

Meetings with the corporate bodies and with the Chairman and CEO, who the Supervisory Body reports to, must be documented. The Supervisory Body ensures the filing of the related documentation.

The Company holds a meeting at least once a year with all control bodies (Board of Statutory Auditors - Supervisory Body - Head of the Internal Audit Function - Independent Directors - Financial Reporting Officer - External Auditor - General Counsel) in order to coordinate their activities and functions and ensure the punctual and comprehensive exchange of information among the various functions involved in monitoring activities.

4.3.2. Information and reporting to the Supervisory Body

The Supervisory Body must be promptly informed of actions, conduct or events that could lead to a violation of the Model or, more generally, which are relevant for the purpose of improving the performance and effectiveness of the Model.

All Recipients of the Model must inform the Supervisory Body of any information considered useful to facilitate the performance of checks on the correct implementation of the Model. To this end, the Company prepares and adopts a specific procedure for handling reports ("**Whistleblowing Procedure**"), in compliance with the provisions of the Decree. The Whistleblowing Procedure, expressly referred to herein, is an integral part of the Model. At any rate, the Company makes available at least the following email address to send reports to the Supervisory Body: organismodivigilanza.brunelloucinelli@pec.it.

Managers of the Company functions that operate in the area of Sensitive Activities (e.g. Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer, Manager charged, heads of Public Relations, General Counsel, heads of Investor Relations, Internal Audit) must promptly send the Supervisory Body, directly or via the Internal Audit Function, the necessary information flows to the Supervisory Body concerning the periodic results of the control activities carried out by them, any anomalies or atypical situations or irregularities that they learn of and which represent violations of the regulations which are relevant for the purposes of the provisions laid down in Legislative Decree no. 231/2001. By way of example, information flows should in any case include:

- the issuance and/or updating of the organizational documents (i.e. the organizational chart, function chart, policies, regulations and the procedures);
- the rotation of the responsibility of the senior functions involved and any update of the company's system of delegated powers and proxies;
- reports prepared by the functions/control bodies (including external auditors) as part of their auditing activities, from which critical facts, acts, events or omissions could emerge in relation to compliance with the Decree or the provisions of the Model;
- the disciplinary proceedings opened for violations of the Model, the orders of dismissal of these proceedings and the related grounds for dismissal, the application of penalties for violation of the Model or of the procedures established for its implementation;

- orders and/or news from authorities, Italian or foreign, of public or private law², which indicate that investigations are underway for any Offence;
- requests for legal assistance forwarded by employees in the event of judicial proceedings being brought against them in relation to Offences, unless expressly prohibited by the judicial authority;

The Supervisory Body stores all information, notifications, reports and reporting documents transmitted or received pursuant to the Model or the Decree in special archives.

²These include, but are not limited to: Consob; Borsa Italiana; Law Enforcement Officials; Italian Financial Police; Italian Revenue Agency; Judicial Authority; Enac.

5. Penalty system

5.1. General principles

Art. 6, paragraph 2, lett. e) and Art. 7, paragraph 4, lett. b) of Legislative Decree no. 231/2001 specify, as a condition for the effective implementation of the Model, the introduction of a disciplinary system to punish non-compliance with the measures indicated in the Model. Therefore, Company has defined and adopted an adequate disciplinary system in the Model to prevent the commission of offences.

The penalties specified will be imposed for any violation of the provisions contained in the Model, regardless of whether an offence has been committed and regardless of whether any criminal proceedings are filed before the courts and the relative outcome.

The penalties provided for violations of the provisions contained in the Model also apply to any violation of the provisions contained in the Code of Ethics and in any other document included in the Model or which is a part of its implementation. The individual procedures used to implement the Model may include a specific penalty system, in compliance with the general principles set out in this document.

