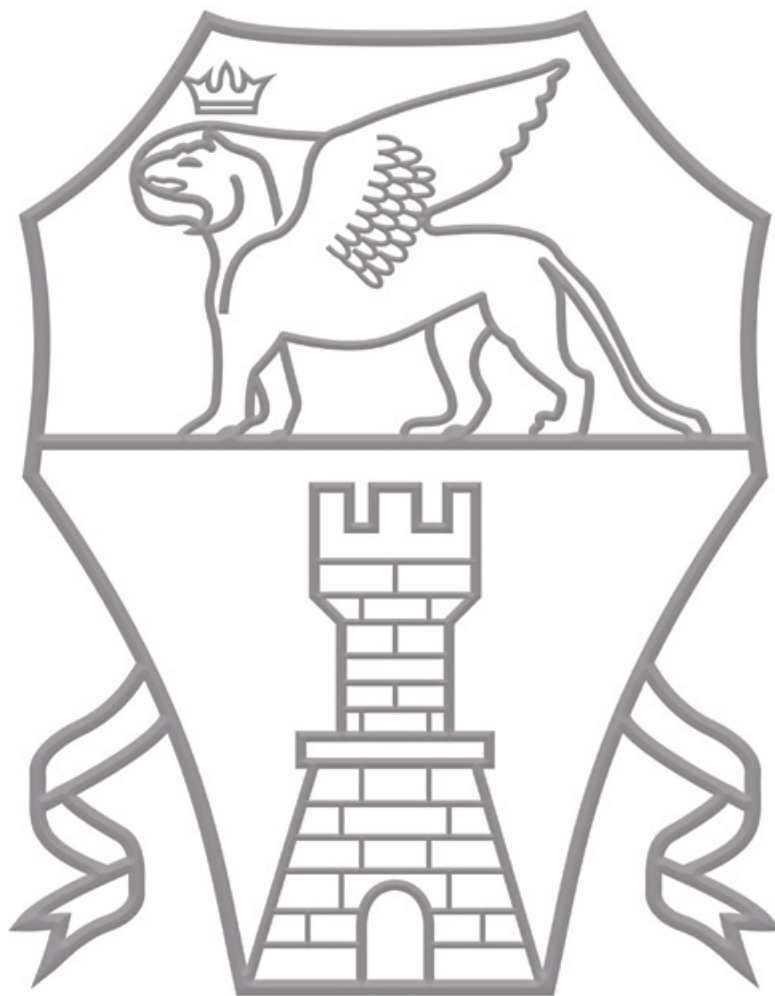




BRUNELLO CUCINELLI



2021 CONSOLIDATED NON-FINANCIAL STATEMENT
PURSUANT TO ARTICLES 3 AND 4 OF ITALIAN LEGISLATIVE DECREE NO. 254 OF 2016

Approved by the Board of Directors of the Company Brunello Cucinelli S.p.A. on 10 March 2022

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

“I envisage Humanistic Capitalism as a great harmony within which profit, giving back, guardianship, human dignity and the ethics of truth coexist and enrich each other”.

Brunello Cucinelli



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LETTER FROM THE CHAIRMAN



I would like to address all the stakeholders of our Casa di Moda with the same words that I used to speak to the distinguished leaders of the Earth at the G20 in Rome in October 2021.

I spent the first part of my life in the country, we were farmers, we did not have electricity, we worked the land with animals, we collected rainwater, we had a great respect for the earth. The Greek philosopher and poet Xenophanes stated, “**Everything comes from the earth**”, and we lived in harmony with Creation. The first bale of grain we harvested went to the community at my grandfather’s behest. From there I learned the great theme of life: the **balance between profit and giving back**; that period of my life is still a gift to my soul.

As a boy, I saw my teary-eyed father, as he was subject to humiliation and offence at work, and even today I do not understand why he should be humiliated and belittled; however, inspired by the pain I read in those eyes, I decided that the dream of my life would be to live and work for **the moral and economic dignity of the human being**. I wanted a company that made **healthy profits**, but did so with **ethics, dignity and morals**; we are listed on the stock exchange, I wanted a company that had a **balanced and gracious growth**. I wanted human beings to work in slightly better places, earn a little more in wages and feel like **thinking souls** at work. Let us try **not to turn our backs on poverty**.

I wanted a small part of the company’s profits to go to beautify all of humanity and I wanted **people to work a fair amount of hours and be online the right amount of time**, so that **Technology and Humanism could be harmonised** and a healthy balance between mind, soul and body could be restored, because the soul and body also need nourishment every day.

We try to respect the laws of every State, and thanks to my esteemed President Draghi, our Italy has regained its credibility.

Our business is located in Solomeo, a small 14th century medieval village near Assisi. We work in old factories built in the past century, some have been restored and



embellished to make them modern, others have been demolished and the land has been reclaimed for agriculture, especially vineyards, olive groves, orchards and wheat; so finally we can say that **we have not consumed our beloved land**. We have restored the village by listening to the wise word of our masters and we have built a theatre that we consider to be a secular temple of art, then a monument to the Dignity of Man and an immense park called “Project for Beauty”.

And now we are going to build a universal library; for this idea we were inspired by the great Ptolemy I of Alexandria and the Emperor Hadrian when he stated, “Books showed me the way of life; when I grew up, life made me understand the content of books. Whoever builds libraries will have built public granaries for future generations”.

This is our idea of Human Sustainability and what we call Humanistic Capitalism.

May Creation protect us and enlighten us towards a new universal Humanism.

Brunello Cucinelli
Chairman of the Board of Directors



PREFACE

This document is the **fifth edition of the Consolidated Non-Financial Statement**¹ (hereinafter also “NFS”) of Brunello Cucinelli S.p.A. (hereinafter also “Company”, “Issuer”, “Enterprise”, “Casa di Moda”).

The NFS is drawn up in accordance with the provisions of articles 3 and 4 of Italian Legislative Decree no. 254/2016 (hereinafter “Decree”) implementing Directive 2014/95/EU (the so-called “Barnier Directive”), as amended, which regulates the reporting of non-financial information by large and public interest organisations in order to ensure a transparent and comprehensive understanding of the company’s operations, performance, results, the main risks generated or suffered (and the resulting management methods and opportunities), and the impact produced thereby with respect to environmental, social and personnel issues, respect for human rights and the fight against active and passive corruption, considered relevant in view of the company’s operations and characteristics.

The contents of the NFS cover the period from **1 January 2021 to 31 December 2021**. A comparison with the figures for 2020 and 2019 is also provided. Specific indications are included in the text if it is not possible to ensure sufficient comparability of certain data with previous years.

Pursuant to article 2, paragraph 2 of Italian Legislative Decree no. 254/2016, in the case of public interest entities that are parent companies of a large group, such as the Group headed by the Company (hereinafter also the “Brunello Cucinelli Group” or the “Group”), the NFS must be prepared on a consolidated basis. More information on the reporting scope of this NFS can be found in the Addendum (see “Methodological Note”).

According to the provisions of article 5, paragraph 3 of the Decree, while this NFS constitutes a separate element from the “Management Report” and the Issuer’s Financial Statements as at 31 December 2021, it is to be considered as supplementing those documents.

The NFS is prepared in accordance with the GRI Standards of the Global Reporting Initiative: “In accordance – Core” option. More details on the specific environmental, social, economic and governance disclosures are provided in the Addendum (see “Methodological Note”). Moreover, based on the SDG Industry Matrix² (“Consumer Goods” sector) and from the selection of the GRI Standards³, we have identified the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda⁴ that the Group can contribute directly and indirectly to achieving (see section “Relations with Creation and among people: environment and human sustainability”).

¹ The Consolidated Non-Financial Statement is published in the section: General Archive - “Non-Financial Statement” of the Issuer’s website: <http://investor.brunellocucinelli.com/en>.

² The SDG Index Matrix was developed by the UN Global Compact in collaboration with KPMG.

³ The analysis was carried out based on the document *Linking the SDGs and the GRI Standards* (2021 edition), published by the UN Global Compact, in order to link the SDGs and their targets to the GRI Standards selected for the NFS report.

⁴ On 25 September 2015, the 193 Member States of the United Nations unanimously approved the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), divided into 169 targets to be achieved by 2030. Italy played a pivotal role in the negotiations and made concrete commitments to pursue international objectives. Given the scale of the challenge, every actor – public and private – is called upon to act within their own sphere of influence and field of action.



In terms of both content and document quality, the NFS was prepared taking into account the **basic reporting principles** defined by GRI Standard 101 – Foundation. Specifically, the contents are inspired by the following principles:

- *Context analysis*
- *Stakeholder inclusiveness*
- *Materiality*
- *Completeness and balance*
- *Clarity, accuracy, transparency and reliability*
- *Comparability*
- *Timeliness*

These principles are detailed in the Methodological Note (see the Addendum).

Note that this NFS has been subjected to a limited audit, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised), by the auditing firm PricewaterhouseCoopers S.p.A.

Finally, the 2021 NFS reports the findings of the analysis conducted by the Company with respect to article 8 of Regulation EU 2020/852 of 18 June 2020 (EU Taxonomy) and Delegated Regulations 2021/2178 and 2021/2139. These findings, as well as a description of the methodological definition process, are detailed in the Addendum.

In line with current regulatory interpretations, the limited assurance does not cover information and data related to the EU Taxonomy or the requirements of article 8 of Regulation EU 2020/852.



HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

OUR CONCEPT OF HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

GRI Content Index in the Appendix

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The concepts of **Humanistic Capitalism and Human Sustainability** are the guides and foundations of our Casa di Moda, where profit, giving back, guardianship and dignity of the human person coexist in mutual enrichment.

For us, this means “**working and living in harmony with Creation**”, paying special attention to the **care of human beings**, the **relationship with the earth and animals**, the **climate and emissions**, as we have highlighted in our ten rules entitled “*Our Ideals for Life and Work*”, which we reproduce on the following page.

In fact, Humanistic Capitalism and Human Sustainability are based on the concept of **fair profit balanced by giving back**, and on the **respect for people**, their moral and economic dignity, **and for Creation**, with which we are committed to living in harmony and **moderation**.



The great theme of moderation has very ancient and noble origins even if we have always considered it to be contemporary, and encompasses the idea conceived by Augustus in 5-6 AD of “*living honestly, without harming anyone*”.

In this sense, we firmly believe that, as the Chairman Brunello Cucinelli said, “*The world should not be consumed, but used in moderation*”. Guardianship is the tool of care: it is not sufficient to use Creation in a preventive manner, it must also be renewed. There is no conservation without change.

IDEALS FOR LIFE AND WORK – OUR DECALOGUES

The foundations upon which we have built our idea of Humanistic Capitalism and Human Sustainability are our ideals of life and work, the expression of the values formalised in the four decalogues that direct our daily life and guide our actions.

Our Ideals for Life and Work

- I. We love and respect Mother Earth: we cultivate our land according to nature and we welcome its fruits as its greatest gift.*
- II. We do not use more resources than it is necessary or natural. We make careful use of the universe.*
- III. We always act as loyal and affectionate guardians of Creation.*
- IV. We believe in the moral and economic dignity of human beings.*
- V. During work we support fair profitability and harmony between profit and giving back to the community.*
- VI. We seek harmony between fair work and human privacy.*
- VII. We commemorate our forefathers. They taught us to respect the law, and our story is written in their words.*
- VIII. We believe in universalism and we act displaying great respect for all civilisations.*
- IX. We welcome fair change in order to experience the best from our time.*
- X. We are fond of young people and pass down to them hope and the dream of a bright future awaiting them.*

Our Mother Earth



- I. *We have always pursued a fair profit achieved with ethics, dignity and morals, **manufacturing highly artisanal products that wouldn't damage Creation, or as little as possible.***
- II. *We fully acknowledge **the responsibility we have for what we build on the planet hosting us.** For this reason we build our factories in keeping with the spirit of the place, refurbishing and adjusting existing facilities and sparing the Earth instead of further consuming it.*
- III. *Any **revamping plan for our factories** always contains a landscape plan, an architectural plan, a maintenance plan and a plan to promote the facilities' duration over time. No man-made intervention is acceptable unless it is compatible with the regeneration of the land.*
- IV. *It is a moral duty to **use the resources of Creation pursuant to the ancient laws of nature.** For this reason a healthy use of waters and their recovery takes centre-stage in our life and work project. The same also goes for all the other resources, which we use with grace and the utmost focus on climate change.*



- V. *Everywhere in the world the ancients worshipped Mother Earth as a main divinity, each according to their traditions. Its value has not decreased over the centuries: for this reason, **our crops** – olives, grapes, wheat, fruit – **are grown according to nature**. Similarly, our natural produce is used to prepare food that is then served in our company restaurant.*
- VI. *From the very start of our business we have wanted **our cashmere products to be made exclusively in our wonderful country, Italy**, to be passed down to the next generations. We wanted them to be crafted artisanally with top-notch quality raw materials.*
- VII. *Our mothers taught us that **the art of darning and mending highlights the value of things**. John Ruskin used to say that we must necessarily accept the end of the objects we use, still we must do our best to make them last longer. This is precisely the purpose of mending and in our company we have a specific department devoted to it.*
- VIII. *Heritage has taught us from the very beginning to **use natural fibres for our products**. This choice, like the one for quality, enables us to do our part to spare Creation.*
- IX. *We like to do our best to support our **raw material suppliers to grant them moral and economic dignity**. We are keen to tell our customers that the products they purchase are the result of a mindful process that respects all stakeholders contributing to their making.*
- X. *Like Pericles in Athens, we too were taught to “respect the magistrates and the law, and to remember that we must protect the victims of offence”. We were also taught to “**respect the unwritten laws that reside in the universal feeling of what is right and common sense**”.*

To Our Gracious Co-Workers



- I. *We have always seen to it that our **workplaces** were **well-tended** and **welcoming**, providing all workers with the possibility to look up and see the sky.*
- II. *We **all** work a **fair amount of hours** and **share the same working times**; nobody is online for business reasons on Saturdays or Sundays.*
- III. *We have always seen to it that **wages** were **on average a bit higher** for everybody, **without any distinction**.*
- IV. *In our company we want everyone to enjoy **equal opportunities**, fully aware of the value of one's knowledge.*
- V. *We have striven to promote **healthy relationships of esteem and trust** among workers, whom we call "**thinking souls**".*
- VI. *We believe in the **relevance of culture** as a way to improve human beings. That's why we try to gently foster it.*
- VII. *We are aware that the passing down of knowledge develops talent. That's why we have set up the **School of Arts and Crafts** in Solomeo.*
- VIII. *If our company lasts for centuries, as we hope, this will be the result of the **generation turnover** that we have always promoted over time*
- IX. *It is our custom to **meet on a regular basis during the year to discuss things**, so that everyone is up to date as to how the business is evolving.*
- X. *We never stop looking for **genius** in people, and when we find it we go out of our way to **enhance it**.*



To Our Esteemed Partners

- I. We would like your **workplaces** to be **amiable and welcoming**.*
- II. It would be great if the **relationship with your co-workers** were always as **genuine and smooth** as it is now.*
- III. We believe in the key value called **equal pay, without any distinction**.*
- IV. When carrying out work for our company, we would like your co-workers to devote a **fair amount of hours** to these tasks without overworking.*
- V. It would be commendable if you too favoured an **ongoing generation turnover**, like we do.*
- VI. We would appreciate it if – in everything you do – you always took into proper account the **development and respect of the local area**.*
- VII. We strongly wish that our **attitude** towards you continued to be **loyal and authentic**.*
- VIII. We find it valuable to **always cooperate very closely together** – as it is the case with us – **fully aware of our full and mutual independence**.*
- IX. We would be glad to keep **supporting the planet together**, using the resources of Creation according to the ancient laws of nature.*
- X. We would like to **maintain the commendable tradition of our annual meetings** where, whilst discussing the future and our plans, we strengthen the amiable relationship we have shared for so long.*



ENVIRONMENTAL, ECONOMIC, MORAL, CULTURAL SUSTAINABILITY

We think that in the year 2021 our understanding of **Humanistic Capitalism** and **Human Sustainability** will be even more clear and relevant.

In our idea of sustainability, the important **environmental dimension** coexists with three other equally fundamental dimensions: the **economic**, the **moral** and the **cultural**.

Infographic 1 – Our idea of Humanistic Capitalism and Human Sustainability



As far as the **environment** is concerned, we have always been committed to **Living in Harmony with Creation**, and over time this has led us to pay great attention to the use of resources, and to use technology and every possible tool to reduce the externalities generated by our business, which, due to its artisanal nature, is not associated with a particularly high level of emissions.



With this in mind, during the year we defined the Group's emission trajectory in detail, in order to identify clear targets for reducing carbon dioxide emissions. These targets were communicated at the end of the year and provide for a **reduction in greenhouse gas emissions of 60%** in terms of economic intensity by 2028, and in absolute terms of 70% for Scope 1 and Scope 2 emissions and 22.5% for Scope 3 emissions.



We have tried to **give dignity to the land**, respecting its natural rhythms and enhancing it rather than exploiting it. The factory where we work in Solomeo was built in the last century, and we have turned our attention to making it modern and contemporary. We will maintain the same approach in the years to come and in the future development of our Casa di Moda, with the next expansions to be carried out exclusively in the surroundings of the Hamlet of Solomeo, redeveloping existing and abandoned factories.

The harmonious relationship we seek with nature, with other living beings and with the planet's resources also has a counterpart in the economic field. In fact, we believe that there is also a real **economic sustainability**, whereby we have always tried to combine **profit and giving back** in the best possible way.

That is why we always try to **protect the conditions of the people who work with us**, and we continue to be particularly attentive to the **workplaces** and the **fair remuneration** of both our human resources and the artisans in the external workshops and suppliers who produce our garments.

For our Casa di Moda, a top priority is our relationship with the esteemed **façonisti**, great producers and true artisans we know we can always rely on with unwavering confidence.

We seek the same amiable relationship with **suppliers of raw materials**, with whom we seek to conduct ourselves with absolute fairness, reciprocated by a perfect spirit of cooperation.

There is also the major issue of **moral sustainability**, which we have always paid great attention to, seeking **dignity in work**, and in a broader sense the **dignity of the human being**.

For us, moral sustainability means working the right number of hours and staying connected for the right amount of time, and we are convinced that the young and the very young are and will be increasingly attentive to the type of production, the quality of the workplace, the serenity of the relationship with their co-workers, the management of resources and the big issue of fair profit.

Another major issue, which Chairman Brunello Cucinelli discussed at the last G20 summit, is **strict compliance with the law**. In our view, this is also part of the moral sustainability we refer to.

Finally, as regards **cultural sustainability**, including through the Brunello and Federica Cucinelli Foundation, we have always sought to promote a culture inspired by the principles of humanism. The **Theatre**, the **Winery** and the **Monument to Human Dignity** are expressions of cultural sustainability, as is the **School of Contemporary Arts and Crafts**⁵ (hereinafter also referred to as the “Solomeo School”), through which we seek to convey ancient, precious knowledge for a **contemporary craftsmanship**.



In the near future Solomeo will also be enriched by the construction of its **Universal Library**, inspired by the great Library of Alexandria designed by Ptolemy I, which has the ambition of collecting a huge number of publications from all over the world in a limited number of disciplines: philosophy, architecture, literature, poetry and handicrafts.

Through this work promoted by the Brunello and Federica Cucinelli Foundation, we would like to give life to Emperor Hadrian's thought: *“Books showed me the way of life; when I grew up, life made me understand the content of books”*.

The Universal Library of Solomeo will be housed in the noble Villa Settecentesca surrounded by a large park, adjacent to the church and the theatre in the heart of **Solomeo, which we call the Hamlet of Cashmere and Harmony**.

For these very reasons, it was a great honour for us when Prime Minister Mario Draghi invited the entrepreneur Brunello Cucinelli to speak about his idea of “**Human Sustainability and Humanistic Capitalism**” in front of the planet's “distinguished leaders”, who met last **October** at the **G20 in Rome** to discuss the very important issues of the global environmental and climate emergency.

5 In 2021 the Solomeo School of Arts and Crafts took the name School of Contemporary Arts and Crafts.

Brunello Cucinelli speaking to Distinguished Leaders – G20, Rome (October 2021)



In 2021, Italy had the responsibility and the honour of holding the presidency of the G20 – an international summit called by the heads of state and government of the world’s 20 largest economies – dedicated to the major issues of the environmental and climate emergency, the pandemic and measures to support the global recovery.

The entrepreneur Brunello Cucinelli was invited by Italian Prime Minister Mario Draghi to take part in a side event at the opening of the second day of the summit dedicated to “public-private cooperation to protect the environment and combat climate change”.





Letter to my soul - Solomeo, 17 March 2022

The Company is closely following the development of events in Ukraine and hopes that the continuing talks between the parties will lead to a cessation of hostilities as soon as possible. Brunello Cucinelli expressed his thoughts on the matter in a letter published on 17 March 2022:

Today, just like a year ago, upon the return of the swallows, my gaze, in this beloved Solomeo of mine, is raised towards their circling and their chirping; now the heart is still grieving as it was in that heavy time of the pandemic, which was frightening then, and now seems to be in decline.

But today, once again, men have risen up against men, and it seems impossible to me that this should be done by outraging our humanity. I think that something in the world is trying to overwhelm the values of brotherhood and solidarity, but I am convinced that this time of pain will not last long, because we will all know how to return to the light, led by the wise men who rule the world.

To them I turn, as a simple man and as a brother, with the spirit of Francis of Assisi, my inspiring father, a genius of human relations and dialogue; to them I raise the vow of my soul, like the voice of so many others in the world, so that disagreement may give way to agreement.