In relation to the notification and verification of violations, and the application of disciplinary sanctions, the powers already granted by the Board of Directors remain valid. The Supervisory Body, after receiving the notification and investigating the matter as appropriate, prepares a proposal concerning the measures to be adopted and communicates its assessment to the relevant company bodies, on the basis of the disciplinary system, which will decide on adopting and/or changing the measures proposed by the Supervisory Body, activating the relevant company functions involved in the matter for the effective application of the measures.

The initial notice and investigation phases, as well as the effective imposition of penalties, are conducted in compliance with current laws and regulations, as well as the provisions of collective bargaining agreements and the Disciplinary Code adopted by the Company. Furthermore, in order to guarantee the full exercise of the right of defense, a deadline must be set within which the party concerned can send a written response and/or rebuttal and may be heard, before any penalty is imposed.

5.2. Disciplinary measures against workers

The violation of the individual provisions and rules of conduct covered in the Model by employees is always considered a disciplinary offence.

The Company asks its employees to report any violations. The Company regards the contribution positively, even if the person who made the report contributed to this violation.

As regards the type of penalties imposed, in the case of an employment contract, any disciplinary measure must comply with the procedures laid down in Art. 7 of the Workers' Statute, and the principle of correlation, i.e. the type and category of disciplinary action must be commensurate with the type and category of the violation.

5.2.1. Disciplinary measures against non-executive staff

The conduct of employees in violation of the rules of conduct contained in the Model amounts to non-compliance of a primary obligation of the relationship and, consequently, constitutes a disciplinary offence.

In relation to the provisions applicable to non-executive staff, the primary source of the Company's penalty system is the National Collective Bargaining Agreement for the service sector and the National Collective Bargaining Agreement for the garment and clothing sector and in the Disciplinary Code adopted by the Company.

It should be noted that the penalty imposed must be proportional to the seriousness of the violation and, in particular, the following must be taken into account:

- the subjective aspect, i.e. the willfulness of the conduct or the degree of guilt (negligence, incompetence or inexperience);
- the overall conduct of the employee with particular regard to the existence or otherwise of previous disciplinary action;
- the level of responsibility and autonomy of the employee who committed the disciplinary offence;
- the involvement of other people;
- the severity of the effects of the disciplinary offence, i.e. the level of risk which the company may reasonably be exposed to as a result of the alleged violation;
- any other special circumstances associated with the offence.

The Disciplinary Code adopted by the Company provides for the following penalties:

1. oral reprimand;
2. written reprimand;
3. a fine not exceeding the maximum amount set out in the relevant NCBA;
4. suspension from work without pay up to the maximum extent permitted under the applicable NCBA;
5. dismissal with notice for misconduct;
6. dismissal without notice for misconduct.

In the event of violation of the Model or Decree, the following penalties apply:

- a) an employee shall be subject to punishment in the form of an oral or written reprimand as disciplinary measure, depending on the severity of the infringement committed, if he or she fails to perform the tasks and duties specified in internal procedures with due diligence or infringes the provisions provided for by the Model and the documents referred to therein concerning information to the Supervisory Body or checks to be carried out, or who, in any case, in carrying out Sensitive Activities commits a minor violation of the provisions of Model for the first time, provided that this violation does not give rise to a major external negative impact for the company.
- b) an employee shall be subject to punishment in the form of a fine as a disciplinary measure up to maximum amount set out in the relevant NCBA (or similar contracts), if he or she fails on

multiple occasions to perform the tasks and duties specified in internal procedures with due diligence or infringes the provisions provided for by the Model and the documents referred to therein concerning information to the Supervisory Body or checks to be carried out, or who, in any case, in carrying out Sensitive Activities whose conduct, on multiple occasions, does not comply with the provisions of the Model;

- c) an employee shall be subject to punishment in the form of suspension from work without pay, up to the maximum extent permitted under the applicable NCBA, if he or she fails to perform the tasks and duties specified in internal procedures with due diligence or infringes the provisions provided for by the Model and the documents referred to therein concerning information to the Supervisory Body or checks to be carried out, or whose conduct, in any case, in carrying out Sensitive Activities does not comply with the provisions of the Model, performing acts against the Company's interest, exposing the company to a dangerous situation in relation to the integrity of company assets, or damages the company by performing acts which are contrary to the Company's interest, or is a repeat offender for more than two times in one year of points "a) and/or b)" above.
- d) an employee shall be subject to punishment in the form of dismissal as a disciplinary measure, if his or her conduct, in the performance of Sensitive Activities, does not conform with the provisions of the Model and enough to cause the imposition of the measures set out in Legislative Decree 231/2001 on the Company, or however conduct not in line with the requirements of the Model and is clearly directed towards committing an offence punished by Legislative Decree 231/2001. The same penalty applies to any worker who has been punished for more than two times in the year for misconduct pursuant to point "c)" above.

5.2.2. Disciplinary Measures against managers

In the case of violation of the Model by managers, the Board of Directors, subject to the non-binding opinion of the Supervisory Body, will apply the most appropriate measures permitted by law and contract, up to lawful dismissal.

5.3. Disciplinary measures against members of Corporate Governance Bodies

On notification of violation of the provisions and the rules of conduct in the Model by members of Corporate Governance Bodies, the Supervisory Body must promptly inform the Board of Statutory Auditors and the Board of Directors on the situation. The Board of Directors will evaluate whether to adopt disciplinary measures, including a proposal for dismissal. It is understood that violation of the Model by any member of the Corporate Governance Bodies constitutes just cause for dismissal.

5.4. Disciplinary measures against other Recipients

Violation of the provisions and rules of conduct provided in the Model or the commission of Offences by other Recipients of the Model, with contractual relationships with the Company for the performance of Sensitive Activities, will be punished according to the relevant contracts, and may result in termination of the contract, and the Company may claim for damage. The Company uses its best efforts to ensure that these contracts, with express reference to compliance with the rules of

the Model, provide for the obligation of these third parties to refrain from adopting acts, or engage in conduct, liable to cause a violation of the Model by the Company.

6. Training and communication plan

6.1. Introduction

In order to ensure the effective implementation of the Model, the Company ensures the correct disclosure of the contents and the principles of the Model inside and outside the organization.

The Company aims to also communicate the contents and the principles of the Model to individuals, while not formally employees, working – even on an occasional basis - to achieve the Company's objectives by virtue of contractual relationships.

In fact, the Company aims to:

- make all persons working in its name and on its behalf in areas involving Sensitive Activities aware of the possibility of committing an offence punishable by penalties, should they violate the provisions of the Decree or the Model;
- inform all those who work in any capacity in the name of, on behalf of, or otherwise in the interest of the Company that any violation of the provisions contained in the Model will result in the imposition of appropriate penalties or termination of the contractual relationship;
- reiterate that the Company does not tolerate misconduct of any type regardless the aim, since such conduct (even if the Company were apparently in a position to benefit therefrom) is in any case contrary to the ethical principles that the Company intends to uphold.

Communication and training activities vary according to the recipients they are aimed at; in any case, they are based on the principles of completeness, clarity, accessibility and continuity to ensure that the various recipients become fully aware of the company rules which they must comply with and the ethical standards that must motivate their conduct.

Communication and training activities are overseen by the Supervisory Body, which is assigned, among other things, with the task of promoting (i) initiatives for the dissemination of knowledge and understanding of the Model, as well as for training Employees and raising their awareness on compliance with the principles contained in the Model and (ii) communication and training sessions regarding the content of Legislative Decree no. 231/2001, the impacts of the regulation on company activities and on standards of conduct.

6.2. Employees

Each employee must: i) become familiar with the principles and contents of the Model; ii) know the operational procedures which must be followed to carry out his or her activities; iii) actively contribute, in relation to his or her role and responsibilities, to the effective implementation of the Model, reporting any shortcomings found.