It will be the children who will wake us up, with their innocence, their simplicity, their joy, with the strength that grows in their little hearts, so that tomorrow they will be the ones to rule the world, because the world has changed, and I believe that wars have lost all meaning if they ever had any.

Only in this way can wealth, the wealth that we receive as a gift from Creation without harming it or anyone else, be shared by all. This is the voice I would like to reach those who currently rule Creation, so that they may look to the future without ever forgetting the eternity of human values, namely work, the family, the spirituality of any religion, even that of those who do not believe.

We are the custodians of a legacy that has been able to rise from its ashes many times, but we must treasure this experience in order to become cautious and caring guardians, able to save the world before it turns into ashes again.

Although faraway peoples have different habits, our common human heritage unites us rather than dividing us, and it is precisely through diversity that new life is created without going to the detriment of individual identities.

War is often the child of fear, and sometimes the rulers are also afraid. Today, the world is closer than ever, and until now there has never been an instance that gives us the opportunity of loving each other in our different customs.

If not only the people but also the wise rulers of the earth realise that different ancestries can live side by side, because there is no one earth, but the earth is the mother of all, I am certain that the bright future in which I believe is now so close that I need only stretch out my hand to make it a living and lasting reality.

I do not know what language God speaks, but to all hearts he says the same words: love one another.

HUMAN SUSTAINABILITY: MAIN ACTIVITIES IN 2021

Environmental Sustainability:

- Illustration of the **Group's first emission strategy** with definition of the emission trajectory and reduction targets for 2019-2028
- Performance of the **Group's second inventory of Greenhouse Gas (GHG) emissions**, subject to third-party Limited Assurance, in order to measure direct and indirect CO_{2eq} emissions – Scopes 1, 2 and 3
- Accession to the **CDP** (Climate Disclosure Project) **Climate Change questionnaire**, for which we were awarded the grade “*B- (Management)*”
- Replacement of the plastic bags used for packaging our products with **organic, biomass-based bags**
- Installation of the **Epson PaperLab machine**, the world's first compact system for recycling office paper and generating new paper without the use of water
- Progressive **expansion of the use of recycled materials with continuous testing** of all paper and cardboard packaging formats used
- Construction and operation of **osmosis plants for wastewater recovery**
- **Total elimination of perchloroethylene** from the Group's direct production process
- **Removal of animal furs** from Brunello Cucinelli collections
- **2,988 garments repaired** as part of the garment repair service offered to our customers
- **Cooperation with the Fashion Task Force** of the Sustainable Market Initiative launched by Prince Charles of England



Moral Sustainability:

- **Approval** by the Board of Directors on 11 March 2021 of our **Human Sustainability Policy “In Harmony with Creation”** and of the **Diversity and Inclusion Policy**, in force at Group level and shared with raw material suppliers and façonisti
- Development of a **training plan on diversity and inclusion**
- Continuous **training on Anti-bribery, Whistleblowing, the 231 Model and Privacy**
- Launch of the **Health & Safety Assessment project** at our foreign sites
- Strengthening a **sustainable supply chain management** system by consolidating the engagement of raw material suppliers, with whom we shared the **self-assessment questionnaire**
- **“Value: a virtuous circle of human sustainability”**
- Continued implementation of the **“Brunello Cucinelli for Humanity”** project

**Economic Sustainability:**

- Design and implementation of an **ERM framework** integrated with environmental, social and economic sustainability/governance issues
- Development of the **Risk Management Policy** – the **ERM Guidelines** – which was approved by the BoD on 14 December 2021
- **Approval** by the BoD on 11 March 2021 of the **Human Relations Policy**, the purpose of which is to regulate the stakeholder engagement implemented by the various functions at a worldwide level
- **First meeting of the Council for Human Sustainability and Humanistic Capitalism**⁶

⁶ Formerly known as the “Council of Harmony with Creation – for morals, ethics and the dignity of the human person”.



Cultural Sustainability:

- The Brunello and Federica Cucinelli Foundation plans to build the **Universal Library in Solomeo** by 2024
- Construction of the **vaccination centre in Beauty Park** in the village of Solomeo
- Launch of the “**Sympo**” e-learning platform
- Implementation of an **empowerment programme for local teams**, held in Russia
- Launch of **cultural mediation initiatives**, focusing on Chinese and Middle Eastern culture





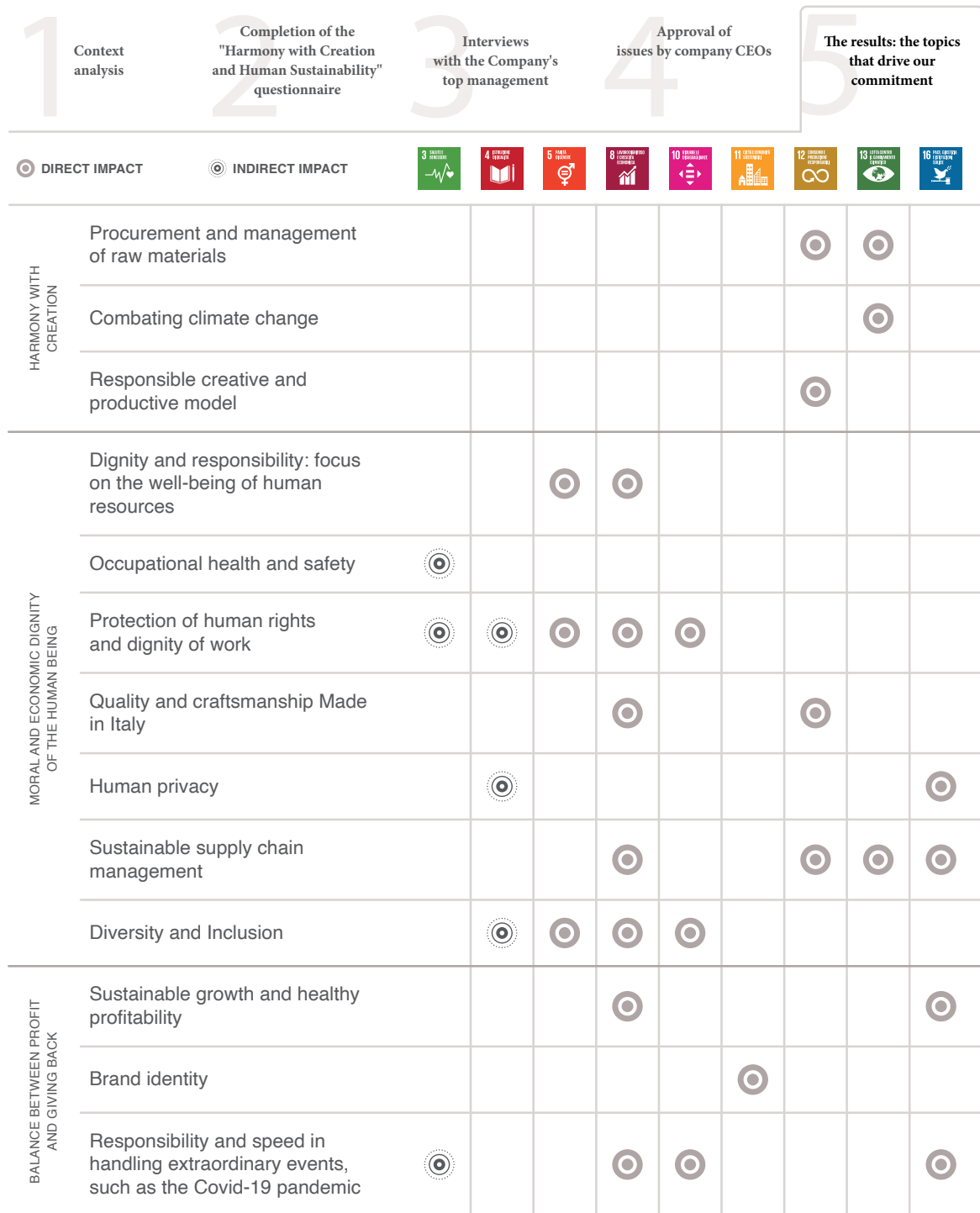
RELATIONS WITH CREATION AND AMONG PEOPLE: ENVIRONMENT AND HUMAN SUSTAINABILITY

What drives our commitment

Identifying the issues of Creation, moral, economic and cultural sustainability that are strategically relevant to our idea of doing business, the characteristics and operations of the Group and the demands expressed by the stakeholders with whom we relate is a key aspect that guides us in identifying and thoroughly understanding the priority objectives that align with our idea of Humanistic Capitalism and Human Sustainability.

In September 2021 we completed our annual update of the materiality analysis, broken down into the steps summarised in the infographic below.

Infographic 2 – Materiality analysis and the issues driving our commitment





Please refer to the Methodological Note for more details on the steps taken for the analysis (see the Addendum).

The results of the analysis performed in 2021 are aligned with the noble and high principles underlying our idea of Humanistic Capitalism.

Specifically, among the material topics, those of “Brand identity” and “Quality and craftsmanship Made in Italy” achieved high relevance from the point of view of both the Group and its internal and external stakeholders.

The outbreak of the Covid-19 pandemic, as well as being reflected in the specific topic “Responsibility and speed in dealing with extraordinary events such as the Covid-19 pandemic”, influences other topics that have emerged as material like “Health and safety at work”, which is considered particularly relevant to the Group.

With respect to the material topics examined in the 2020 NFS, the areas of “Diversity and Inclusion”, “Combating Climate Change” and “Responsible Supply Chain Management” were particularly prominent, and indeed have become the focus of initiatives that we are planning and have begun to implement over the last two years (see Chapters 4, 5 and 7 for more details).

Although these aspects are already covered and have a reduced environmental and social impact generated by the Group’s direct and indirect activities, we consider it appropriate to deal with these additional topics in this NFS: “*Preserving and promoting the diversity of Creation*” (including aspects relating to the environmental matrices of energy, emissions, water and waste); “*Valuing and developing human resources: selection, training and development*”; “*Transparent governance and ethical business*”; “*Managing risks and opportunities throughout the value chain*”. Indeed, the topic “*Transparent governance and ethical business*” is considered a fundamental element that supports our work and ensures the value and continuity of the business of the Casa di Moda over time.

Our responsibility for Human Sustainability and Harmony with Creation allows us to contribute – in most cases directly, but also indirectly – to the achievement of some of the SDGs enshrined in the United Nations 2030 Agenda. The link between the most significant SDGs, for our company and the context we operate in, and the issues that drive our commitment is shown in Infographic 2.



CHAPTER 1 – BRAND IDENTITY AND THE HAMLET OF SOLOMEO

BRAND IDENTITY

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The history of our Casa di Moda tells the story of the constant evolution of our product range over the years under the lone brand of Brunello Cucinelli: from the **production of Cashmere** – still today the most iconic raw material of our collections – to the expansion into **total looks for women, men and children** with garments capable of recounting the world and lifestyle of Brunello Cucinelli.

Our identity took shape in the Ready-to-Wear segment, a category that we believe has great strength in defining its own style, and we continue to believe that the positioning of the brand should remain true to one of **absolute luxury** and no others.

We have always invested heavily in **visual merchandising**, emphasising the harmony of the men’s and women’s collections, guaranteed by the same creative direction and constantly driven by the search for innovation thanks to the many young talented people who work in our creative departments. A dynamic message – cyclically renewed and attentive to the evolution of the contemporary world – is conveyed to all channels, from monobrand to multi-brand, not to mention the digital “showcase”.

Our **communications** then had the role of reinforcing this idea of a specific lifestyle by focusing on the transmission of values based on the quality of life, on the close relationship between the beauty of art and nature.

We would therefore like for the progressive growth of new categories such as **homewear** and **eyewear** to have as their primary purpose the completion of our universe of reference and contribute to further strengthening our “taste”.

As far as eyewear is concerned, in September we presented our first **collection**, the result of the **partnership between Brunello Cucinelli & Oliver Peoples**. The eyewear is currently distributed both in our boutiques and in Oliver Peoples monobrand stores, as well as in the most prestigious spaces in the channel.

The initial feedback of customers confirms the perception of **absolute stylistic affinity** between the two brands and of great **consistency with our taste, as well as of superior technical quality**.



OUR TASTE

We chose not to entrust our product identity to a logo but rather to a **distinctive taste**, researching it through combinations of materials, colours and forms that could immediately recall to our customers' minds the inspiration derived from our local region.

The strong consensus surrounding our brand was translated into the important recognition that the prestigious British men's fashion magazine *GQ* awarded to Chairman Brunello Cucinelli in September 2021 in London, namely "Designer of the Year 2021".

"Designer of the Year 2021"



Chairman Brunello Cucinelli received the Designer of the Year award from the British men's fashion magazine *GQ* in London in September 2021, in the prestigious setting of the Tate Modern Museum.

The prize was awarded during the 24th edition of *GQ* Men of the Year, which is one of the most important meetings of international show business personalities.

Winning the award makes us proud and gives the brand a clear connotation of taste and identity. We strongly believe that all this is based not only on the attractiveness of the taste we are associated with, but on the very foundations of the company, its culture and philosophy, as Chairman Brunello Cucinelli himself expressed during the award ceremony.

In the words of presenter Jonathan Bailey, *GQ* gave the following reasons for singling out Chairman Brunello Cucinelli:

"The Italian term 'sprezzatura' is marvellous. 'Light, studied nonchalance' would be the closest translation in English. Brunello Cucinelli is the undisputed king of sprezzatura and, like the word, there is no easy

translation or comparison for him because he is one of a kind. In 1978 he launched his business firmly believing in a sort of humanistic capitalism. He promoted and supported artisan craftsmanship in the couture world and now he is the head of a Casa di Moda that deeply respects artisans while generating an annual turnover of more than half a billion euros. His name is synonymous with Italian excellence".



President Brunello Cucinelli accepted the award with the following words:

“I would like to dedicate my award to the minds and hearts of women and men of every epoch and from every corner of the world and to my teachers whose enlightened words taught me a universal vision of the world and that humanistic capitalism which is so kindly and widely attributed to me. Through it and our work, we have discovered and nurtured the moral and economic dignity of humans, gentle economic growth, harmony between profit and generosity, and respect for Creation, a small part of which I feel I have been called upon to be a faithful and caring guardian. Finally, I would like to dedicate this prestigious award to my father, who, at the age of 100, still reminds me every day that I must be a good person. Thank you very much”.





THE BUSINESS MODEL AND THE VALUE CHAIN

The offer of handcrafted products made exclusively in Italy, and mainly in Umbria, remains a distinctive characteristic of the brand.

From the sourcing of the highest quality raw materials to the continuous search for a balance between artisanal tradition and innovation, we develop our collections, symbol of an authentic product Made in Italy.

The production of Brunello Cucinelli branded clothing, accessories and lifestyle products is divided into various steps and involves a number of people both inside and outside the Company.

Infographic 3 – Our business model





The first step concerns **Creativity and conception of the collections** (1)⁷, which begins with the performance of market analyses and research into new trends by the staff of the Style and Design office – made up of 10 top-level professionals for each line, dedicated to the women’s, men’s and children’s collections – who participate in trade fairs and events at the main international fashion locations and engage in research in the international capitals of luxury.

The creative process also includes an internal discussion involving various company employees to define and share the stylistic guidelines for the collections and also to produce draft sketches for the products. At the same time, the materials and their colours are chosen based on quality and sustainability criteria.

Once approved by the Style and Design department, the styles are sent to the in-house Prototype department staffed by 100 highly specialised masters and technicians. The presence of this department allows for a very high number of prototypes to be produced in-house.

The validated prototypes constitutes the basis for the **development of the sample collections** (2), presented both internally and at **trade events** (3) such as Pitti Uomo in Florence and Milan Fashion Week.

The presentation of the collections is followed by the **taking of orders** in our showrooms around the world (3) and the **completion of the procurement of raw materials** (4), with the awareness of wanting to offer refined, precious apparel, always respecting the environmental and social conditions of the region the materials are sourced from.

The Company then performs careful inspections to verify the quality of the raw materials. During this stage, the relationship built over time with raw material suppliers – mainly in Italy (see Chapter 5) – who work closely with us in certain control phases is absolutely crucial.

This is followed by **production** (5), which is done by third-party small and medium-sized artisanal workshops of proven reliability and skill specialised in individual processes, all of which are Italian and for the most part located in Umbria (see Chapter 5).

The entire production process is characterised by **repeated, rigorous quality controls** (5) along the value chain and performed directly by the Company, whose purpose is to guarantee the quality of the semi-finished product during its progress and up to its transformation into the finished product.

In the specific case of knitwear there is also a “*fulling*” treatment, an extremely important and delicate step of the production process because it affects the final quality of the product and consists of washing the garments followed by checking their softness and consistency. This step is performed exclusively in-house by Brunello Cucinelli.

Market presence (6), both physically and digitally, is achieved through monobrand retail, monobrand wholesale and multibrand channels.

We seek a **special and authentic relationship with the end customer** (7), centred on the brand experience and the sharing of the company’s values (see Chapter 6).

⁷ The numbers in brackets refer to the elements represented in Infographic 3.



The relationship with customers does not end with the purchase in our monobrand, multibrand and online channels, but continues over time, especially through the offer of a **garment repair** service (8), available worldwide, aimed at conveying the value and appeal of guardianship and reuse (see Chapter 6).

SOLOMEO: HAMLET OF CASHMERE AND HARMONY

The link with Solomeo and our region is very important to us, and we are convinced that this special relationship contributes significantly to the brand's appeal and allure.

We have always been aware of the **importance and value of our local region**, as well as our great love for the *genius loci* that makes Solomeo special.

We are convinced that the **identification** of a company and of a luxury brand with a **region** provides a foundation that can allow it to **thrive over time**, maybe even for **eternity**, or in any case for many centuries so as to bind together generations and generations in the name of beauty.

Indeed, the Company's logo contains a reworking of the hamlet's ancient coat of arms and the Latin inscription SOLOMEI MCCCXCI. It also recalls 1391, the year in which the ancient castle was built, later renovated by the entrepreneur Brunello Cucinelli and transformed into the headquarters of the Company in its early years.

The history of the Hamlet of Solomeo⁸

In 1361, the settlement consisted of a palace, a casamentum, 12 domus, two casalini and the Church of St Bartholomew. In 1391, the inhabitants began to build the castle, a fortress erected close to the hamlet's main building, for defensive purposes. In the 14th century the castle was probably already finished, but Solomeo continued to be called Villa and it is only in a document of 1430 that a Castrum Solomei is mentioned for the first time.

The 16th century was a time of flourishing development for Solomeo, which began to expand beyond the castle walls, and in 1729 developed an entire inhabited area along the south-eastern path of the walls.

The will and desire to further develop the dignity and beauty of the places that host us in order to pass it on to those who will come after us guided the precious restoration project of the hamlet, which took years of painstaking work. The works were carried out taking into account the *genius loci*, while at the same time equipping the premises with modern infrastructure and technology in order to facilitate contemporaneity and efficiency.

The Hamlet of Cashmere and Harmony represents the “**centre of family, entrepreneurial and spiritual life**”



of the entrepreneur Brunello Cucinelli and the core element around which our idea of Humanistic Capitalism has developed.

We have always believed that the growth path undertaken by the Company can continue to develop in a sustainable and respectful way, also thanks to the “spirit of the places” we live and work in, and we believe that one of the main objectives for the future is to keep the ideal of guardianship intact, trying to live it every day, in every activity of the Company and in our everyday life.

One of the primary objectives of our Casa di Moda is “*responsibility towards our local region, the surrounding areas and the local community that hosts us*”⁹. Thus, in the more than 40 years of the Company’s existence, our activity has always been accompanied by a **constant dedication** to the support, restoration and development of the hamlet and the Umbrian region in general, supporting the growth of local communities.

The hamlet has thus become a lovely place, where we hope it will be a pleasure to feel like **guardians of beauty**.

PLACES IN THE HAMLET OF SOLOMEO

The intense redevelopment work commissioned by the Cucinelli family began in 1985, thanks to which it has been possible to recover the ancient Renaissance splendour of the village, always respecting the place’s landscape and the historical and architectural identity.



Specifically, the planning of the **Forum of the Arts** – which follows the physiognomy of a humanistic citadel – began in 2001. In ancient Rome, the *forum* was the central place of the city, designed according to the Roman urban planning tradition, where citizens met to discuss aspects of social life. In Solomeo, the Forum consists of the Cucinelli Theatre, which we regard as a secular temple of Art, the open-air Amphitheatre, which is used for performances during the summer season, the so-called Philosophers’ Garden, which is open to anyone wishing to reflect and contemplate the surrounding nature, and the Aurelian Neo-Humanistic Academy.

⁹ This objective is also enshrined in the Code of Ethics.



Every year the Forum of the Arts is brought to life with organised events, meetings and shows.

The result is a harmonious setting where production and creativity, working life and cultural life, care for the manufactured product and the guardianship of human values come together.

The restoration works and the new life of the Hamlet continued with the founding in 2013 of the **School of Contemporary Arts and Crafts** (see Chapter 4). The school is housed in several buildings, including the medieval castle, and is a point of reference for the training of new generations in the ancient tailoring and craft trades.



Among the values that represent the pillars of the culture of our Casa di Moda, particular importance is attached to the “**Amiable Suburbs**”, an expression that defines in the most profound way the desire to participate in the improvement of the region and the surrounding communities.

Thus, from the heart of the Hamlet of Solomeo, a new idea has sprouted for planning, administering, protecting and safeguarding the beauty of a suburbs, which can only then become lovable and finally be freed from the abuse it has suffered. What entrepreneur Brunello Cucinelli wanted and created is therefore a new conception and realisation of the suburbs, aimed at **enriching the quality of life** and creating a **harmonious continuity in the landscape**, where nature, creativity and productivity intertwine.