In order to ensure effective and efficient communication, the Company aims to facilitate and promote employee awareness of the principles and content of the Model and implemented procedures, with different degrees of detail based on an employee's position and role.

New and existing employees receive a summary of the guiding principles of the Model and the Code of Ethics attached to their pay slips, or through the Company's intranet site.

Appropriate communication tools are used to update recipients on this section regarding any changes made to the Model, as well as any significant procedural, regulatory or organizational changes.

6.3. Members of the Corporate Bodies and managers

A hardcopy of the full version of the Model and the Code of Ethics is available to members of the Corporate Governance Bodies and to managers.

Appropriate communication tools will be used to update them on any changes to the Model, as well as any significant procedural, regulatory or organizational changes.

6.4. Other Recipients

The content and the principles of the Model will also be communicated to third parties that engage with the Company under contracts, with particular reference to parties involved in Sensitive Activities.

ATTACHMENT

(Whistleblowing Procedure as per Law 179/2017)



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**DEFINITIONS**

- **“Company”**: Brunello Cucinelli S.p.A., with registered office at 5 Viale Parco dell’Industria, Solomeo – 06073 Corciano (Perugia) – ITALY; Tax Code and VAT No. IT01886120540 – Business and Trade Registry No.: PG 01886120540 – PG Economic and Administrative Index No. 165936;
- **“Group”**: the Company and its subsidiaries, with offices in Italy and abroad;
- **“Decree”**: Legislative Decree No. 231 of 8 June 2001 and subsequent amendments thereto, on the “Regulations governing the administrative liability of legal entities, companies, and associations, including those without legal status, pursuant to Article 11 of Law no. 300 of 29 September 2000”;
- **“Code of Ethics”**: document adopted by the Company, which contains the ethical principles, values, and rules of conduct that shall inspire the activity of all those who work, within or outside of, the sphere of action of the Group. The Code of Ethics is available on the Company’s website, at: <http://investor.brunellocucinelli.com/en/services/archive/governance/documents>
- **“Model”**: organizational, management, and control model in accordance with the Decree;
- **“Supervisory Body”**: collective body set up at the Company pursuant to Article 6, paragraph 1 of the Decree, responsible for supervising the functioning of and compliance with the Model, as well as for its updating; it is endowed with autonomous powers of initiative and control;
- **“Procedure”**: this procedure.

The meanings of the terms and expressions starting with a capital letter used in this Procedure which are not specifically defined here are those attributed to them within the Model.



1. PURPOSE

The purpose of this Procedure is to govern the submissions of the following reports (hereinafter, “**Reports**”):

- a) detailed Reports of cases of illicit conduct which are of significance according to the Decree, based on factual, concordant elements, or of violations of the Model, of which the Recipients (as defined below) have become aware through their jobs, pursuant to Article 6, paragraph 2-*bis*, of the Decree (“**Predicate Offenses**”);
- b) in addition, more in general, the Reporting of possible behaviors, whether acts or omissions, which constitute or may constitute a violation of, or incitement to violate, laws or regulations, the Code of Ethics, or the Model, as well as, more in general, procedures and measures adopted by the Company or the Group (hereinafter, “**Irregular Conduct**”).

This Procedure is an integral part of the Model, and the document of reference for all companies of the Group, without prejudice to any specific local laws on the same subject that are found to be in conflict with it. The principles of this Procedure neither compromise nor limit in any way the obligations to submit reports to the Judicial Authority or the competent supervisory authorities or regulatory authorities in the countries in which the Group companies operate, or the obligation to submit a report to the control bodies or offices that may exist within each Group company.

2. RECIPIENTS

Pursuant to article 5, paragraph 1, of the Decree, this Procedure addresses the following individuals (hereinafter, the “**Recipients**”):

- a) anyone who holds a position of representation, administration, or management of the Company or one of its financially and functionally autonomous organizational units, and anyone who has management and control powers over them, even if only de facto;
- b) anyone who works under the management or supervision of one of the individuals mentioned in letter a) above (e.g. employees).

3. SUBJECT

3.1 Reporting Duty

On the basis of this Procedure, and without prejudice to any other legal obligation, all Recipients are asked to promptly submit a Report on any events of which they have become aware through their job, in each of the following cases:



- a) Reports concerning individuals who carry on relations with one or more of the Group companies;
- b) Reports concerning events that have occurred during work activities or which may have any impact whatsoever on the Group's business.

In particular, any event or behavior must be reported if it is believed that it may cause damage of any kind to a Group company (for example, economic, reputational, image, environmental, worker or third-party safety damage), but also if it is suspected that the Company or Group may receive, directly or indirectly, a benefit or advantage of any kind from the Predicate Offence or Irregular Conduct.

3.2 Manner of Reporting

Reports may be submitted either anonymously or non-anonymously; however, the Company prefers a non-anonymous report, in order to permit – where necessary – a more effective and efficient investigation. In any case, all protections envisaged by law and by this Procedure are guaranteed for anyone who submits Reports or cooperates in any way with the investigation (see *infra*).

3.3 Contents of Reports

All Reports, including anonymous ones, must be documented and circumstantial, in order to provide all information that is useful and appropriate for permitting a suitable verification of the validity of the facts reported. It is particularly important, whenever possible, for the Report to contain the following elements:

- a detailed description of the events that occurred and how the whistleblower became aware of them;
- date and place of the events;
- names and job positions of the persons involved or information that enables their identification;
- names of any other individuals who can attest to the events in the Report;
- reasons for which it is believed that the events in the Report constitute a Predicate Offence or Irregular Conduct;
- reference to any documents that may confirm the occurrence of the events reported.

Reports may be submitted in either Italian or English.

3.4 Reporting Channels

Reports must be submitted using one of the following channels:

- (i) by e-mail to: organismodivigilanza.brunellocucinelli@pec.it;



- (ii) by letter, mailed to: “Brunello Cucinelli S.p.A. – Viale Parco dell’Industria n. 5, Solomeo – 06073 Corciano (PG) – Italy”. The letter must be addressed exclusively to the attention of the Supervisory Body and marked “STRETTAMENTE CONFIDENZIALE / STRICTLY CONFIDENTIAL”;
- (iii) Reporting channels which guarantee the confidentiality of the whistleblower’s identity during the Report management phases, pursuant to and within the limits of Article 6 of the Decree (as amended by Article 2 of Law 179/2017):
 - a. registered letter, sent in a closed envelope to an independent third-party service provider engaged by the Company, which will handle the whistleblower’s identity in compliance with the provisions of the Decree¹. The envelope containing the letter must carry the following wording: “WHISTLEBLOWING BRUNELLO CUCINELLI – STRETTAMENTE CONFIDENZIALE / STRICTLY CONFIDENTIAL”;
 - b. via the “*Whistleblowing*” application accessible through the “*Compliance*” section of the Group’s intranet site at: <https://websmart.brunellocucinelli.it>, following the specific instructions. The application is encrypted by a third party and guarantees, via IT systems, the confidentiality of the whistleblower’s identity, within the limits envisaged by the Decree.

3.5 Report Management

The Supervisory Body is in charge of receiving and examining the Reports.

When it is possible to communicate with the whistleblower, the Supervisory Body will send him a communication notifying him that it will be handling the Report they submitted. It is understood that during the verification of the validity of the Report received, whoever submitted it may be contacted for any further information that may become necessary.

The Supervisory Body is responsible for the verification of the events described in the Report, for the entire Group and without prejudice to any specific local laws on the subject. It is expected to conduct a prompt, thorough investigation, in compliance with the applicable law, as well as with the principles of fairness, impartiality, and confidentiality with regard to all individuals involved.