The **Project for Beauty**¹⁰ enabled the redevelopment of the valley below the Hamlet, thus achieving a balance between **profit and Human Sustainability, tradition and evolution, local economy and global economy**. The project was completed after almost eight years of work and now covers an area of about 100 hectares, divided into three parks.

¹⁰ Project supported by the Brunello and Federica Cucinelli Foundation, presented in 2014.



The *Industrial Park*, which covers some 35,000 square metres and includes the Company's new headquarters, ensures that the latter is harmoniously embedded in a vast garden in honour of the working world.

Don Alberto Seri Park, dedicated to the memory of the beloved, unforgettable parish priest of Solomeo and set in seven hectares of land. It is equipped with a barrier-free stadium which represents the recreational part, designed especially for young children and proposed as a Contemporary Lay Oratory: everyone is thus offered the opportunity to play sports as well as harmoniously develop social and personal growth.

The *Agrarian Park* covers approximately 70 hectares around three central hubs: the oil mill, the wine cellar and the "Tribute to Human Dignity" monument, completed in the summer of 2018.

In order to continue to feel like custodians of Creation with the will to give humanity something for the next thousand years, the choice was made to follow the dream of the great Emperors Hadrian and Alexander the Great, who were able to act for the benefit of the world. In fact, the construction of a **large library** in Solomeo – which will be completely supported by the Brunello and Federica Cucinelli Foundation – is planned for 2024. We like to define it as "**universal**", born from the idea of time and erected on the universality of the thoughts expressed by the authors of the books that will be held there.

The project of the Universal Library of Solomeo – born from the desire of the entrepreneur Brunello Cucinelli and the architect and landscape designer Massimo De Vico Fallani – was presented during the meeting organised at the Strehler Theatre in Milan in October 2021, with the presence of about 300 people including friends, journalists and investors.

The Universal Library of Solomeo

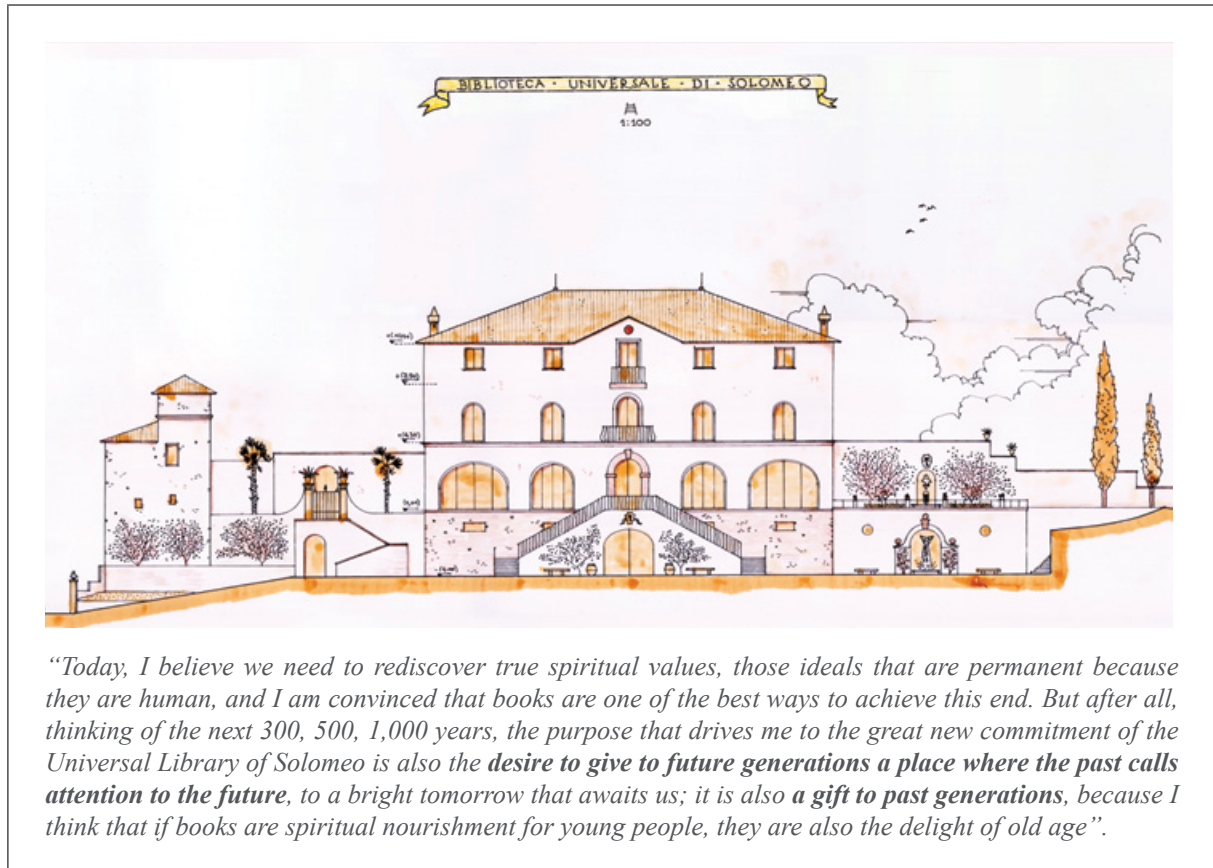
The project of the Universal Library of Solomeo is a "**1,000 year**" **project** whose aim is to contribute in the times to come to the moral, ethical, spiritual, cultural and economic growth of the region and its people.

Situated near the Cucinelli Theatre, in the setting of a noble 18th century villa of 2,000 square metres, the Universal Library of Solomeo will be home to books both ancient and new, held there year after year, not only in Italian but also in other languages, embodying the wisdom gathered from around the globe.

It will be a space dedicated to anyone wishing to enter for study, to read a book or to stroll through the park, which will become Solomeo's public park, built along the lines of Villa Adriana in Tivoli. We therefore imagine the new Library of Solomeo as a widespread, open and attractive place, an ideal meeting place, as in the ancient parks of the philosophers, or as in the Library of Alexandria itself, where people taught, read, discussed, worked and in their downtime spent time together in amiable symposia, indoors or out, depending on the season.

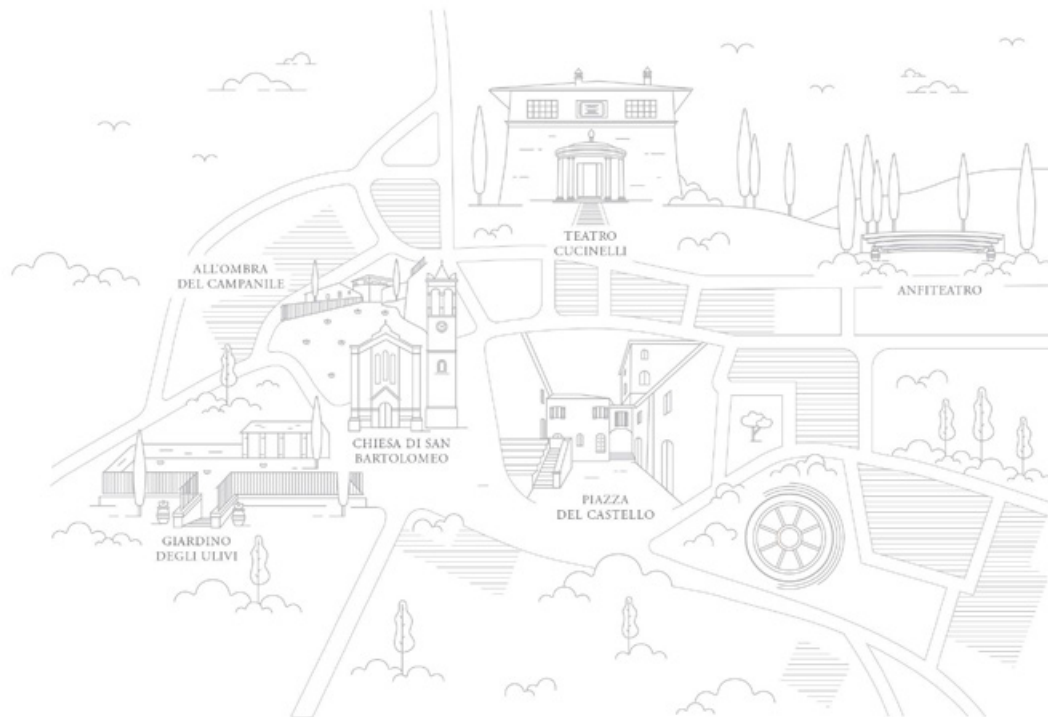
A group of experts will then have the task of selecting the most classic works from all over the world: works of Philosophy, Architecture and Literature.

Our ambition is to collect between 30,000 and 35,000 books in 2024, at the time of the inauguration, which could rise to as many as 500,000 volumes in the following years. The books will be purchased by the foundation, without recourse to donations or the help of supporting members.



The Infographic that follows explores the main places of interest that animate the Hamlet of Cashmere and Harmony.

Infographic 4 – Some of the places within the Hamlet of Solomeo



- **Cucinelli Theatre:** inaugurated in September 2008. The idea for the Theatre came from the need to give art the chance to express itself and to give the Hamlet a building that would last for centuries to come.
- Modern in the versatility of its structure, the Theatre’s form is inspired by the canons of Renaissance models. Classical echoes can be found both in the exteriors and in the stage design: the curvilinear pronaos supported by Ionic columns leads into a colonnaded foyer, where images of the artists who have performed on stage welcome the spectator. The interior is simultaneously striking and simple, with the clear, soft tones of the colours and the severe line of the noble oak trusses.
- **Amphitheatre:** the Amphitheatre area extends in front of the entrance to the Cucinelli Theatre and is the venue for the Villa Solomei Festival concerts and the Settima Arte film festival.
- **Philosophers’ Garden** (or Gymnasium): a natural, contemplative place characterised by the presence of green terraces.
- **Tribute to the Dignity of Man:** located inside the Agrarian Park – which also includes the oil mill and the wine cellar – this monument was born out of the desire to leave a sensitive, lasting testimony, a symbol of the activities of the entrepreneur Brunello Cucinelli for the good of humanity. The monument consists of a travertine exedra surmounted by five arches, above which are bronze letters with the inscription: “*Tribute to the dignity of man*”. To convey the universal significance of the construction, below each arch is the name of the



five continents of the world in bronze letters. A tripod is placed in the centre of the exedra. In order to ensure that it will last for centuries, the monument was built according to the ancient tradition, based on the prescriptions of Vitruvius, Palladio and Sebastiano Serlio. The design respects the rules and proportions of classical architecture, both as a whole and in every single detail.

- **Aurelian Neo-Humanistic Academy:** home of the Brunello and Federica Cucinelli Foundation, which also houses the Aurelian Neo-Humanistic Library open to all with over 2,000 volumes of the great classics.
- **Church of St Bartholomew:** founded in the 12th century, rebuilt in the 18th century and finally extended in the 19th century. The Church also hosts some concerts of the Villa Solomei Festival.
- **Cellar of Solomeo:** similar to a Medici villa, it is built on a plinth and dominates the surrounding landscape made up of the vineyard – cultivated according to ancient techniques and having the appearance of a Renaissance garden – and farm fields dotted with fruit trees. It is a tribute to the Earth, because as Xenophanes teaches us, “everything comes from the Earth”.
- **Contemporary Lay Oratory:** a space open to everyone, where they can play and participate in sports, but also used for recreation and sharing, aimed in particular at children aged 6 to 12 and their families.

The set of places and works that make up the Hamlet of Solomeo and the nearby suburbs represent for us, as expressed by the entrepreneur Brunello Cucinelli, “*a humanistic path that from spirituality moves down to history, art and culture, and then to the work of man, artisan or farmer, and to the celebration of the human being*”.

THE COMMUNITY AND THE LOCAL REGION

With the aim of spreading and realising the ideals that fuelled Solomeo’s humanistic aspirations, the non-profit **Brunello and Federica Cucinelli Foundation**¹¹ was set up in 2010, operating in a complementary manner to the Company while remaining a separate entity.

The Foundation’s programmes aim to support all those initiatives that promote culture, knowledge, the protection of the region and monuments, the values of tradition, and the spiritual and everyday values of humanity, supporting the activities carried out by the Company and spreading the ideals that nourish Solomeo’s humanistic aspirations.

¹¹ Whilst the activities managed by the Foundation are not included in the reporting scope of this NFS, as highlighted in the Methodological Note, it is deemed appropriate and proper to illustrate them. This choice is consistent with the Company’s decision in the period immediately prior to Brunello Cucinelli’s listing on the stock exchange to “transfer” the management of many of the activities supporting the local region and the community, previously supported by the Company, to the Foundation, which has undertaken to continue the ongoing efforts, consolidating and promoting those values that have always inspired the Company in all its activities. More information is available at <https://www.brunellocucinelli.com/en/the-cucinelli-foundation.html>

Under the banner of these objectives, the Foundation promotes various projects with the desire to contribute to raising the human spirit, including through actions aimed at beautifying the spirit of places. Cultural activities, initiatives to protect artistic beauty and projects of care and support for people and the area they live and work in are at the centre of every action taken by the Foundation, both in Italy and abroad. The initiatives organised in Solomeo and its surrounding area are an example of this aspiration.



The Brunello and Federica Cucinelli Foundation and the restoration of the cathedral of Perugia

The main project that the Brunello and Federica Cucinelli Foundation was involved in together with other partners in 2021 was the renovation of the Church of San Lorenzo, Perugia's cathedral.

The execution of the project, for which a total of €7.5 million has been allocated, will last two years and is divided into three stages. The initial works, which involved the conservative restoration of the front and side façades, as well as the external staircase and the statue of Julius III, were started in July 2021 and completed in December. This will be followed in 2022 by the cleaning of the stones and the removal and replacement of cement inserts that had been used in previous restorations.

In 2021, the Company made donations to local communities – in cash and in kind – for a total of €1,144,394, intervening in support of local health management of the pandemic, as well as in the organisation of initiatives to protect local artistic and cultural heritage, and even contributing to the work of some local associations.

Specifically, in the first half of 2021, in partnership with the Foundation, the Umbria Region and AUSL Umbria 1 national health office, we sponsored the organisation of a **vaccination hub** located in the **Park of Beauty** in the village of Solomeo, available to the local community from April 2021 and subsequently expanded to serve our human resources. From May onwards, depending on the quantity of vaccines available, the centre operated on three daily shifts, enabling vaccination to be given at any time of the day or night. In fact, we believed that the sooner we



completed the vaccination campaign the more lives would be saved, and the sooner the country's economy could start growing again. More information on this can be found in Chapter 2.

The “**Brunello Cucinelli for Humanity**” project, launched in 2020 to donate apparel left unsold due to the lockdown to the most needy, continues. In fact, the first donations of the project were made in 2021.

Moreover, since 2008 – when a Memorandum of Understanding was signed between the Group, the Umbria Region, the Archdiocese of Perugia-Città della Pieve and the non-profit voluntary association Friends of Malawi – we have been active in Malawi (Zomba district), where the “**Solomeo Rural Hospital**” was inaugurated in 2011, starting with contributions for the renovation and upgrading of an existing building. In line with the terms of the agreement, all signatories are committed to the ongoing support, maintenance, supply and training of the hospital's employees.

In the years leading up to the opening of the hospital, we also supported the construction of an additional building, close to the hospital complex, to be used as a nursery.

In 2021, the Company took over part of the donations to the Mlambe Health and Social Trust (MhEST) – a charity based in the Zomba district – and to the Benedictine nuns' institute there.

This way, we contribute to the achievement of the commitments of MhEST, which in the period 2019-2022 focused in particular on:

Development of rural areas and empowerment of communities, mainly through the development of health infrastructure, improvement of maternal and newborn health conditions and access to high quality palliative care services in the Zomba district, especially for the elderly, employing a holistic and personalised approach. In 2021, a total of 391 palliative care patients were visited, given medication for pain relief and symptom management, as well as psychosocial counselling. Two hundred thirteen home visits were also conducted. A total of 50 patients were involved in the programme during the year.

Agriculture, food security and climate change, increasing the environmental resilience of the district by boosting the capacity of Community Based Organisations (CBOs) in establishing nurseries of indigenous trees and fruit trees and in managing climate change. In 2021, the CBOs independently cultivated a total of 297,611 trees (94,124 fruit trees, 203,487 indigenous trees).

Protection and development of children and young people, by improving the well-being of those from rural areas or living on the streets and addressing their formal and informal learning needs.

We are also committed to supporting **local associations**, e.g., by providing scholarships to the association *Rondine – Cittadella della Pace*, dedicated to the reduction of armed conflicts in the world and to the implementation of its own methodology for the creative transformation of conflicts in order to spread the value of reconciliation.

We are also active in Italy through our participation in national and local associations that represent the needs of the fashion and luxury sector, and more generally entrepreneurship Made in Italy.

The international, national and local associations we participate in

Brunello Cucinelli S.p.A. is a member of various associations in the fashion and luxury sector operating at a national level, as well as local associations such as the Perugia Industrial Association.

Specifically:



As part of the **Sustainable Markets Initiative** launched by Prince Charles of England, the **Fashion Task Force** is committed to accelerating the transition to a more sustainable production and consumption model within the fashion and luxury industry. In fact, the initiative plans to focus first on developing a digital ID system to enable customers to be informed about the sustainability characteristics of the products they buy. Similarly, other elements of focus concern the furthering of regenerative agricultural practices with respect to different types of raw materials that can reduce the damage caused to the Earth. Together with an array of brands, platforms and retailers, the Brunello Cucinelli Group is a member of the Fashion Task Force.



The **Italy-China Foundation** – of which we are Supporting Members from June 2021 – is a private, non-profit organisation, founded in November 2003 by Cesare Romiti that acts and supports institutions and enterprises to promote political, economic, commercial, scientific and cultural exchanges between the two countries. The Foundation now has more than 200 Members and its Board includes important political and economic institutions from both countries. Indeed, through its **School of Continuing Education**, it accompanies us on a cultural mediation path focused on Chinese culture and the client's experience in this region. Moreover, through its **Research Centre**, it allows us to keep up to date with the Chinese market, with a particular focus on the luxury sector.



Sistema Moda Italia is an organisation representing the Italian textile and fashion industry whose objective is to guarantee the protection of the textile and fashion sector at a national level through discussions with institutions, public administrations, economic, political and trade union organisations. Member companies also have access to important business-related databases, such as information on raw material prices.



Camera Nazionale della Moda Italiana

The **National Chamber for Italian Fashion** (*Camera Nazionale della Moda Italiana* – CNMI) is the Association that governs, coordinates and promotes the development of Italian Fashion. It is the point of reference and privileged interlocutor for all national and international initiatives aimed at developing and promoting Italian style, customs and fashion.

The commitment of the Association and of its members in the field of sustainability is crucial. In fact, sustainability is a pillar of the CNMI's strategy, which in 2011 set up a special working table. Subsequently, the Sustainability Commission and the Working Groups “Chemicals Technical Commission”, “Retail Technical Commission” and “Table of Chemical Analysis Laboratories” were set up within the CNMI, playing a key role in defining guidelines in this area.



The **Via Montenapoleone Association** was set up in 2002 to promote the relaunch of products Made in Italy and develop Milan's role as the European capital of fashion. It regulates, coordinates and promotes the development of Milan's Via Montenapoleone. It also organises events involving all the boutiques on the street.

ALTAGAMMA
CREATIVITÀ E CULTURA ITALIANA

The **Altagamma Foundation** brings together the companies of the Italian high cultural and creative industry, recognised as authentic ambassadors of Italian style in the world: all the companies operating in the field of luxury in the fashion, design, jewellery, food, hospitality, sport and wellness sectors are part of the Foundation. Its mission is to contribute to the growth and competitiveness of these enterprises, and to this end it organises various initiatives, including events, master's courses and seminars.



CONFINDUSTRIA UMBRIA

Confindustria Umbria is the main organisation bringing together around 900 Umbrian companies.

Specifically, the Company is part of the Perugia Industrial Association, an independent association belonging to the national Confindustria system.



CHAPTER 2 – THE BALANCE BETWEEN PROFIT AND GIVING BACK

SUSTAINABLE GROWTH AND HEALTHY PROFITABILITY



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One of the cornerstones of **Humanistic Capitalism** is the idea of a type of **human dignity that is also economic dignity: a “gracious” and humanly sustainable profit** that is in itself **harmoniously commensurate with giving back**.

The ideal of gracious growth is expressed in **sustainable growth**, which can benefit all those who – in various capacities and with a variety of tasks – contribute as stakeholders to our long-term and very long-term project.

This way we can live up to **two goals** that we have considered indispensable from the outset:

Do no harm to humanity or Creation, or in any case do as little harm as possible to the environment within which we move, work and produce.

Leave a loveable world to those who will come after us, and if possible, make it even more lovable than the one we inherited from our predecessors.

In this sense, economic growth and annual results are achieved in accordance with the Company’s values, based on which the Group continues to plan future growth. In fact, we are focused on developing the activities that will guide us through the coming years, always in strict accordance with the Company’s humanistic and cultural values.

The strategic choices and peculiarities of our business model in 2021

2021 was one of the “beautiful” years in our history.

It was a year in which we seem to have managed to achieve decidedly positive results while also further strengthening the image of our Casa di Moda and our brand in terms of **taste** identity, positioning in **absolute luxury**, **reliability** and **proper behaviour** towards all our stakeholders. It was a year of important milestones, including Chairman Brunello Cucinelli being awarded **Designer of the Year** by the prestigious British men’s fashion magazine *GQ* and the entrepreneur’s personal participation at the **G20 in Rome** with a presentation on **Humanistic Capitalism and Human Sustainability**.

We feel deeply reassured by the **closeness of our brand to** so many end customers, the largest luxury department stores as well as the most precious specialty stores, which bring their vision of contemporary beauty to the world.



At the same time, the acquisition of **new customers** in the various geographies contributed to the steady growth in sales experienced during the year.

Moreover, over the past 12 months our entirely Italian **production chain** with its superior level of craftsmanship (more than 52% of our product is made by “hands” and therefore not replaceable) seems to us to have demonstrated great operational, financial and planning solidity for the coming decades.

We believe that these results give full credit to the **rational positivity** that has inspired us, as well as to the **determination** with which we have acted throughout this year, guided by the intention not to “downsize” our product range in any way, but on the contrary to try to offer customers what they might desire in the various individual moments that we have gone through.

This year we believe we have even more strongly reaffirmed the “**co-essentiality**” of **the physical and the digital**, and we have truly enjoyed the great pleasure with which many customers have returned to visit boutiques in person.

We continue to believe that the **physical experience** is and will remain the **essential** core of the luxury market due to the fullness, immediacy and intensity with which brand content can be perceived by the end customer.

The essentiality of the physical sales experience, whether in the direct or multibrand channel, leads us to believe that it is essential to making the sales areas contemporary.

This is the inspiration that has guided us in our pursuit of a special, friendly relationship with our customers, hoping that they can find **our boutiques and all our sales areas** welcoming and familiar.

From the point of view of the end customer, the Group is present on the market through the retail distribution channel and the wholesale distribution channel. We continue to believe that a **balanced distribution between the two channels** is an element that safeguards the brand’s contemporary nature.

Indeed, the physical **retail** network constitutes a **vital and appealing form of exchange between Solomeo and the various cultures of the world**. The exclusivity of distribution therefore assumes a strategic value and fundamental importance in the entrepreneurial business model. It represents the distribution channel through which the Group sells directly to the end customer through directly operated stores, the so-called DOSs (Directly Operated Stores) and hard shops, i.e. spaces located inside department stores and managed under the Group’s responsibility.

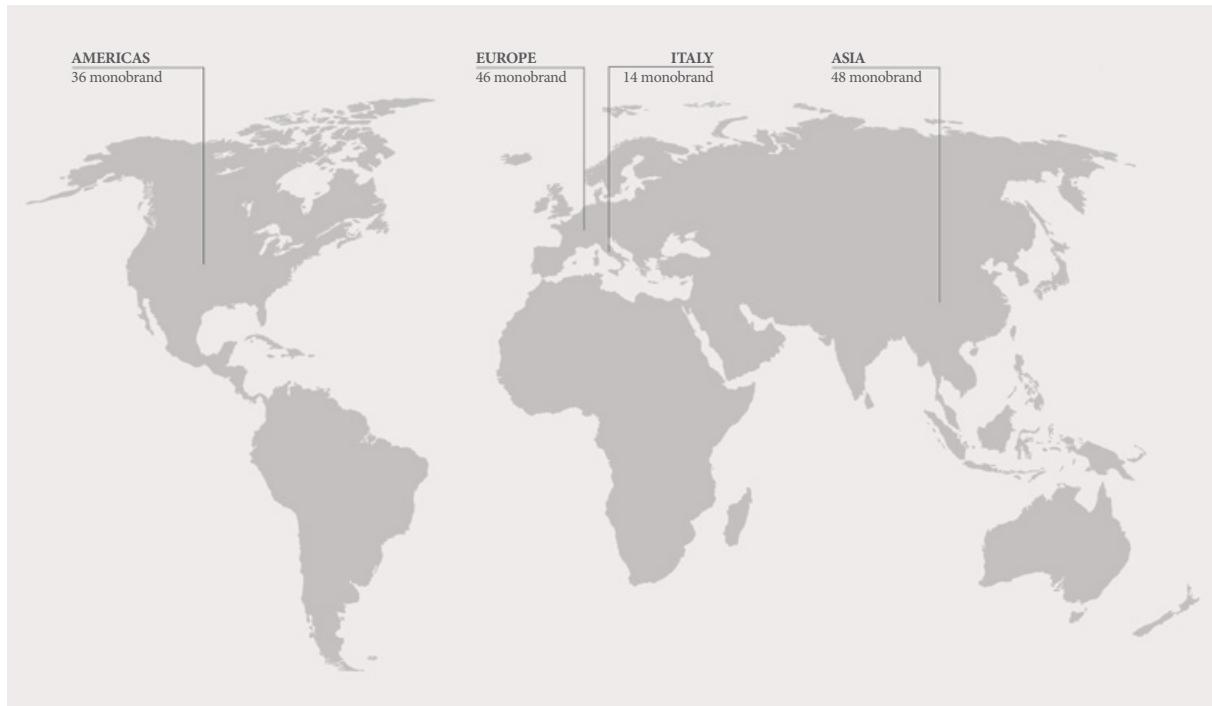
As of 31 December 2021, there were **114** retail **boutiques** compared to 107 in the previous year, with 4 openings and 3 conversions of wholesale monobrand boutiques, including the major space in Dubai Mall and the space in the exclusive resort town of Gstaad.



There are **43** directly operated **hard shops** within department stores compared to 31 on 31 December 2020, an increase mainly related to the conversion to direct management of 10 spaces within Nordstrom's luxury department stores. These conversions from wholesale to retail are in addition to the 3 conversions of wholesale monobrand boutiques already noted, bringing the total number of converted spaces to 13.

Prestigious expansions of boutiques were also completed between 2020 and 2021 – including those in London, Paris, Moscow, St Petersburg, Shanghai and Tokyo – and in the latter part of 2021 the Madison Avenue flagship store in New York was inaugurated, celebrated with a major event in December attended by customers and the trade press.

Infographic 5 – Retail boutiques throughout the world (data as at 31.12.2021)



In addition to our direct global network, we have **showrooms** in Milan, New York and Shanghai.

The **wholesale** network is the distribution channel through which the Group sells to independent partners: this channel therefore includes both monobrand points of sale operated by third parties under commercial distribution agreements (Wholesale monobrand), independent multibrand points of sale and dedicated shop-in-shops in department stores (Wholesale multibrand). The Group uses a network of agents and distributors for sales to a number of wholesale monobrand and multibrand customers.

As at 31 December 2021, there were 30 monobrand wholesale boutiques, with the multibrand wholesale business comprising around 500 wholesale customers (a dozen or so department stores and the rest beautiful Specialty Stores).

In 2021 we believe that our multibrand channel and the network of Specialty Stores have shown very high value, maintaining their role as **“guardians”** of the brand, a **source of inspiration and comparison** in the **development of Ready-to-Wear collections**, and great **connoisseurs** of the habits and behaviour of **local customers**.

As far as **large luxury department stores** are concerned, we remain convinced that these spaces are still the preferred destination of millions of customers around the world, and we are very focused on execution in the individual spaces assigned to us.

We consider Specialty Stores to be **brand ambassadors** that allow us to get in touch with new customers in environments of absolute value on a daily basis. Through these stores, we are able to offer our products in many communities that could not support a direct presence, thus protecting our brand's exclusivity.



Consistent with our values, we devote this same amount of attention to the “**digital**” world by paying great attention to every detail, employing the same style and grace and working to establish a “human” relationship with our customers on the web.

Convinced that the continuous updating of the **online boutique** – both in terms of technology and visual merchandising – is an essential element for the contemporary nature of the brand, we have renewed our online presence through our e-commerce website in order to offer a fresh, immediate, contemporary and captivating browsing, information-gathering and shopping experience.

In fact, our **investments in communication** focused on the choice of facilitating the programming of events and activities (mainly in the second half of the year) dedicated to our customers as a demonstration of our will to return to normal social life as far as possible and in the utmost safety (see Chapter 6).

Further investments were also made in the **renovation of some production** facilities, the evolution of our **logistics infrastructure**, and in the **ICT** area, for example with the development of new technological platforms, an increase in IT security and the purchase of new applications.

**2021 results**

2021, which we call the year of “**rebalancing**”, ended with **splendid** results for our brand, both economically and in terms of image: the 30.9% growth in turnover enabled us not only to completely recover the 10% loss recorded the previous year, but also to report a 17.2% increase over 2019.

We are also fully satisfied with the “quality” of our growth, thanks to the excellent balanced performance across the various geographical areas, distribution channels and product categories.

We are gradually returning to the profitability levels that existed before the start of the pandemic, which have always been based on the values that inspire us: the **right growth**, the **right profit**, the **right balance between profit and giving back**.

We believe that the entrepreneurial and philosophical principles – the foundation of our idea of **Humanistic Capitalism** and

Human Sustainability – have proven to be a solid and effective guide in this year of rebalancing.

Table 1 - Summary data

	2019	2019 normalised ¹²	2020	2020 normalised ¹³	2021	2021 normalised ¹⁴
Number of collaborators	2,022		2,129		2,264	
Net revenues	€607.8 million		€544 million		€712.2 million	
EBITDA	169.6	106.1	89.5	41.8	193.3	110
Net result	53.1	49.3	-32.1	2.7 ¹⁵	56.3	-
Net Financial Position	481.2	30.1	605.7	93.5	569.8	23
CAPEX	52.6		51.6		61.6	
Product mix	87% clothing 13% accessories		86% clothing 14% accessories		84% clothing 16% accessories	
Capitalisation (as at 31.12)	€2.146 billion		€2.428 billion		€4.128 billion	

GRI 102-7 Scale of the organisation

The confirmation of all the activities and investments planned before the start of the pandemic, the beautiful 2021 that we have just concluded, the concreteness of our expectations for 2022 and 2023, and the path of healthy, sustainable growth that we expect to follow in the coming years allow us to look with great confidence at the goal of **doubling our turnover, which we had initially planned for the 2019-2028 ten-year plan, but which we now imagine we can achieve as early as 2026**, the final year of our eleventh five-year plan.

12 The normalisation of data as at 31 December 2019 refers to the elimination of the accounting effects relating to the application of IFRS 16 and the tax benefit deriving from the so-called Patent Box.

13 The normalisation of the data as at 31 December 2020 refers to the elimination of the accounting effects relating to the application of IFRS 16 and the extraordinary provision of €31,727 thousand relating to the Inventories item (for more details see the Report on Operations).

14 The normalisation of data as at 31 December 2021 refers to the elimination of the accounting effects relating to the application of IFRS 16 (for more details see the Report on Operations).

15 The figure was restated from what was previously reported due to a typo in the 2020 NFS.



The initiatives supported during 2021 with regard to the environmental and social dimension are summarised below.

Table 2 – Our initiatives for Harmony with Creation and Human Sustainability (€ thousand)

Harmony with Creation	Human Sustainability
Reduced environmental impact (impact on air and climate; energy efficiency; reduction in the use of hazardous chemicals): €1,302.7	Training and development of human resources: €671.6
	Customer digital experience: €1,246.6
	Community and territory: €1,144.4 (of which €401.3 for the construction of the vaccination centre in Solomeo)
	Dialogue and active collaboration with stakeholders: €18 (in 2021, special focus on sustainable supply chain management)
Total €1,302.7¹⁶	Total €3,080.7¹⁷
GRI 413-1 Operations with local community engagement, impact assessments, and development programmes	

¹⁶ Of which about 71% CAPEX and about 29% OPEX.

¹⁷ Of which about 32% CAPEX and about 68% OPEX.



The creation of a fair profit goes hand in hand with the commitment to **adequately remunerate stakeholders**, making sure they share in the results achieved.

Table 3 – Economic value generated and distributed¹⁸

Euro/000	2019	2020	2021
Net revenues	607,761	544,013	712,179
Other operating income	826	2,772	10,054
Financial income	27,201	27,992	21,898
Other operating costs (Losses on receivables)	0	66	120
Economic value generated	635,788	574,843	744,251
Costs for raw materials and consumables	72,279	53,725	113,610
Cost of services	248,067	243,296	271,084
Economic value distributed to suppliers	320,346	297,021	384,694
Personnel costs	112,199	119,569	132,948
Economic value distributed to human resources	112,199	119,569	132,948
Dividend distribution ¹⁹	0	0	28,148
Financial expense	41,401	46,956	34,908
Economic value distributed to shareholders and lenders	41,401²⁰	46,956	63,056
Income taxes	16,093	-1,713	7,731
Other operating costs (Taxes and duties)	4,059	3,479	4,478
Economic value distributed to the Public Administration	20,152	1,766	12,209
Investments for the area and communities ²¹	1,335	1,351	1,144
Economic value distributed to the local community	1,335	1,351	1,144
Economic value distributed	495,433	466,663	594,051
Economic value retained (economic value generated - economic value distributed)	140,355	108,180	150,200

GRI 201-1 Direct economic value generated and distributed

The economic value generated in 2021 is approximately €744 million (+29% compared to 2020): 80% of the value created was distributed to the Group's stakeholders in the breakdown shown in the chart below. The largest share was distributed to suppliers and façonisti (approximately €385 million, as an expense item for the procurement of raw materials and consumables and costs for services) and to human resources (personnel costs of approximately €133 million). Compared to the previous year, there was an increase in the economic value distributed by the Group to all stakeholders.

18 The economic value generated and distributed is calculated on an accrual basis.

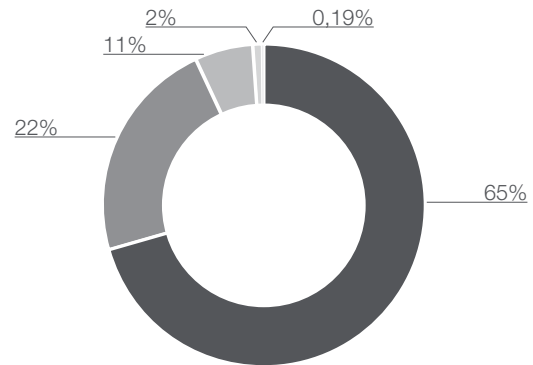
19 The 2020 dividend refers to the value proposed to shareholders by the Board of Directors. The figure will be confirmed or revised in the next NFS in light of what has actually been disbursed.

20 The figure was restated due to a transcription error in the previous NFS. The values corresponding to the distributed and retained economic value have been revised accordingly.

21 This does not include investments made by the Foundation.

Instead, 20% of the value generated was retained internally and dedicated to sustainable future growth.

Breakdown of the economic value distributed in 2021



“Gracious growth”: a model for sustainable development

An essential aspect of our idea of humanistic capitalism and human sustainability is that of “gracious growth”, understood as a real model for sustainable development in order to harmoniously improve the conditions of business in the right amount of time, always trying to imagine human beings at the centre of every action.

This approach has been studied extensively by academics at prestigious universities. The idea of “gracious growth” has been theoretically modelled and recognised by the international scientific management community thanks to a scientific article published in the prestigious journal *Organizational Dynamics* entitled: “Gracious growth: How to manage the trade-off between corporate greening and corporate growth”.

The article, which reports the results of an in-depth analysis of our philosophy, corporate culture and business model, highlights the benefits of “gracious growth” and provides guidelines for adopting similar approaches in other companies and sectors. Below are excerpts from the article:

- “Through gracious growth, organisations can achieve growth while relentlessly championing ecosystem harmony. They can do this by reinventing, reorganising and humanising the entirety of their business”.
- “Positive examples, such as Brunello Cucinelli, do not only show how true sustainability and profitable growth can be co-achieved. They also represent beacons of hope in a time when temptations to reduce sustainability to a legitimising fad remain worryingly strong”.
- “We offer actionable recommendations and present a process framework that organisations can adopt to implement ‘gracious growth’. Generating new insights about how growth and sustainability can be simultaneously achieved, this article provides ideas that can help managers enhance their organisations’ economic and environmental performance while also avoiding the legitimacy risks associated with greenwashing”.

Source: Liedong, T.A., Taticchi, P., Rajwani, T. and Pisani, N., (2022). *Gracious growth: How to manage the trade-off between corporate greening and corporate growth*. *Organizational Dynamics*. In press. Available online 11 March 2022, 100895 <https://doi.org/10.1016/j.orgdyn.2022.100895>



SUSTAINABILITY, LEGALITY AND TRANSPARENCY: OUR APPROACH TO TAXATION

In the context of moral sustainability, we consider it fundamental to respect the laws, including the fair payment of taxes in our country, which is a source of economic value creation and social development for the territory.

Legality, Transparency, Propriety and Honesty – core values at the heart of the company philosophy, also referred to in the Code of Ethics – inspire and are points of reference in the Brunello Cucinelli Group’s management of tax matters.

Legality, through conduct geared towards compliance with the tax regulations applicable in the countries the Group operates in.

Transparency, through a relationship with the competent tax authorities based on dialogue and maximum cooperation.

Propriety and Honesty, through a business choice that has always been aimed at not using so-called “contrived tax planning” schemes, deployed for reasons of mere tax convenience. Consistent with and in application of these values, which are shared by all entities belonging to the Group, our approach to taxation aims to:

- Ensure the correct and timely determination and payment of taxes due by law and compliance with related obligations.
- Mitigate tax risk, understood as the risk of violating tax laws or abusing the principles and purposes of the tax system. Top management is informed about the tax impacts of all strategic and operational business operations, both planned and to be implemented, thus ensuring that any decision taken in the tax area is consistent with the Group’s tax strategy.

The Chief Financial Officer (CFO) and Financial Reporting Officer are responsible for the Group’s tax activities. Among other things, the CFO is responsible for managing and supervising all Italian and foreign activities aimed at guaranteeing the timely fulfilment of tax obligations and managing any tax assessments and related disputes.

The CFO is supported by the Co-CFO (with particular regard to the taxation of the Group’s foreign companies), as well as by an internal “Tax Team” dedicated to the proper management of the taxation of the Group’s Italian and foreign companies, made up of top-level figures (executives and managers).

The organisation also relies on the advice of external professionals, including:

- Tax consultant for Italy, who the Group has worked with for over 15 years.
- International tax consultant, who has specifically dealt with Transfer Pricing for many years.
- Specific tax consultants in the various countries the Group operates in.

The Group is committed to applying the tax laws of the countries it operates in, ensuring that the spirit and purpose that the regulations – or more generally the legal systems – envisage for the specific tax matter being interpreted are respected. In managing tax matters, the Group is guided by principles and approaches of prudence, simplicity and linearity. The Group adopts a reasonable and responsible interpretation of the regulations in force, and, in consideration of the significance of the case, it may seek the support of external professionals, trade associations and the auditing firm appointed to certify the financial statements.



Group companies can benefit in a legitimate, transparent manner from incentives and tax breaks envisaged by the current laws in the various countries. For tax purposes, intra-group transactions are regulated based on the arm's length principle, as established by the OECD, with the aim of aligning transfer conditions and prices with the actual places where value is created within the Group. The method applied by the Group for the sale of finished products is the **Transactional Net Margin Method** (TNMM).

In order to contain tax risks and seek preventative certainty, the Group favourably considers entering into Advance Pricing Agreements (APAs) with local tax authorities regarding the definition of transfer pricing methods.

In this regard, note that on 26 February 2021, following a similar request submitted by Brunello Cucinelli S.p.A. on 29 December 2020, Brunello Cucinelli USA Inc. submitted the request for a bilateral "Advance Pricing Agreement" between Italy and the United States of America to regulate, for transfer pricing purposes, commercial transactions relating to the Group's most important foreign market. The formal requests for the activation of this international procedure have been completed, and to date the two Companies in question are in contact with the respective competent tax authorities to continue negotiations for the finalisation of this agreement.

Lastly, note that over the years, for transactions considered significant by top management, the Parent Company has submitted tax clearance applications to the competent tax authorities in order to receive a prior assessment on such matters.

The aforementioned tax risk management approaches were evaluated during the risk assessments conducted within the enterprise risk management framework in terms of their ability to reduce the probability and/or impacts identified. The residual tax risk thus assessed was in line with the appetite defined by the Company.

The Brunello Cucinelli Group is aware that by developing its business, it has the opportunity to contribute to the tax revenues of the countries it operates in, thus supporting the economic and social development of the various regions. It is also aware of the importance that these financial flows have for collective well-being, and therefore conducts itself in a manner consistent with the principles mentioned above.

Specific country-by-country reporting information for 2020-2021 is provided below.