During the investigation, the Supervisory Body may avail itself of the company departments involved time by time and, if deemed advisable, of outside consultants specialized in the subject matter of the Report received, whose involvement is crucial to the verification of the events described in the Report or their nature.

¹ The letter must be sent by registered mail with return receipt to: Unione Fiduciaria S.p.A., Via Amedei n. 4 – 20123 Milano (MI), to the attention of the “Area Consulenza Banche e Intermediari Finanziari”, taking care to mark it with the wording indicated in this procedure.



If, at the end of the investigation, it turns out that the information is not sufficiently circumstantiated or, in any case, that the events described in the Report are groundless, the Supervisory Body will shelve the Report, providing a written justification for its decision.

Otherwise, the Supervisory Body will prepare a summary report on the investigation conducted and the evidence uncovered. Said report is transmitted, based on the outcome, to the relevant company departments, for decision on the measures and/or actions to be taken to protect the Group. The results of the analyses and checks conducted for each Report are also transmitted to the managers of the company structures concerned with its contents and, in any case, to the Company's Board of Statutory Auditors and Control and Risk Committee.

If, at the end of the verification activities, the Supervisory Body decides that the events described in the Report include a Predicate Offense, it immediately informs the Board of Statutory Auditors and the Board of Directors, also for the purpose of assessing the necessity to inform the competent Public Authorities of the events reported.

For all Reports of Predicate Offenses received via channels other than those described in paragraph 3.4, no. (iii), of this Procedure, the Supervisory Body will handle the Report in compliance with the protections envisaged by the Decree for the whistleblower.

In the case of Reports of events in which a member of the Supervisory Board is directly involved, the Supervisory Body's duties, responsibilities, and powers with regard to the handling of the Reports are transferred to the Board of Statutory Auditors, which then handles said Reports in compliance with this Procedure.

3.6 Sanctions

Pursuant to Article 6 of the Decree, any form of retaliation or discrimination, direct or indirect, against anyone who submits a Report on the basis of this Procedure is prohibited and in any case considered null and void. The same protections are guaranteed for anyone who cooperates with the investigation into the events described in the Report.

Nevertheless, the Company reserves the right to evaluate the application of measures during disciplinary procedures and/or other competent fora, in the event of abuse, improper use, or intentional manipulation of the provisions of this Procedure, such as – merely by way of example – in the case of obviously opportunistic Reports, or Reports made for the sole purpose of damaging other parties.

In any case, also pursuant to Article 6, paragraph 2-*bis*, of the Decree, the following behaviors are expressly prohibited (hereinafter, “**Prohibited Conduct**”):

- a) the adoption against whistleblowers of any discriminatory or retaliatory measure as stated in Article 6, paragraphs 2-*ter* and 2-*quater*, of the Decree;



- b) the violation of, or incitement to violate, the measures intended to protect the confidentiality of the whistleblower's identity, as stated by the Decree and this Procedure;
- c) the submission, with willful misconduct or gross negligence, of Reports that prove to be groundless.

Prohibited Conduct engaged in by Group employees are punished, by the Chief Executive Officer, with the disciplinary measures of **suspension from work** or **dismissal**, to be applied in proportion to the seriousness of the violation and, in any case, in compliance with all contractual and legal obligations.

Prohibited Conduct engaged in by individuals other than Group employees are evaluated by the governing body which, after receiving the opinion of the Supervisory Body, decides the measures to be adopted or the actions to be taken, based on the violations, in compliance with the disciplinary measures envisaged by the Model.

Lastly, this Procedure is without prejudice to the whistleblower's liability at the disciplinary, civil, and criminal levels, if they have made a Report that is libelous or defamatory under the Italian Criminal Code and Article 2043 of the Italian Civil Code.

This Procedure takes effect on March 7, 2018 and it is disseminated via the Company's *intranet* and *investor relations* sites. All Recipients are obliged to comply with it, and disseminate it and ensure that it is complied with by the parties outside the Group with whom they carry on relations for work reasons.