Table 4 – Tax information 2020 and 2021

(€ thousand)	Italy		Europe		Americas		Asia		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Assets other than cash and cash equivalents	53,011	31,837	5,700	8,567	14,396	25,420	8,522	8,799	81,628	74,623
Revenues from intra-group transactions	224,120	243,465	1,503	1,462	1,693	3,302	8,139	8,638	235,455	256,867
Income taxes paid	7,229	3,607	490	648	755	2,690	633	835	9,107	7,781
Employees (FTE)	1,108.8	1,138.2	284.0	282.5	263.3	287.0	388.6	452.5	2,044.7	2,160.2

GRI 207-4 Country-by-Country Reporting

RESPONSIBILITY AND SPEED IN HANDLING EXTRAORDINARY EVENTS

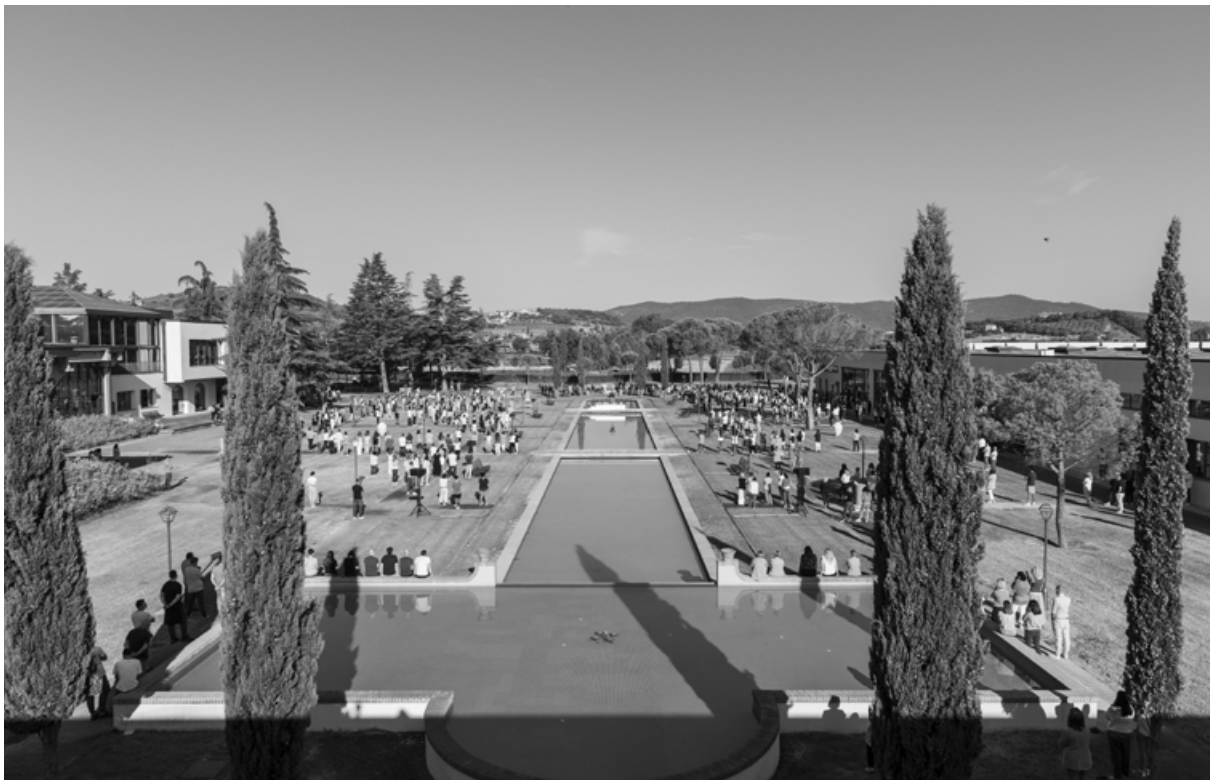
A new start

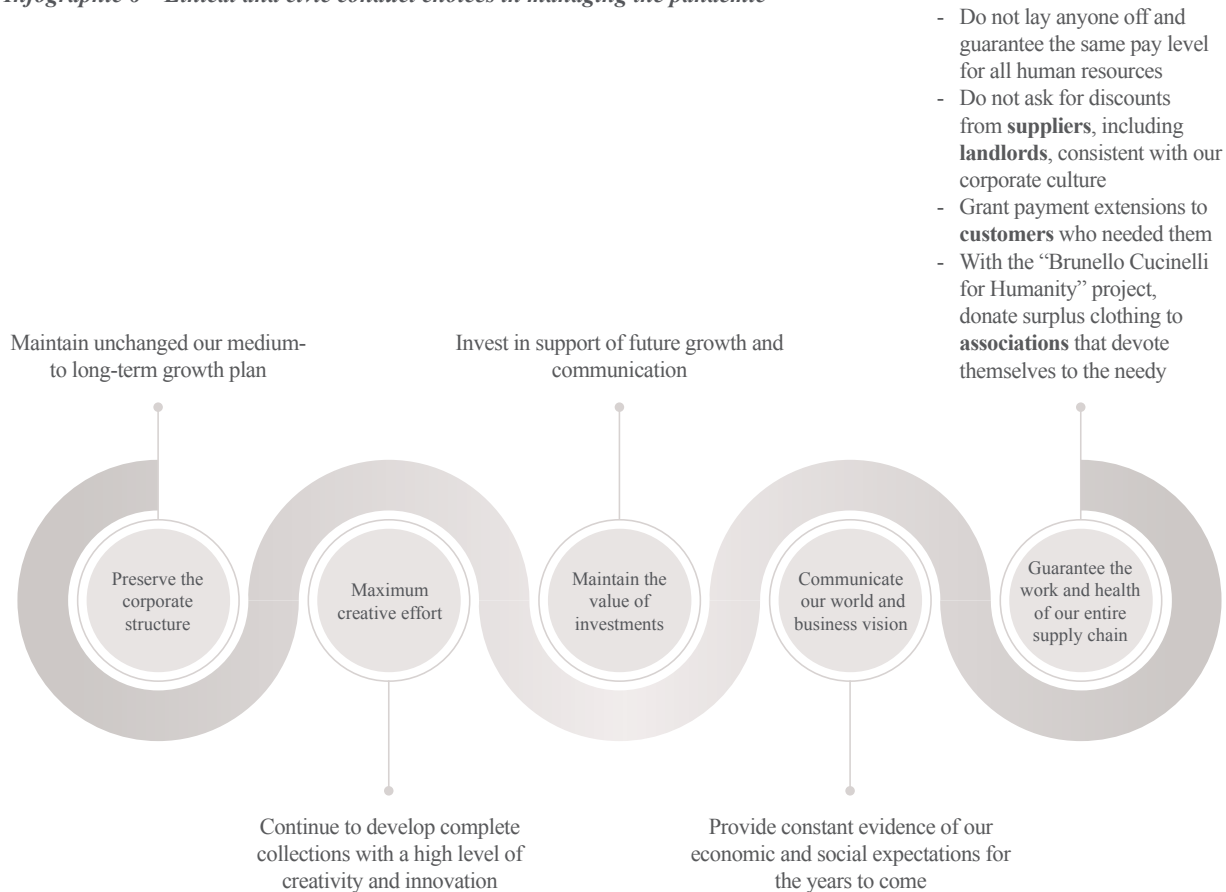
We began 2021 with a sense of **renewed confidence and justified enthusiasm** as we embarked, step by step, on the long-awaited **return to sociality** after the painful period for the mind and soul that we all experienced due to the Covid-19 pandemic.

The discovery and spread of the Covid-19 vaccine allowed us to return to meeting in person and not just digitally with some of our main stakeholders, including customers (see Chapter 6), investors and financial analysts: we held a roadshow in London in September, and in New York in December, after having hosted financial analysts in Solomeo in July. These meetings, especially the one organised in Solomeo, allowed us to give them concrete evidence of how the corporate culture is applied in everyday business operations.

In this sense, 2021 was a period in which we tried to interpret and deal with the pandemic with a **courageous and wise** attitude, always seeking to promote **human dignity** and our **“way” of doing business**.

In fact, we oriented our **responsibility in the management of a crisis event**, such as the pandemic, by making some **major choices related to ethical and civic conduct**, summarised in the infographic.



Infographic 6 – Ethical and civic conduct choices in managing the pandemic

In order to protect the **right to health** of our human resources, right from the start of the health emergency we sought to draw up **protocols and operating instructions** for the company to prevent contagion, which were shared with all our employees. We also developed a **system for constantly monitoring** the health of our resources at all our sites, using serological tests and molecular and antigenic swabs, with the possibility of extending them to family members and all people close to our company, including the employees of our *façonisti*, thanks to an agreement signed with an external analysis laboratory.

This action taken immediately allowed us to guarantee the protection of the health and safety of our human resources and, above all, allowed us to return to the office in complete safety.

This effort began in 2020 and continued throughout 2021.

The ample space in the Solomeo headquarters and in all our workplaces certainly facilitated compliance with the rules on distancing.

The organisation of shifts to access the company restaurant at the Solomeo site remained in place throughout 2021.

The same approach was taken at our foreign sites, aligning with local guidelines and regulations.

Our attention has also been focused on the health and safety of the local community. This is why, immediately after the appeal by Italian Prime Minister Mario Draghi to public authorities and private companies to support the national vaccination campaign by setting up temporary centres for Covid-19 vaccination, the company moved rapidly to do its part.

Beauty Park in Solomeo became the home of a **vaccination centre** in March 2021, and it was immediately opened to the public. Once the government had given companies the option of setting up their own hubs to vaccinate their employees, the centre quickly took care of all the vaccination needs of the company's human resources and contractors.





CHAPTER 3 – TRANSPARENT GOVERNANCE AND ETHICAL BUSINESS

CORPORATE GOVERNANCE



GRI Content Index in the Appendix

102-15	102-18	102-19	102-20	102-21	102-22	102-23	102-24
102-25	102-26	102-30	102-32	102-33	102-34	102-35	102-36
102-40	102-43	102-44	103-2	103-3	201-2	205-1	205-2
205-3	405-1						

The Brunello Cucinelli Group²² consists of 30²³ companies.

On 27 April 2012, Brunello Cucinelli S.p.A. was listed on the Italian electronic stock market (“MTA”, now Euronext Milano) organised and managed by Borsa Italiana S.p.A. and it complies with the recommendations contained in the Code of Corporate Governance for listed companies.

The role of Corporate Governance is fundamental for the proper and responsible performance of the Company’s activities and for ensuring the creation of sustainable and shared value over the long term. Indeed, the corporate governance system²⁴ defines the operating environment within which to pursue gracious, long-term growth objectives.

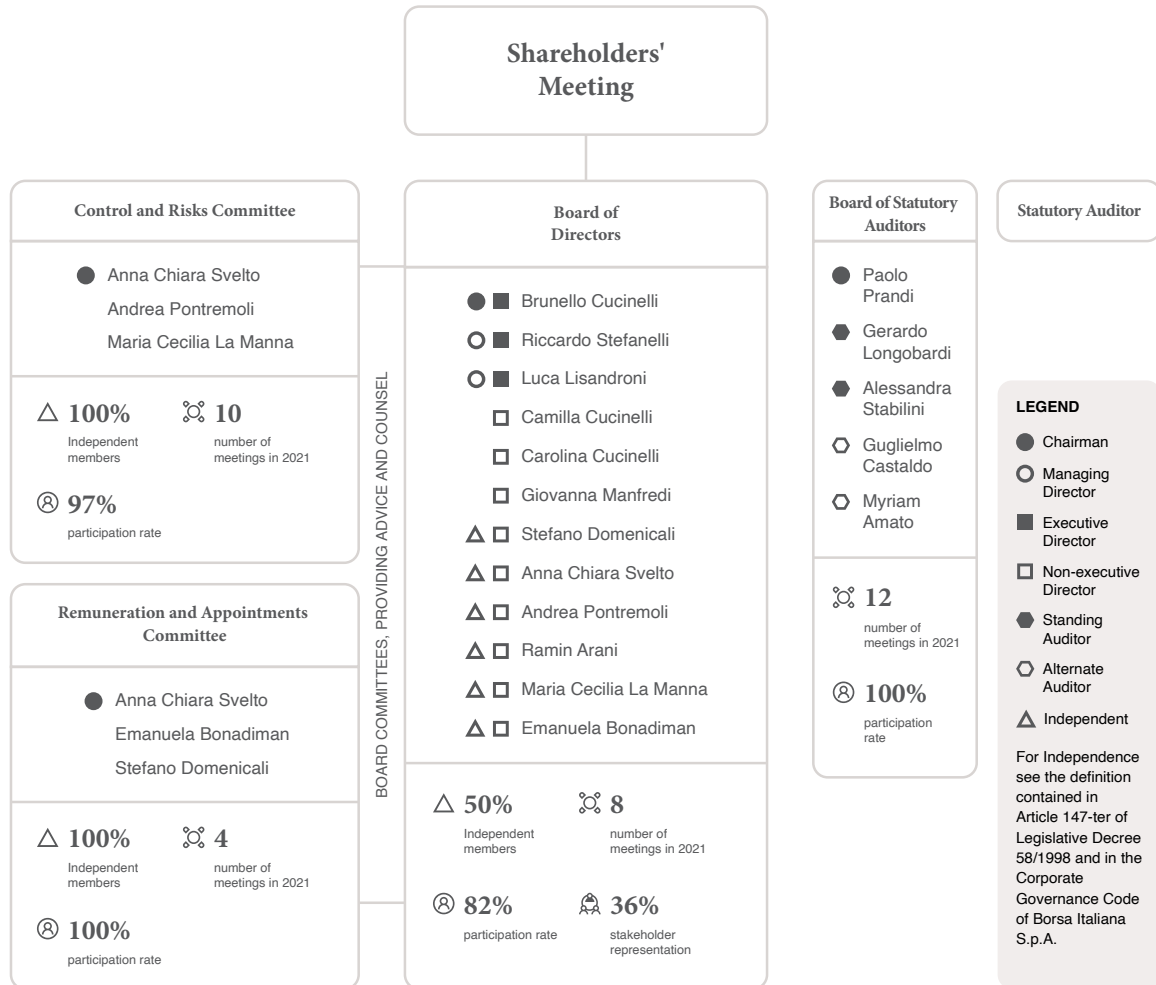
Specifically, it conforms to the so-called “traditional model” and its composition is divided into the following bodies:

- Shareholders’ Meeting
- Board of Directors (BoD)
- Board of Statutory Auditors
- External Auditors
- Supervisory Board (SB)

²² The Brunello Cucinelli Group’s corporate organisation chart is reproduced in the 2021 Consolidated Financial Statements, available in the “General archive” section of the website <http://investor.brunellocucinelli.com/en>

²³ In the first half of 2021, the consolidation area underwent the following changes: i) entry of Brunello Cucinelli Middle East LLC, effective from 1 March 2021, 51% owned by the Parent Company Brunello Cucinelli S.p.A. by virtue of voting agreements with the shareholder Al Tayer and consolidated on a line-by-line basis; ii) exit of Brunello Cucinelli Brasil LTDA, whose liquidation process was completed during the first half of 2021. The Brazilian point of sale was converted into a wholesale store.

²⁴ For further details on Corporate Governance, please see the Report on Corporate Governance and Ownership Structure for the year 2021, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>

**Infographic 7 – Governance structure**

INTER-COMPANY COMMITTEES WITH OPERATIONAL COORDINATION FUNCTIONS





The management of the Company is entrusted to the Board of Directors, which currently consists of 12 members whose term of office began with the Shareholders' Meeting of 21 May 2020 and which will remain in office until the approval of the Company's financial statements as at 31 December 2022.

The Directors are appointed according to a **list voting mechanism**, in compliance with the principles of **gender balance**, **competence** – managerial and professional, also of an international nature and exploiting different ages and experiences – and **independence**.

Stakeholders are involved in the process of appointing and selecting the members of the Board of Directors by inviting them to present slates of candidates to be submitted to the Shareholders' Meeting.

The following tables summarise the composition and characteristics of the Board²⁵.

Table 5 – Composition of the BoD

Total BoD members		12
Under 30		0
	Men	0
	Women	0
30 to 50		4
	Men	2
	Women	2
Over 50		8
	Men	4
	Women	4

GRI 405-1 Diversity of governance bodies

Table 6 – Changes in Board characteristics over the last two terms of office

	2019 (end of previous term of office)	2021
Total BoD members	11	12
Percentage of female Directors	36%	50%
Average age	49	52
Nationalities represented	2	2
Independence rate	36%	50%
Renewal rate	-	58%

²⁵ For any other information on the characteristics of the members of the Board of Directors, including the number of other offices held, please see the 2021 Corporate Governance and Ownership Structure Report. For further details on the technical and specific skills of each member, please refer to the CVs published on the Company's Investor Relations website, at the following link: <http://investor.brunellocucinelli.com/en/governance/board-of-directors>.



The Board’s role is to **define and pursue the strategic objectives** of the Company and its subsidiaries, including the objectives of **Human Sustainability and Harmony with Creation**.

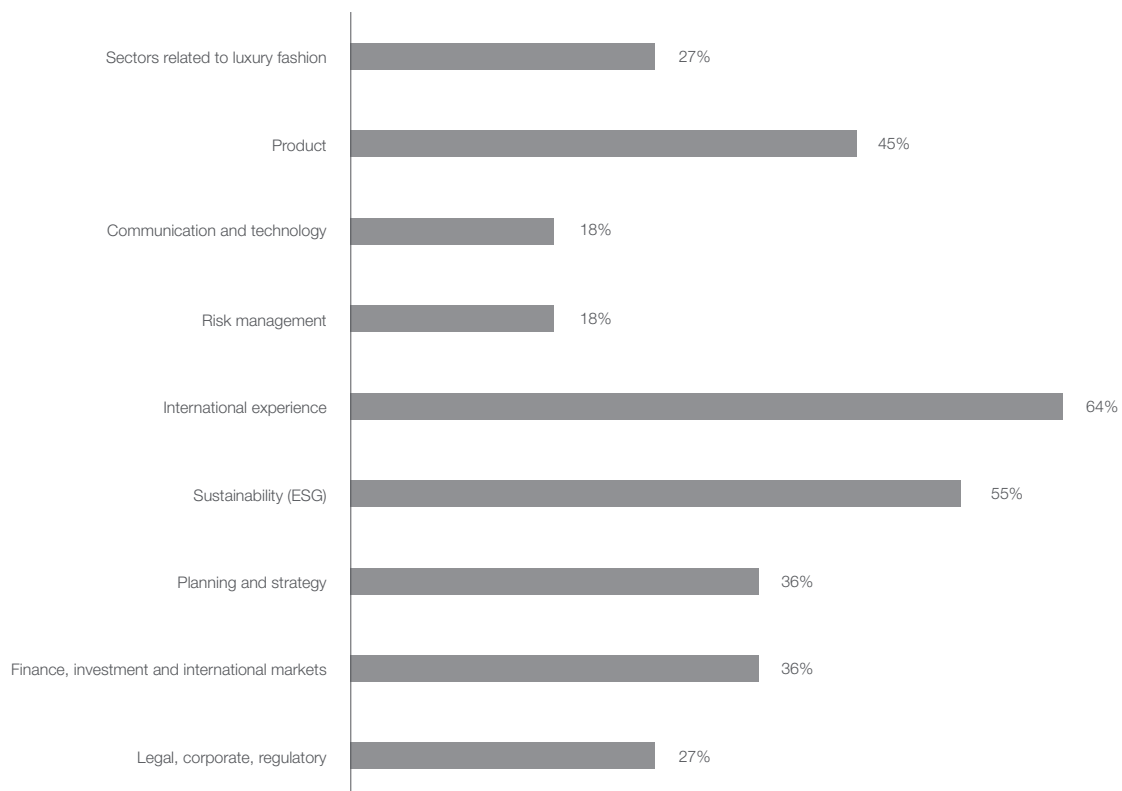
The Entrepreneur Brunello Cucinelli holds the role of **Executive Chairman** of the Company, as well as Creative Director, who has strategic supervision functions with management and representation powers, as well as coordination of the Board of Directors’ activities.

As of 2020 there are two people who hold the position of CEOs of the Company, Riccardo Stefanelli and Luca Lisandrone.

The members of the Board of Directors currently include managers of the Company and independent directors with many years of experience and expertise in the fashion and luxury sector or in listed companies.

Chart 1 summarises in aggregate the areas of responsibility of the Company’s Directors.

Chart 1 – Areas of responsibility of members of the BoD





In carrying out its functions, the Board of Directors is assisted by two internal Committees that provide counsel and proposals.

Through preliminary analysis, the **Control and Risk Committee** supports the assessments and decisions made by the Board of Directors concerning the Internal Control and Risk Management System (ICRMS), both of a financial and non-financial nature. Specifically:

- It may express opinions on specific aspects related to the corporate risk assessment process.
- It may examine periodic non-financial reports for the purposes of the ICRMS, as well as those prepared by the Internal Audit function.
- It is responsible for monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit function.
- It may request the aforementioned function to perform checks on specific operational areas of the Company, simultaneously notifying the Chairman of the Board of Statutory Auditors.

Moreover, together with the Manager Charged, it assists the BoD in preparing and approving the Company's accounting documents, notably assessing the correct application of the accounting principles.

At least on the occasion of the BoD's approval of the annual and half year financial reports, the Committee must report to the Board on its activities, and specifically its opinion on the adequacy of the ICRMS.²⁶

The **Remuneration and Appointments Committee**²⁷ is a body that offers counsel and proposals with the main task of assisting the Board in drawing up the remuneration policy.

More specifically, the Remuneration and Appointments Committee performs the following tasks:

- Periodic assessment of the adequacy, overall consistency and practical application of the policy for the remuneration of Directors and top management, and formulation of proposals to the BoD in this regard.
- Submission of proposals or opinions to the BoD on the remuneration of executive directors and other directors holding special offices.
- Advising the BoD on the optimal composition of the Board and its committees.

The principle underlying the Company's remuneration policy is that of **fair remuneration**, commensurate with the commitment required of Directors and executives with strategic responsibilities.

The definition of the fixed remuneration is fully in line with the principle of sound and prudent management of the Company, a principle that underlies the work of the top management and is consistent with the objective of creating value in the long term.

Variable remuneration is also envisaged for Managing Directors, 50% of which is linked to financial performance criteria – in terms of turnover and EBITDA – and the remaining 50% to qualitative objectives relating to Human Sustainability and Harmony with Creation, to ensure the achievement of the objectives and activities defined in "The New Time" Sustainability Plan (see "Sustainability Governance")²⁸.

²⁶ For more information on the functions assigned to the Control and Risk Committee, see the Report on Corporate Governance and Ownership Structure for the year 2021, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>.

²⁷ More detailed information on the functions assigned to the Remuneration and Appointments Committee can be found in the Report on Corporate Governance and Ownership Structure for the year 2021, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>

²⁸ For more information on remuneration policies, see the Report on Remuneration approved each year by the BoD of Brunello Cucinelli S.p.A., available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>



The Company has also voluntarily set up a number of inter-company committees mainly with operational coordination functions.

The **Management Committee** consists of executive directors and executives responsible for the Company's production, sales, communications and marketing, digital, financial and legal functions. Its main task is to support the governing body in the implementation of industrial and strategic plans.

It is also responsible for assessing the suitability of strategic and management objectives in terms of risk prevention and containment, thus avoiding the most significant ones on a preventative basis.

The **Human Resources Committee** consists of 5 managers of different genders – 2 women and 3 men – and ages. It meets periodically and plays an essential role in listening to personnel, supported by the Human Resources department, and defining guidelines and principles on staff hiring, career development, remuneration, employment policy, training and well-being.

The **Architectural Design Committee** is responsible for defining the concept of monobrand shops and exhibition spaces (e.g. showrooms) and the architectural design of the Company's premises.

The **Information Security Committee** is responsible for assessing and mitigating the risks associated with the use of the Company's information systems.

The **Council for Human Sustainability and Humanistic Capitalism** has investigative functions of a proactive and consultative nature in the evaluation and decision-making processes concerning sustainability issues (more information in the section "Sustainability Governance").

In August 2021, the **Human Privacy Committee** was also instituted, consisting of managers from the functions involved in the processing of personal data – Human Resources, CRM, Legal, IT – and in fact it is vested with decision-making powers regarding the protection of personal data. It meets periodically to address issues and projects that have implications from a data protection perspective and where decisions need to be made and initiatives taken. The Data Protection Officer (DPO) has a supervisory role vis-à-vis the aforementioned Committee, as well as in the Company organisation in general, reporting to top management (CEO).

The Company's internal control is entrusted to the **Board of Statutory Auditors**, composed of three standing auditors and two substitute auditors, which was appointed by the Ordinary Shareholders' Meeting of 21 May 2020 and will remain in office until the approval of the Company's financial statements as at 31 December 2022.



GOVERNANCE OF SUSTAINABILITY

The Council for Human Sustainability and Humanistic Capitalism

In 2021, we continued the formalisation of our Human Sustainability process, which had been initiated in the previous year with the establishment of the **Council for Human Sustainability and Humanistic Capitalism**.

The Council takes the form of a **steering committee with a mixed composition** of 10 members – 6 of whom are directors and 4 are employees/managers of the Company – in addition to the Entrepreneur Brunello Cucinelli himself, who is its Chairman. Its task is to support the Board of Directors in coordinating activities and disseminating the culture of Human Sustainability and Humanistic Capitalism within the Group. It therefore pursues the objective of integrating the sustainability of business activities into the definition of strategies, also on the basis of an analysis of the relevance of factors that may affect the generation of value in the long term.

Table 7 – Composition of the Council for Human Sustainability and Humanistic Capitalism

Total members		11
Under 30		0
	Men	0
	Women	0
30 to 50		5
	Men	3
	Women	2
Over 50		6
	Men	5
	Women	1

Specifically, the Council is responsible for bringing to the attention of the Board of Directors and the Board Committees policies based on principles of corporate social responsibility and sustainable success that take into account, in particular, ethics, human sustainability, protection of human rights, care and protection of the environment and a balanced relationship with Creation for the protection and promotion of its diversity.

It is also directly responsible for implementing, coordinating, monitoring and updating the contents of the Human Sustainability Policy, as well as for implementing “The New Time” Sustainability Plan.

The Council promotes the continuous integration of national and international best practices into the Company’s sustainability governance and corporate strategies, monitoring the Group’s positioning with respect to the financial markets on sustainability issues and initiatives aimed at local communities and stakeholders.

On an operational level, the Council is supported by the cross-functional working team on sustainability – the **Human Sustainability Team** – which also plays a proactive and advisory role in this area for the Council and the BoD. The Human Sustainability Team, also in cooperation with the heads of the relevant functions, supports the Board in identifying areas for improvement, as well as possible concrete actions to be implemented to foster the

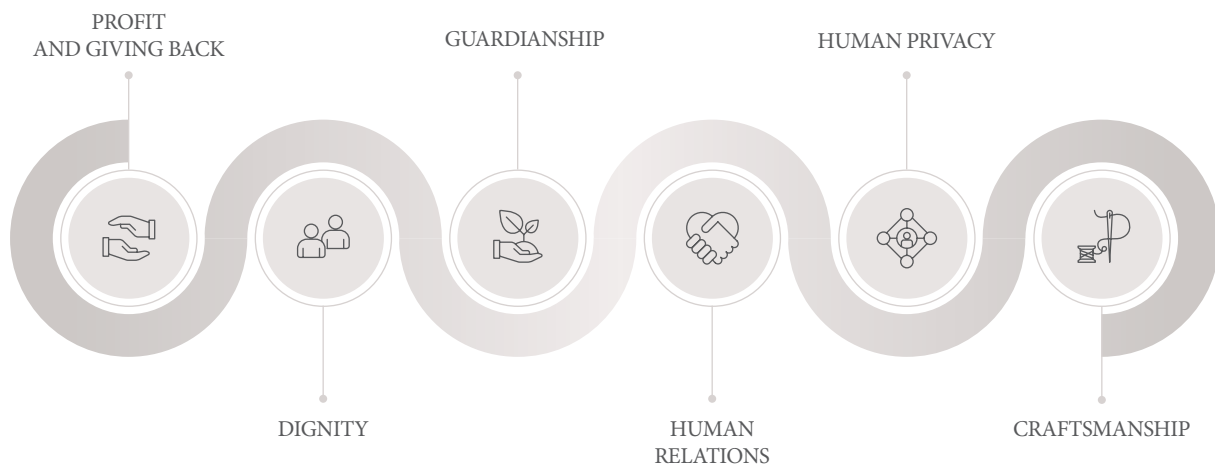
continuous achievement of the Group’s performance in the field of Human Sustainability. The team is also responsible for the process of gathering the qualitative and quantitative environmental, social, economic and governance sustainability information needed to prepare the NFS.

The ultimate responsibility for strategic decisions and sustainability initiatives lies with the BoD.

“In Harmony with Creation” Policy

Our sustainability path is based on the ideals of life and work, which are the expression of the values formalised in the “Four Decalogues” underlying our idea of Humanistic Capitalism, and which, within the “In Harmony with Creation” Policy – adopted by the Board of Directors on 11 March 2021 – are translated into commitments described according to a structure with six “pillars”.²⁹

Infographic 8 – Pillars of the “In Harmony with Creation” Human Sustainability Policy



Reflecting these commitments, the Policy highlights the foundations underpinning them, defining the **guiding principles** and helping to spread this **culture** and its **values** among all our employees and partners. In fact, the Policy was shared with all our raw material suppliers and *façonisti* in 2021 (see Chapter 5).

²⁹ For more information on the Human Sustainability Polic “In Harmony with Creation”, see the 2020 edition of the NFS, which can be found in the “General Archive” section of the Investor Relations website.



2019-2028 Sustainability Strategic Plan – The New Time

In order to define more specific and clear objectives with respect to Human Sustainability and Harmony with Creation, an important step was taken in 2021 with the definition of the **2028 Strategic Sustainability Plan** entitled “**The New Time**”, which the BoD approved in its first draft - of a qualitative nature – at its meeting on 11 March.

The Plan has made it possible to formulate and formalise the Group’s objectives in the areas of environmental, social, economic and governance sustainability, employing the themes we hold dear such as **harmony with creation**, **balance between profit and giving back**, and the **moral and economic dignity of the human being**,³⁰ in continuity and consistency with the pillars of the Policy in question. The qualitative targets we have set for ourselves to achieve by 2028 are aligned with and in support of the 2019-2028 10-year business plan.

The objectives identified are based on the desire to cause as little damage as possible and take into account the context the Group operates in, the requests of the main stakeholders, the projects already under way on various aspects of sustainability and the framework for action provided by the United Nations 2030 Agenda and related SDGs. To this end, note that the pillars, in addition to having been developed in line with the results of the materiality analysis, are accompanied by the SDGs that are priorities for us, with respect to which we believe we can make a significant – direct or indirect – contribution (see Infographic 8).

In previous editions of the NFS, we shared a number of commitments that helped to form our 2028 Sustainability Plan above, and which we have monitored over the years. The status of the projects related to these commitments is summarised below.

³⁰ Note that in the previous NFS these pillars were indicated as follows: “Protecting” (Harmony with Creation); “Balancing” (Balance between profit and giving back); “Granting Dignity” (Moral and economic dignity of the human being).

Infographic 9 – The pillars of the Plan and our commitments

PRIORITIES (PILLARS OF THE PLAN)	RELATED SDGS	COMMITMENTS	PROGRESS
Harmony with Creation	 	GHG inventory update	
		Replacement of the current vehicles for civil use owned by the Company with cars with a lower environmental impact	
		Installation of electric charging stations at the Solomeo site	
		Formalisation of an Environmental Policy	
Balance between profit and giving back		Development of an ERM system integrating sustainability risks and related opportunities	
		Implementation of an induction and training programme for the BoD on key environmental, social and governance sustainability trends	
		Annual update of stakeholder engagement questionnaire	
		Strengthening of the engagement plan with key players in the value chain	
Moral and economic dignity of the human being	 	Development of a training plan on Diversity and Inclusion	
		Development of structured training plans by category of employees and by Region	
		Training on Anti-Corruption, Whistleblowing and 231 Model extended to the entire company population	



The Human Relations policy

Also on 11 March 2021, the Board of Directors approved the **Human Relations Policy**, the aim of which is to share the principles and values that must guide our dialogue with all stakeholders, direct the methods of involving them – diversified according to the categories of stakeholders involved – and identify the internal functions responsible for the engagement process and related reporting.

Specifically, it sets out the guidelines and methods of dialogue in place for the different types of stakeholders – with whom individual corporate functions interact in the course of their activities – and defines a strategic and disciplined approach to relations with each of them.

The functions responsible for dialogue are called upon to ensure that the opportunities for interaction with their relevant stakeholders and the channels for dialogue that have been opened, or are being implemented, guarantee an increasing attention to Human Sustainability and Humanistic Capitalism issues. This way it is hoped that stakeholders can be kept up to date with the Group's commitment, strategy and activities, and that this will enable them to gather more informed and ambitious feedback.



The Stakeholder Engagement Plan and dialogue channels

In order to make the Human Relations Policy fully operational, we are working on the formalisation of a **stakeholder engagement plan** aligned with the specific methods of interaction put into practice by the individual functions – not only in Solomeo, but also in the other regions – with the relevant stakeholders. Specifically, in 2021 we started an in-depth mapping of existing stakeholder engagement activities within our Group, initially involving managers operating in Solomeo, and then in the coming months we will extend the focus of the analysis to the other managers worldwide.

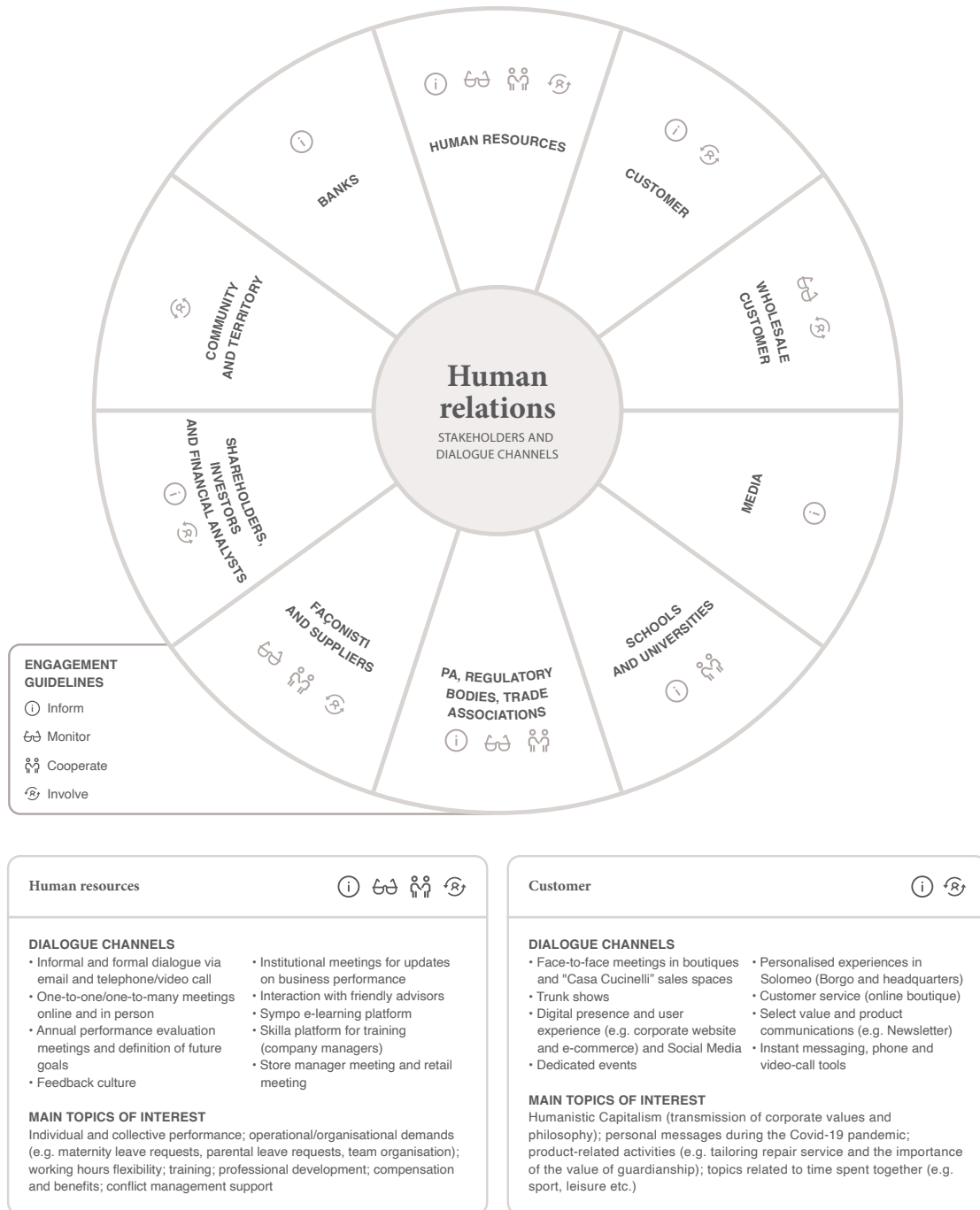
Specifically, within the Human Relations Policy we have outlined the principles and characteristic of our way of doing business, which we believe can always inspire the various opportunities for dialogue with all our stakeholders:

- **Provide complete, timely and accurate information to stakeholders** on the Group's activities, decisions, projects and initiatives through the most transparent communication possible.
- **Work together to generate long-term value**, with the aim of creating the right conditions to maximise the contribution of each individual stakeholder.
- **Seek out the feedback and points of view of stakeholders**. Indeed, we consider it essential to develop a *culture of feedback* both internally and externally in terms of open discussion on issues considered relevant in the environmental, social and economic/governance dimensions and return of results from engagement.
- **Increase satisfaction and trust in the Group**, as the effectiveness of the interaction is strongly related to the perception that stakeholders develop of the brand identity and corporate reputation.















Stakeholder communication and involvement has always taken place mainly through informal channels of dialogue, which are expressed in a **direct relationship between the relevant corporate function and the specific stakeholder**. The frequency of dialogue varies according to the type of stakeholder and the channel, ranging from once a year at annual events to relationships that result in continuous discussions, even on a daily basis. In the last two years, we increased the frequency of our communications, wanting to make our relationship with stakeholders even closer and more timely given the exceptional times we are living in.

Furthermore, the Covid-19 pandemic forced the use of remote forms of communication, mainly through **video calls**, sharply restricting the possibility of in-person meetings with the various stakeholders – both formally and informally – in Solomeo or in boutiques. Nonetheless, in 2021, as we began our long-awaited return to sociability, where permitted by national health regulations it was possible to organise in-person meetings, in particular with analysts and investors and with our customers (see Chapter 6).

Infographic 10 – Our stakeholders and channels of dialogue





<p>Wholesale customer </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Value and training meetings • Pitti Uomo • Milan Fashion Week • Order taking and feedback sharing • Sympo e-learning platform • Visits to Solomeo to share philosophy and values • Roadshows (digital) with multibrand owners and their managers • Phone/email/video-conference <p>MAIN TOPICS OF INTEREST Collection deadlines and easing of collection deadlines due to the Covid-19 pandemic; Immediate support during the pandemic, which allowed for further loyalty and strengthened the partnership</p>	<p>Media (local, national and international) </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Dialogue by telephone/email • Informal talks • Formal interviews • Press releases <p>MAIN TOPICS OF INTEREST Support for requests for quantitative checks; update on business performance and initiatives implemented/under design (e.g. presentation of the Solomeo Universal Library project)</p>
<p>PA, Regulatory Bodies, Trade associations   </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Meetings with local government representatives • Company visits • Meetings with representatives of trade associations • Telephone/email <p>MAIN TOPICS OF INTEREST Authorisations/supervision related to business operations</p>	<p>Schools and universities  </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • School of Arts and Trades • Training internships and company visits • Collaboration with "Confindustria Umbria Training Systems" • Open days at universities • Presentations at schools and universities • Telephone/email <p>MAIN TOPICS OF INTEREST Organisation of internships; career days; existing training programmes; development of new training or work placement projects</p>
<p>Community and territory </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Planning and organisation of projects in the region to preserve its beauty and give it lasting value • Activities of the Brunello and Federica Cucinelli Foundation • Organisation of events to bring art to the area and allow citizens to experience it in a direct and engaging way • Meetings with representatives of associations <p>MAIN TOPICS OF INTEREST Well-being of the public; life in the village of Solomeo; Rebuilding of the Morlacchi Theatre and the façade of the Cathedral of Perugia</p>	<p>Façonisti and suppliers   </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Constant support with a dedicated team • Company visits • Annual meeting to share results and expectations (Annual convention with the third-party manufacturers in digital format during the Covid-19 pandemic) • Individual or collective meetings • Supply chain programme • Biannual telephone interview for the evaluation of annual performance and analysis of the degree of satisfaction of the façonisti <p>MAIN TOPICS OF INTEREST Façonisti: Transition to renewable energy consumption; pandemic response (in terms of organisation, advice given to workshops, swabs); production aspects Suppliers: Trends, availability and price of raw materials</p>
<p>Shareholders, investors and financial analysts  </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Dialogue by telephone/email and video call • Company visits • Shareholders' Meeting • Corporate website and Investor Relations • Communications and price-sensitive information • Roadshows (virtual during the Covid-19 pandemic) • Fashion Week (Milan) and Pitti (Florence) • Group meetings • Dedicated events • Store visits <p>MAIN TOPICS OF INTEREST Content, performance and strategies; sharing how the corporate culture is applied in everyday business operations</p>	<p>Banks </p> <p>DIALOGUE CHANNELS</p> <ul style="list-style-type: none"> • Press releases • Meeting with management, on a quarterly basis, with the participation of specialists on various topics • Collegial meeting in Solomeo (organised for 30 years) in November with all bank managers (in 2021 online) • One-to-one meetings Hub <p>MAIN TOPICS OF INTEREST Strategic and relationship aspects; banking operations (management of bank accounts, banking conditions, credit lines, financing and ordinary operations); WellMakers platform; Welfare Hub platform</p>



Managing risks and opportunities along the value chain

The **prevention** and **management** of risks that could jeopardise the achievement of the Group's objectives and business continuity is a strategic priority for us.

Consequently, in 2021 we supplemented the **Internal Control and Risk Management System (ICRMS)** of the Company Brunello Cucinelli S.p.A. with an **Enterprise Risk Management (ERM)** model with the aim of extending it to the entire Group in the coming years. Note however that the assessment is already being developed by taking into account the **overall impact** in the form of an enterprise-wide risk assessment.

The objective of the system is to define the key elements underlying the identification, understanding, prevention and management of risks, both financial and non-financial.

In order to further develop the corporate culture on the subject, special training workshops were held during the ERM implementation cycle, involving the first and second lines reporting to the CEOs, who were then actively involved in the assessment process for their operational area.

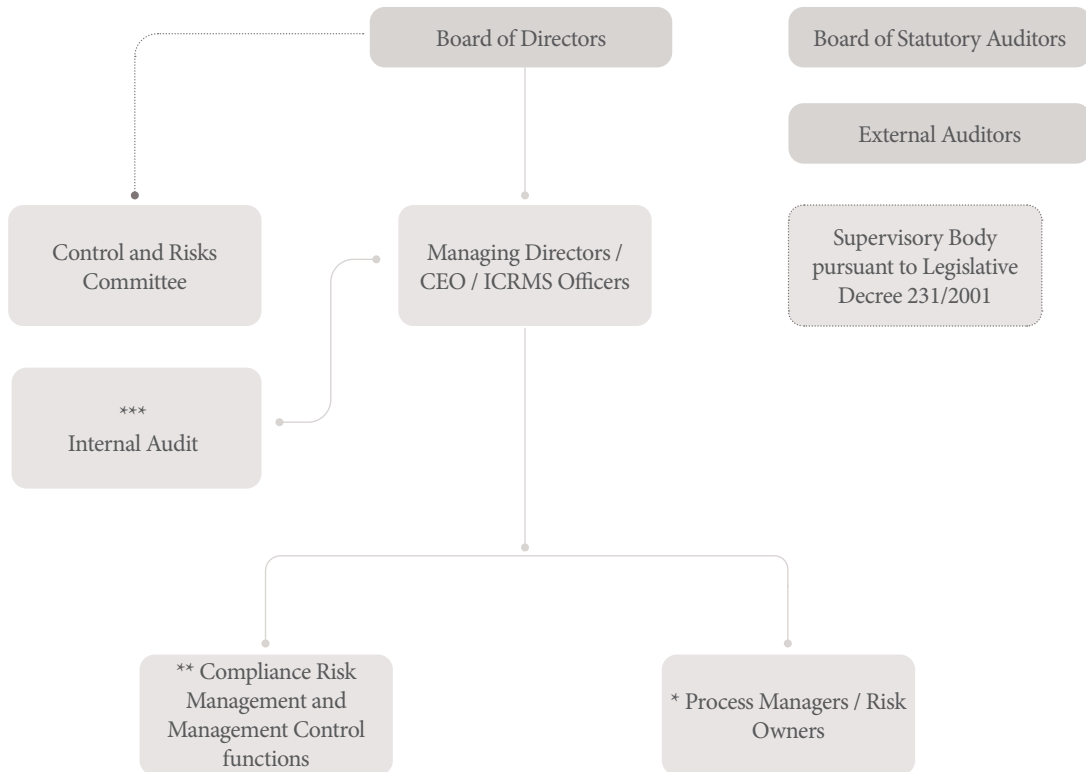
Specifically, the ERM system adopted by the Company is based on the following **principles**:

- Supporting decision-making processes with the aim of integrating risk-based logic with opportunity assessment.
- Dissemination of a risk culture within the various organisational levels aimed at proactively identifying risks, and in line with the Company's value system. Special attention was paid to risks with possible implications for Human Sustainability issues.
- Identification and management of Top Risks.
- Alignment with best practices in risk assessment and management.
- Flexibility of the framework according to the evolution of the internal and external context.



Several corporate bodies and actors have responsibilities in this area, as summarised in the following infographic:

Infographic 11 – The Internal Control System



Legend
* First level of control
** Second level of control
*** Third level of control



More specifically, the **BoD** defines the guidelines of the system, periodically assessing its adequacy and effectiveness, and approves the work plan prepared by the Internal Audit (IA) manager.

The **Control and Risk Committee** supports the assessments and decisions made by the BoD concerning the ICRMS. The Company's **CEOs** are responsible for identifying the main corporate risks and implementing the guidelines defined by the BoD.

The **IA Manager** checks the operation and suitability of the system through an audit plan and prepares periodic reports and information for the Chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in charge of the ICRMS.




















Finally, the **Board of Statutory Auditors** has internal supervisory power over the effectiveness of the system, which is backed up by the **Supervisory Board** (SB) referred to in Legislative Decree 231/2001 – working collectively – which has the task of verifying the operation of and compliance with the “Organisation, Management and Control Model” implemented by the Company pursuant to Legislative Decree no. 231/2001 (231 Model) and keeping it up to date.

At a technical level, the methodology underlying the ERM allows us to obtain a **complete representation of risk exposures** and their prioritisation. Risks are assessed first of all on the basis of their “**inherent**” risk by those in the functions involved for their area of interest on a scale that does not take into account the adoption of prevention and mitigation measures, and then of the “**residual**” risk, on the basis of a risk reduction factor derived from the assessment of existing control measures. These assessments are conducted on the basis of metrics in which quantitative (e.g. economic-financial) and qualitative parameters have been calculated with the aim of facilitating the assessment of the various types of risk, including risks with ESG implications (e.g. human resources, health and safety, environment, stakeholder relations through the reputational dimension). Moreover, the scales incorporate the levels of severity of impact on the company's operations – in terms of “**risk appetite**” and “**risk tolerance**” – determined with the support of the CEOs, based on the characteristics of internal processes and the individual dimensions.

Finally, the method followed includes the participation of the CEOs in order to incorporate a top-down view of the risks identified.

The assessments are made for the risk categories and sub-categories included in the risk model defined by the Company, it being understood that all the elements of the model are subject to periodic updating to incorporate changes in the internal and external context.

Infographic 12 – Mapping of risk types

Strategic risks	Financial risks	Compliance risks	Operating risks		External risks
Business model: customers, channels, manufacturers	Capital structure	Compliance with external regulations   	Business continuity (linked to internal factors/façonisti/raw materials)	Wholesale: mono and multibrand 	Natural events/ climate change 
Strategic initiatives	Market	Legal 	Retail 	Health and safety 	Competition
Governance  	Liquidity	Compliance with internal rules 	People 	Environment 	Regulatory developments
Brand/ reputation  	Credit		ICT systems 	Product quality (linked to internal factors/façonisti/raw materials) 	Macroeconomic and socio-political changes 
				Processes and procedures	External unlawful acts 

ESG dimensions:  Environmental  Social  Governance

The risk assessment revealed a **total of 111 risks**, which were then prioritised in the Heat Map³¹: more than 80% of the inherent risks have a low or medium level of severity. The control system in place has therefore made it possible to reduce the Company's risk profile, with **most risks having a low risk level**.

Among the 111 risks that emerged, those that may have environmental, social and governance implications were identified, for a total of **47 ESG risks**, specifically related to the issues listed below:

Infographic 13 - ESG risks



In light of the relevance of ESG risks within our overall risk profile, in the medium term we aim to **further integrate and better align the processes of risk assessment and identification and prioritisation of material topics** in the consolidation of the ERM framework.

Also in 2021, we drafted a **Risk Management Policy – the ERM Guidelines** – which were approved by the BoD on 14 December 2021. The Policy defines responsibilities regarding the identification, analysis, assessment, management and monitoring of risks.

³¹ The Heat Map is a tool that allows us to obtain a two-dimensional representation of the identified risks (inherent risk and residual risk), within which the values are identified through the use of colours.



The main ESG risks and opportunities related to the individual material topics are presented below:

Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
BALANCE BETWEEN PROFIT AND GIVING BACK				
Brand identity	The compromising of the Group’s reputation due to internal factors, such as statements/disclosures not in line with the corporate mission, and external factors, such as prejudicial information concerning partners, customer complaints, fake news, industry events, etc.	<ul style="list-style-type: none"> • The Institutional Relations function manages the relations of the Chairman and the CEOs with the press and external stakeholders • Human Relations Policy on Stakeholder Engagement • Brand Protection area: Daily monitoring of communication channels in order to detect news related to the sector, directed at the company or directed at our partners, e.g. façonisti • Social Media Policy • Communication plan 	<ul style="list-style-type: none"> • Promoting the exclusivity and allure of the brand, while also reducing exposure to the problem of counterfeiting. 	<p>Chapter 1 – Brand Identity and the Hamlet of Solomeo</p> <p>Chapter 6 – Special, Authentic Relationship with the Customer</p>
	Perception by external stakeholders of a lack of/reduced dissemination within the Group of the principles of social and environmental sustainability	<ul style="list-style-type: none"> • Publication on the corporate website and external communication of the Group’s value system based on Humanistic Capitalism and the Four Decalogues: “Our Ideals for Life and Work”, “Our Mother Earth”, “To Our Gracious Co-Workers”, “To Our Esteemed Partners”. 		Humanistic Capitalism and Human Sustainability
	Infringement of the Group’s intellectual property by third parties	<ul style="list-style-type: none"> • The Legal and Corporate Affairs Department is responsible for carrying out the activities necessary to protect the Group’s Intellectual Property • The Legal and Corporate Affairs Department monitors registrations at a global level in the main product categories (i.e. BC and Solomeo brand) • Support from an external law firm 		<p>Chapter 1 – Brand Identity and the Hamlet of Solomeo</p> <p>Chapter 6 – Special, Authentic Relationship with the Customer</p>

³² The opportunities indicated refer to the benefits and synergies potentially arising from the progressive improvement of existing management activities, as well as from the development of the material topic in an integrated manner with the Company’s strategies and actions.



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Brand identity	Perception by external stakeholders of a lack of/incomplete support by the Group for local communities	<ul style="list-style-type: none"> The Group has a responsibility towards the area and local communities and therefore operates with their needs in mind, recognising its duty to contribute to the promotion of the quality of life and to local economic, social, cultural and civil development Brunello and Federica Cucinelli Foundation Meetings with representatives of local associations to get in touch with the real needs of the area The Communications function is responsible for gathering requests for projects and initiatives that are proposed to the Group by local entities, and analyses them to get specific information on them and assess their consistency with the Company's values and principles Brunello Cucinelli for Humanity donates unshipped garments to charity, contacts with the local area but also worldwide network, contacts with local families 	<ul style="list-style-type: none"> Awareness raising and behavioural changes in local communities with regard to social and environmental sustainability issues. Support the restoration and development of the local artistic and cultural heritage as a legacy to future generations, so that they continue to add value and safeguard the local area. Promote the moral and economic dignity of local communities in the area by creating a continuum between business growth and regional development. 	Chapter 1 – Brand Identity and the Hamlet of Solomeo
HARMONY WITH CREATION				
Procurement and management of raw materials	Choice of materials for collections perceived as not being in line with the principles of environmental sustainability	<ul style="list-style-type: none"> The selection and assessment of suppliers is guided by controls put in place to verify compliance with the regulations governing the use of certain materials and substances in the textile and tanning industry to protect the environment Checks through regular audits, documentary requests and self-certifications that suppliers and <i>façonisti</i> comply with the Group's sustainability principles 	<ul style="list-style-type: none"> Research and development on materials with a lower environmental impact. Potential competitive advantages derive from the superior intrinsic quality of Brunello Cucinelli products, an essential element in ensuring their extended durability, and consequently their repair and reuse. Business opportunities related to the enrichment of the product range. The proper management of the risk related to animal welfare impacts allows the Company to meet the expectations of the most sensitive stakeholders. Strengthening partnerships with raw material suppliers in order to work together on animal welfare, together with the adoption of control and verification tools. This way it is possible to contribute actively to maintaining a business model that operates in "harmony with creation". 	Chapter 7 – In Harmony with Creation



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Combating climate change	Reduced availability of raw materials compared to business needs as a result of climate change	N/A	<ul style="list-style-type: none"> Use of substitute materials/ diversification of resources, moving towards innovative and more sustainable solutions or looking for alternatives in garment design in order to use fewer raw materials. 	Chapter 7 – In Harmony with Creation
Preserving and promoting the diversity of Creation: Water withdrawals and discharges	<p>Environmental impact related to the operation of the business higher than the set limits (although within legal limits)</p> <p>Water pollution due to inadequate management of laundry discharges</p>	<ul style="list-style-type: none"> The Facility Management and Services function is responsible for managing the environmental aspects of the Company's operations Containment drum for substances emitted from the laundry Osmosis project for the collection of laundry water, which also reduces the use of fabric softeners by approximately 40% Wastewater monitoring system in accordance with the provisions of the Unified Environmental Authorisation 	<ul style="list-style-type: none"> A more effective monitoring of water resources, which are becoming increasingly scarce, enables more responsible consumption and ways of reducing their environmental impact, with the possibility of even exporting identified practices outside water-stressed areas. 	Chapter 7 – In Harmony with Creation
Preserving and promoting the diversity of Creation: Waste	Soil/water pollution linked to inadequate waste management	<ul style="list-style-type: none"> The Facility Management and Services function is responsible for managing the environmental aspects of the Company's operations Containment drum for substances emitted from the laundry Established operational practices for waste management 	<ul style="list-style-type: none"> Changes in the behaviour of employees and customers towards a sustainable and circular use of resources and products. 	Chapter 7 – In Harmony with Creation
MORAL AND ECONOMIC DIGNITY OF THE HUMAN BEING				
Diversity and inclusion	Perception by external stakeholders of a lack of/reduced dissemination within the Group of the values of diversity and inclusion	<ul style="list-style-type: none"> Publication on the corporate website and external communication of the Group's value system based on Humanistic Capitalism and the Four Decalogues: "Our Ideals for Life and Work", "Our Mother Earth", "To Our Gracious Co-Workers", "To Our Esteemed Partners" Human Sustainability Policy and Diversity and Inclusion Policy disseminated within the organisation, to raw material suppliers and <i>façonisti</i> 	<ul style="list-style-type: none"> Diversity – such as gender identity, age, different physical and mental abilities, sexual orientation and multiculturalism – is an irreplaceable source of personal and professional enrichment and mutual stimulation. Outlawing discriminatory conduct contributes to a healthy, positive working environment inspired by high values of legality and mutual respect 	Chapter 4 – At the heart of the project, the human being



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Diversity and inclusion	Perception by employees of a lack of/low dissemination within the company of the values of diversity and inclusion (which may lead to job dissatisfaction)	<ul style="list-style-type: none"> Diversity and Inclusion Policy valid for all the offices and companies that make up the Group, as well as in relations with third parties. The policy defines the Group's commitment to "understanding and welcoming diversity within all organisational and internal management processes, combating unfairness and humiliation of others, reinforcing respect for the individual, at the centre of every process, listening to individuals and promoting the contribution of each person to the achievement of Group objectives" 		
	The emergence of labour disputes	<ul style="list-style-type: none"> Whistleblowing procedure (as per Law no. 179/2017) Specific grievance procedures at a local level 		
	Communications campaign not in line with the needs/characteristics of the markets the Group operates in	<ul style="list-style-type: none"> The Image and Marketing function is responsible for creating informative materials on the collections and the brand in general Outsourcing of translations to external companies in each country Established practices for developing the communications campaign: proposal submitted to the Chairman and involvement of other teams/regions 		
Dignity and responsibility: focus on the well-being of human resources	Risk of loss of key skills/know-how	<ul style="list-style-type: none"> Participation in university orientation days Training internships in the company School of contemporary arts and crafts Work-study programme Recruiting through a dedicated portal on the corporate website; dedicated email address; relevant social media (LinkedIn) Recruiting in foreign offices through specialised agencies 	<ul style="list-style-type: none"> Promotion of a feedback culture. Ensuring greater flexibility in working hours in order to increase the balance between working time and each person's private life. Promotion of a corporate culture based on the progressive integration of ESG issues within the Group's operational and strategic choices, not only to increase the attraction of new talent but also to increase the Group's ability to retain the human resources already in the Company. 	Chapter 4 – At the heart of the project, the human being
	Level of internal skills/know-how not aligned with the organisation's needs, which can be traced back to the training phase (i.e. business support activities)	<ul style="list-style-type: none"> Difficulties in finding/attracting specific resources and/or skills in the market (e.g. designers, buying & merchandising, digital who require more flexibility) 		



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Protection of human rights and dignity of work	Child and forced labour (risk indirectly mapped into the risk “Suppliers/façonisti not complying with the Group’s value system with respect to social sustainability”)	<ul style="list-style-type: none"> • Sharing of the Framework Agreement with raw material suppliers and façonisti 	<ul style="list-style-type: none"> • Highlighting the impact of the promotion of human rights on the Group’s way of doing business and on its national and international competitiveness. • Strengthening of the supply chain from a professional and conscientious point of view in terms of compliance with the guiding principles of Brunello Cucinelli’s corporate philosophy. 	Chapter 5 – Human sustainability in relations with suppliers and façonisti
Occupational health and safety	<p>Accidents occurring to employees during work</p> <p>Occurrence of work-related ill health</p>	<ul style="list-style-type: none"> • The Facility Management and Services function interfaces with the RSPP to continuously monitor the fitness of workers to carry out their assigned tasks, as well as for the purchase and maintenance of safety equipment • Preparation and regular updating of the RAD • Provision of PPE to employees according to their activities • OSH training and refresher courses • Replacing dry cleaning with hydrocarbon washing instead of perchloroethylene (potentially carcinogenic) 	<ul style="list-style-type: none"> • Concentrating efforts on studying and implementing business processes that can further reduce the risk in question. 	Chapter 4 – At the heart of the project, the human being
Responsibility and speed in handling extraordinary events, such as the Covid-19 pandemic	Covid 19 – Risk of contagion at company sites/points of sale	<ul style="list-style-type: none"> • Covid 19 – Risk of contagion at company sites/points of sale 	<ul style="list-style-type: none"> • Increasing the Company’s resilience and ability to implement immediate management responses, to the benefit and protection of its employees and the growth of the business itself 	



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Quality and craftsmanship made in Italy	Unavailability on the market of the artisanal skills needed for the business	<ul style="list-style-type: none"> • School of Contemporary Arts and Crafts • The Group promotes the development of artisanal skills at a regional level • Generational change: partnership with the second generation of façonisti • Analysis of workshop production capacity versus market demand for the next 5-10 years 	<ul style="list-style-type: none"> • Promotion of the heritage, craftsmanship and quality of Brunello Cucinelli products, including through greater control over the origin and traceability of raw materials. • Job creation and development of the local economy, which is still characterised by a high production potential. 	Chapter 5 – Human sustainability in relations with suppliers and façonisti
	Façonisti not complying with the Group's value system, with respect to social and environmental sustainability	<ul style="list-style-type: none"> • Gathering of information from suppliers proving compliance with wage, social security and occupational health and safety regulations • The selection and assessment of suppliers is guided by controls put in place to verify compliance with the regulations governing the use of certain materials and substances in the textile and tanning industry to protect the environment • Checks through regular audits, documentary requests and self-certifications that suppliers and façonisti comply with the principles, ethical and sustainability values and rules of conduct defined by the Group • Sharing values through individual and group meetings 		
Sustainable supply chain management	Suppliers of raw materials not complying with the Group's value system, with respect to social and environmental sustainability	<ul style="list-style-type: none"> • Gathering of information from suppliers proving compliance with wage, social security and occupational health and safety regulations • The selection and assessment of suppliers is guided by controls put in place to verify compliance with the regulations governing the use of certain materials and substances in the textile and tanning industry to protect the environment • Checks through regular audits, documentary requests and self-certifications that suppliers and façonisti comply with the principles, ethical and sustainability values and rules of conduct defined by the Group • Sharing values through individual and group meetings 	<ul style="list-style-type: none"> • Sharing with raw material suppliers the development of responsible conduct, together with the adoption of control and verification tools, so as to actively contribute to the maintenance of a business model that operates in "harmony with Creation". 	Chapter 5 – Human sustainability in relations with suppliers and façonisti



Link with the topics that drive our commitment	Risks	Existing safeguards	Opportunities ³²	Analysis (chapter/section)
Human privacy	Compromised confidentiality/integrity/availability of personal data due to internal and external factors	<ul style="list-style-type: none"> • Appointment of BC SpA's DPO • Internally and externally relevant procedures • Training by the DPO for staff – being improved • Preparation and updating of the processing record • Data Protection Impact Assessment (DPIA) • Data breach management procedures • Support from external consultants • Group-wide uniform privacy governance model – being improved 	<ul style="list-style-type: none"> • Perception of security by customers and consequent increase in customer loyalty. 	Chapter 6 – Special, Authentic Relationship with the Customer

The Company also identified the main risks and opportunities related to climate change that could have significant financial implications or an impact on the business. These are summarised in the table below.



Note also that the Company plans to consolidate the integration of climate change risks into the broader ERM framework over the next few years.

Risk	Type of Risk	Potential financial implications	Management approach/Investments made
Reduction in the availability of raw materials (e.g. cashmere) as a result of climate change	Physical Regulatory	The Group may encounter difficulties in the medium to long term related to the supply of raw materials and consequently would have to bear an increase in related costs. The same risk could also arise from possible regulatory developments, such as the development of standards limiting animal exploitation for the production of raw materials or the imposition of import/export limits.	Direct and indirect raw material stocks (by the chosen supplier)
Legislative or regulatory developments in the fight against climate change	Regulatory	In the current scenario, the European Green Deal aims to transform the European Union into a resource-efficient and competitive economy where economic growth is not directly proportional to resource use. The absence of climate governance at Brunello Cucinelli could lead to a lack of preparedness to respond to future laws or regulations issued at a European level, with a consequent increase in indirect costs, as well as a possible emergence of sanction and reputational risks.	Definition of the Group's emission trajectory up to 2028
Changes in customers' purchasing behaviour in connection with their specific needs related to environmental protection and combating climate change	Other (strategic)	In recent years, the fashion and luxury sector has been affected by increased sustainability awareness on the part of end customers, also with regard to climate change. For the Group, the most significant risk is associated with a potential economic loss – reduction in revenues due to contraction in demand – due to customers' preferences for other brands that can offer more sustainable products (including lower emission or carbon neutral products).	Intrinsic value and quality of Brunello Cucinelli garments as factors behind the purchase decision of the brand's customers. Nevertheless, the Group continues to monitor customer preferences and compare itself with peers and competitors. Moreover, the repair service is offered not just as an element of preservation and the handing down of the value of the garment from generation to generation, but also as a reduction of the waste generated after the sale of the products.
Increase in average temperatures	Physical	The increase in average temperatures due to climate change could lead to a reduction in the purchase of cashmere products by the Group's customers, with consequent reductions in revenues due to lower demand.	The Group's product line extends to women's, men's and children's total look and therefore is not only focused on cashmere, even though it is an iconic raw material for the brand.
Emergence of critical issues in the dialogue with stakeholders	Other (strategic)	In recent years, stakeholders – especially investors – have become increasingly interested in understanding the sustainability performance of companies, with a significant focus on combating climate change. As a result, requests to disclose and improve sustainability performance are steadily increasing. Therefore, in the event that this risk occurs, the Group could be adversely affected in terms of increased public relations costs and/or access to investments.	Definition and publication of the Group's emission trajectory up to 2028



Opportunity	Type of Opportunity	Potential financial implications	Management approach/Investments made
Transition to low-emission technologies	Other (strategic)	While it does not represent a particularly significant risk, the expansion of the Group's presence worldwide (in terms of number of boutiques) could generate a more than proportional increase in energy consumption. The lack of adequate tools to manage and monitor energy consumption could prevent the Group from taking advantage of energy efficiency opportunities to reduce its environmental impact, with a consequent increase in indirect (operating) costs.	Progressive extension of supply from renewable energy sources in the Group's various regions of operation
Increased market share in the medium to long term	Other (strategic)	The Group's customer base could be increased due to the increased market attractiveness of durable goods based on high quality production and preservation of Creation.	The products offered by the Group are contemporary garments that adapt to the stylistic needs of the different seasons, unaffected by fashion trends that may change from year to year. Moreover, the use of the highest quality raw materials allows the products to last longer. A longer life cycle is also supported by the garment repair service offered by the Group to its customers, thus allowing the reuse and handing down of the apparel over time. Therefore, the overall environmental impacts (including climate change impacts) of Brunello Cucinelli products are lower than those of products with a shorter life cycle.
Optimisation of resource use, in alignment with the European energy transition	Resource efficiency	Improving the Group's energy efficiency, in alignment with specific production needs, may not only result in lower costs associated with energy consumption, but also in easier access to financial capital linked to the Group's environmental performance and the achievement of targets to reduce emissions generated.	Progressive replacement of company vehicles (used for travelling between the Solomeo site and the <i>façonisti</i> ' workshops) and company cars with vehicles with a lower environmental impact (hybrid/electric). Installation of electric charging stations at the Solomeo site. Progressive extension of supply from renewable energy sources in the Group's various regions of operation. Investments in low-emission technology.

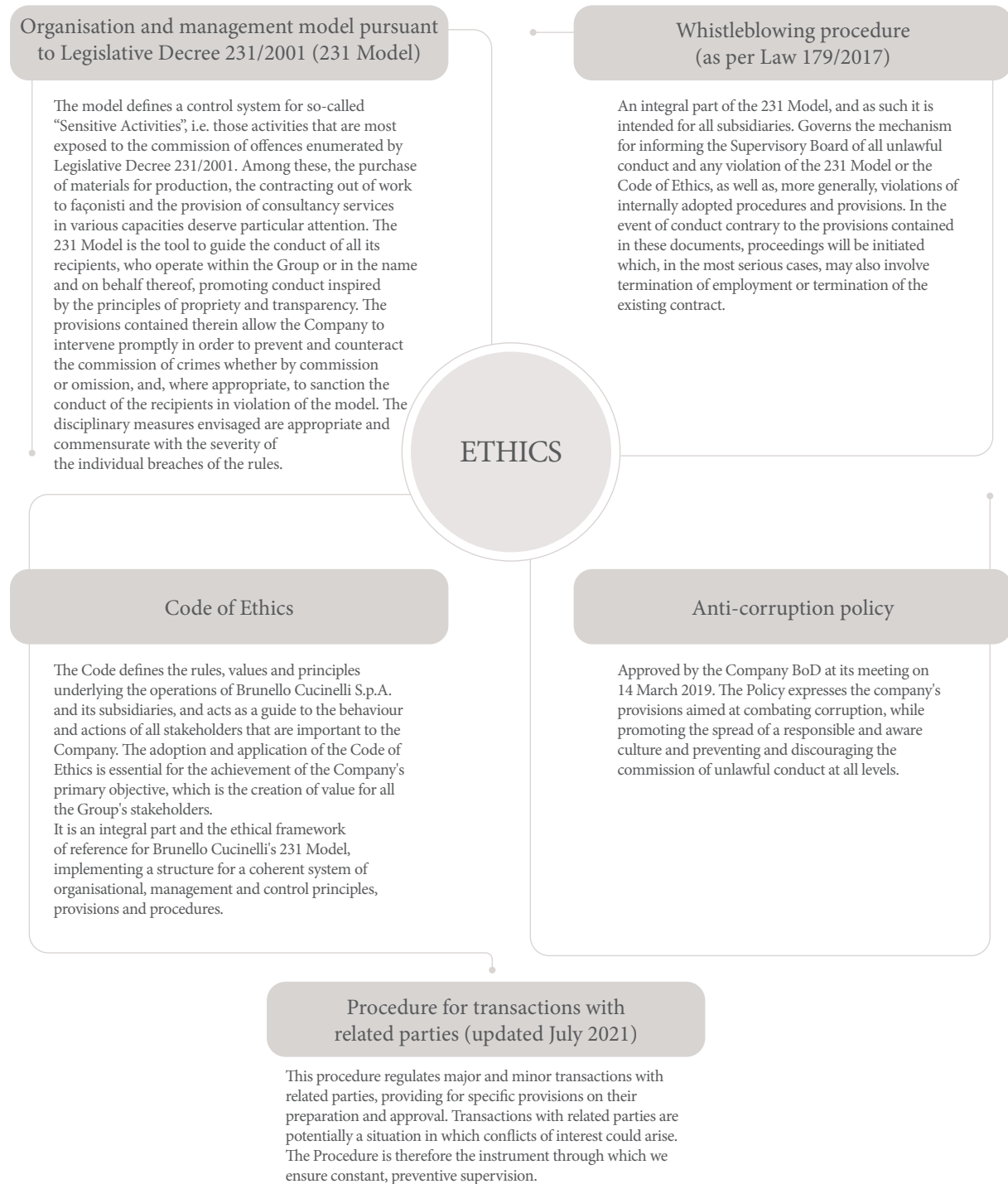
Ethical business management

We believe that human values should inspire relations with human resources, external contractors, suppliers, business partners, our customers, and all our other stakeholders, where everyone should feel responsible for their work, without penalising their individuality.

Compliance with the law, honesty, transparency, propriety and good faith guide all our actions, as well as the definition of our objectives to contribute to the creation of sustainable development.

In order to ensure the correct application of these principles and an ethical management of the business, the Group has put in place several tools, which are summarised in the following Infographic.³³

³³ More information can be found at <http://investor.brunellocucinelli.com/en/services/archive/governance/documents> and in the previous NFS.

Infographic 14 – Tools for ethical business management



In order to promote virtuous conduct by human resources so as to ensure the dignity of everyone's work according to a fair and honest working method that reflects the fundamental values of the Company, the Company ensures proper disclosure of the contents and principles expressed in the aforementioned instruments.

Specifically, the communication and training relating to the 231 Model are diversified according to the recipients they are addressed to in order to allow full awareness of both the Company provisions that must be complied with and the ethical rules that must inspire the conduct of each person.

Training takes place through periodic meetings organised by the Supervisory Board with the Company's employees who could potentially commit the type of predicate offence under consideration.

The contents of the meetings, as well as the Anti-Corruption Policy,³⁴ are accessible to all employees via the Company Intranet.

In November 2021, a class on anti-corruption, whistleblowing and the 231 Model was held in the form of a 3-hour webinar, involving staff from various corporate functions.

In 2021, we were again able to confirm the effectiveness of the measures taken to combat active and passive corruption: as in previous years, there were no incidents of corruption found during the year.

The protection of universal human rights

The protection of and respect for human rights inspires our entire value chain, from the management of human resources to the organisation of the production process, the management of friendly relations with raw material suppliers and *façonisti*, and even the unique relationship we share with our customers.

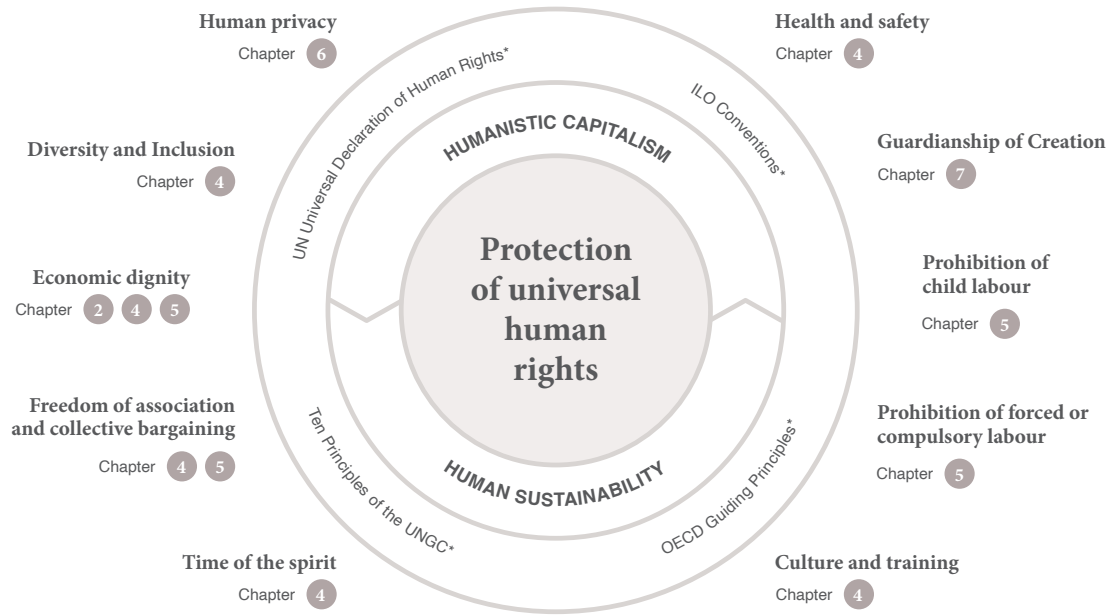
The following infographic highlights all the safeguards associated with universal human rights, which we are committed to ensuring are properly and increasingly protected and valued.

Both in the management of our resources and in the regulation of relations with suppliers and contractors, we ensure that the protection of fundamental human rights is always in line with the standards established by internationally recognised instruments, such as the 1948 United Nations Universal Declaration of Human Rights, the Conventions of the International Labour Organisation – especially Convention no. 111 on Discrimination – the OECD Guiding Principles and the Ten Principles of the United Nations Global Compact (UNGC), in particular the six principles related to the protection of human rights.

³⁴ The Policy is also published on the Company's Investor Relations website.



Infographic 15 – Our implementation of the protection of universal human rights



* International sources that the Company has referred to for an overall analysis of its impact on human rights (with regard to the Ten Principles of the United Nations Global Compact, the six Principles relating to human rights were given particular consideration)



CHAPTER 4 – AT THE HEART OF THE PROJECT, THE HUMAN BEING

OUR HUMAN RESOURCES

GRI Content Index in the Appendix



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404-2	404-3	405-1	405-2	406-1	

The core of the Company philosophy that animates and sustains the work in Solomeo, and which is projected out into the world from here, means that the Company always places **human beings at the centre of everything**, with their **networks of inter-relationships**, respecting them in their **moral and economic dignity** and in their **creative genius**.

Relationship management

Human resources are the driving force of our Company and guarantee its value and continuity over time: we recognise the utmost importance of the contribution of each individual as a “thinking soul”, and we try to create a positive, collaborative and stimulating working environment.

The careful daily management of the relationship with each of our human resources and their specific needs is developed according to an **internal organisation of a strategic and operational type**, which involves significant cooperation between managers in the head office in Solomeo and the various regions where the Group operates.

Specifically, the coordination of the relationship between the Company and its employees and the development of strategic lines concerning the various aspects of life in the Company is the responsibility of the **Human Resources Committee** (see Chapter 3).

At an operational level, the **Head of the Human Resources function** manages and supervises processes in order to implement the guidelines of the aforementioned Committee. All the activities included in the life cycle of people in the Company, in terms of organisation, selection, management, training and development, are the responsibility of the Human Resources function.

In the main geographical areas where the Company is operational, an **HR Manager** is appointed who reports functionally to the Human Resources area at the headquarters in Solomeo and hierarchically to the Chairman or Managing Director of the various local structures.



Taking into account the peculiarities of the different national systems, local HR managers therefore respond to the needs of the employees' everyday working life, in line with the shared values of the corporate culture.

For those aspects of the employment relationship that are not expressly governed by law there is a manual of Company rules called the "**Employee Handbook**", which complements national legislation and the individual contract. An Employee Handbook is currently planned for the UK, China, Japan, the US, Russia and, from January 2022, will be extended to Dubai.

In general, the provisions contained in the manual have the function of regulating rules normally envisaged in Italy by collective agreements or labour laws and which do not apply or exist abroad.

In 2021, we also pushed ahead with the project to adopt a **new management information system**, which will be implemented by the first half of 2022, with the aim of optimising processes and activities concerning personnel worldwide.

The sharing of the Company's philosophy by all human resources stems from their genuine support and is nurtured by the continuous involvement of people in the life of the Company, in the various locations and through different channels: this aspect is a key cross-cutting element of the relationship created between the Company and its employees. In addition to creating a sense of belonging that goes beyond the mere professional relationship, such sharing contributes to the definition of shared objectives.

In this respect, the following occasions represent an essential opportunity for all employees, with a view to continuously sharing the general progress of the business and future prospects and involvement:

- **Corporate Meeting** (3 were held in 2021);
- **Council of 50³⁵** organised every two years;
- **Sales Meeting**, held in Milan in November 2021, and attended by the European Regional Managers and the Managing Directors and Retail Directors of Russia, North America and Japan; the Managing Directors of China and Hong Kong also attended remotely.

The people of the Group

As at 31 December 2021, the total number of employees in the Group was 2,264, an increase of 6% compared to 2020, 64% of whom were women and 36% of whom were men.

80% of our human resources are employed on a permanent contract and 96% are full time.

³⁵ For more information, see the 2020 NFS. In 2021, the Council of 50 was not held due to the provisions in place to prevent Covid-19 infections.

**Table 8 – Human resources: type of contract and employment³⁶**

	2019				2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Permanent	990	265	327	1,582	1,028	285	406	1,719	1,031	280	496	1,807
of which men	362	86	111	559	380	91	139	611	379	94	187	660
of which women	628	179	216	1,023	648	194	267	1,108	652	186	309	1,147
Fixed-term	126	18	296	440	117	11	282	410	179	12	265	457
of which men	61	8	75	144	60	5	67	132	93	6	67	166
of which women	65	10	221	296	57	6	215	278	86	6	199	291
Total	1,116	283	623	2,022	1,145	296	688	2,129	1,210	292	762	2,264
Full time	1,080	261	593	1,934	1,108	273	664	2,045	1,165	274	739	2,178
of which men	410	89	182	681	425	92	202	719	453	97	250	800
of which women	670	172	411	1,253	683	181	462	1,326	712	177	489	1,378
Part time	36	22	30	88	37	23	24	84	45	18	23	86
of which men	13	5	4	22	15	4	4	23	19	3	4	26
of which women	23	17	26	66	22	19	20	61	26	15	19	60
Total	1,116	283	623	2,022	1,145	296	688	2,129	1,210	292	762	2,264

GRI 102-8 Information on employees and other workers

As regards Italy, note that all human resources are covered by national collective bargaining agreements (NCBAs) as follows:

- NCBAs tertiary sector for sales staff
- NCBAs clothing industry for all other employees

In contrast, in the Europe Region³⁷, the percentage of employees covered by collective bargaining agreements in 2021 was 50.46% (37% in 2020).

There are no collective bargaining agreements for non-European locations.

Overall, therefore, about 60% of our human resources are covered by collective bargaining agreements.

The average age of the Group's employees is 38.6 years.

42% of the human resources belong to the professional category of White Collar – sales (952 resources in 2021, 61% women).

³⁶ Note that the total number of human resources in the Group in 2021 includes a “spot” resource present as of 31.12.2021 in the workforce in Japan. This resource was counted as a full employee for the year under review.

³⁷ The percentage of employees covered by collective bargaining refers to employees in Austria, Belgium, France, Greece and Spain. There are no collective bargaining agreements in Russia.



In the professional category of Executives and managers, in 2021 53% worldwide were women.

Table 9 – Diversity as an asset

	2019				2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Executives and managers	48	4	13	65	52	3	22	77	52	7	49	108
under 30	0	0	0	0	1	0	0	1	0	0	2	2
men	0	0	0	0	0	0	0	0	0	0	0	0
women	0	0	0	0	1	0	0	1	0	0	2	2
30 to 50	32	4	13	49	32	3	21	56	35	7	44	86
men	22	0	8	30	22	0	9	31	24	1	17	42
women	10	4	5	19	10	3	12	25	11	6	27	44
over 50	16	0	0	16	19	0	1	20	17	0	3	20
uomini	8	0	0	8	10	0	1	11	8	0	1	9
women	8	0	0	8	9	0	0	9	9	0	2	11
White Collar – no sales	463	26	127	616	488	31	123	642	511	24	115	650
under 30	97	2	32	131	107	4	26	137	100	2	29	131
men	17	1	8	26	20	3	9	32	23	1	14	38
women	80	1	24	105	87	1	17	105	77	1	15	93
30 to 50	318	18	88	424	332	22	84	438	362	21	71	454
men	133	4	33	170	139	5	31	175	145	7	33	185
women	185	14	55	254	193	17	53	263	217	14	38	269
over 50	48	6	7	61	49	5	13	67	49	1	15	65
men	14	1	2	17	15	0	6	21	16	0	7	23
women	34	5	5	44	34	5	7	46	33	1	8	42
White Collar - sales	94	253	483	830	85	262	543	890	93	261	598	952
under 30	18	48	88	154	11	37	97	145	17	47	93	157
men	8	23	26	57	5	18	33	56	6	18	35	59
women	10	25	62	97	6	19	64	89	11	29	58	98
30 to 50	62	176	317	555	60	196	355	611	59	189	410	658
men	29	60	88	177	29	64	98	191	29	67	124	220
women	33	116	229	378	31	132	257	420	30	122	286	438
over 50	14	29	78	121	14	29	91	134	17	25	95	137
men	8	5	19	32	9	6	20	35	11	6	72	89
women	6	24	59	89	5	23	71	99	6	19	23	48
Blue Collar - no sales	511	-	-	511	520	-	-	520	554	-	-	554
under 30	127			127	139			139	162	0	0	162
men	76			76	81			81	92			92
women	51			51	58			58	70			70
30 to 50	239			239	239			239	251	0	0	251
men	86			86	88			88	95			95
women	153			153	151			151	156			156
over 50	145			145	142			142	141	0	0	141
men	22			22	22			22	23			23
women	123			123	120			120	118			118
Total	1,116	283	623	2,022	1145	296	688	2,129	1,210	292	762	2,264

GRI 405-1 Diversity of governance bodies and employees



PROMOTING “THINKING SOULS”

Over the years, the Group has developed many initiatives aimed at attracting people with superior professional skills, building their career within the Company and nurturing their sense of belonging to our Casa di Moda.

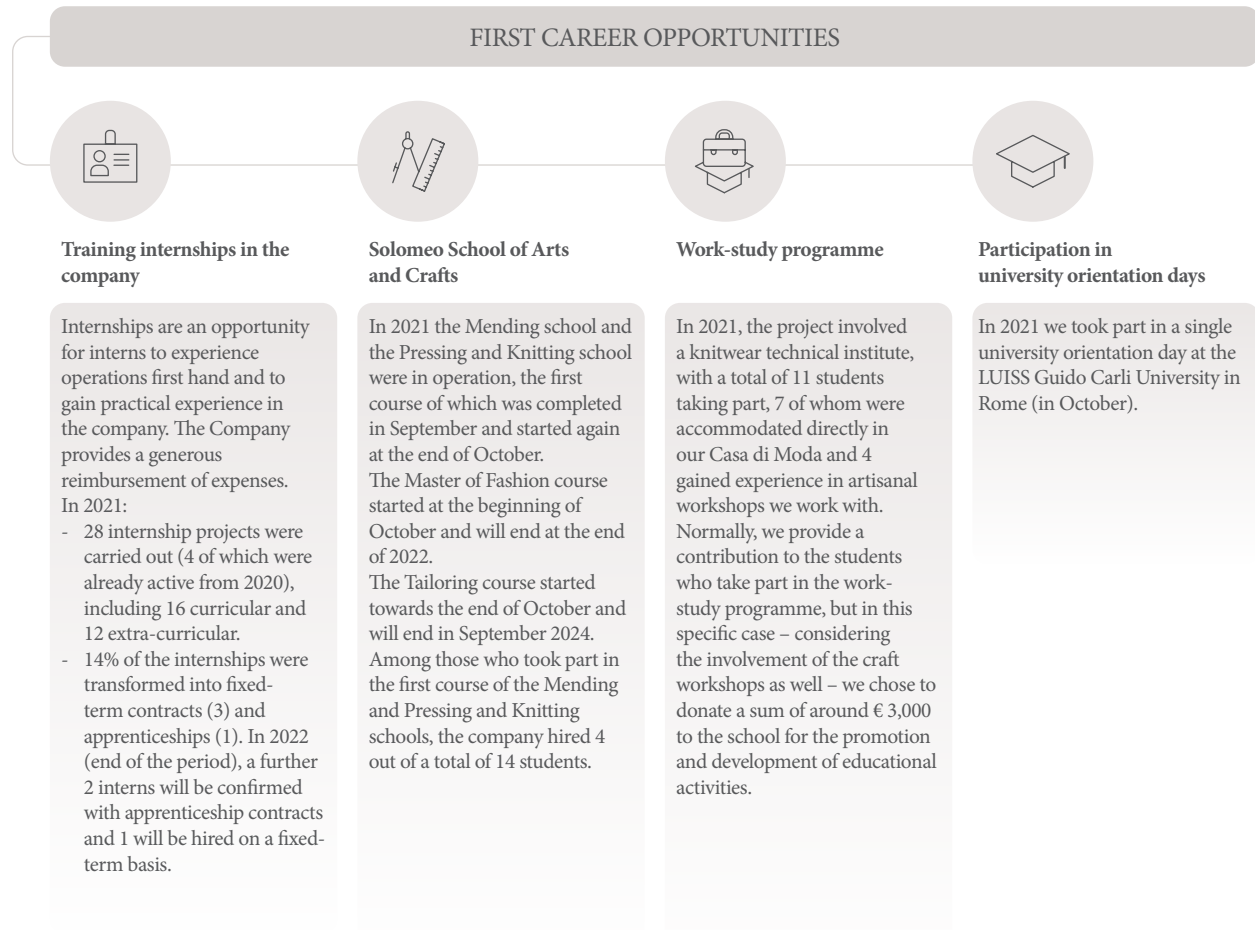
Selection

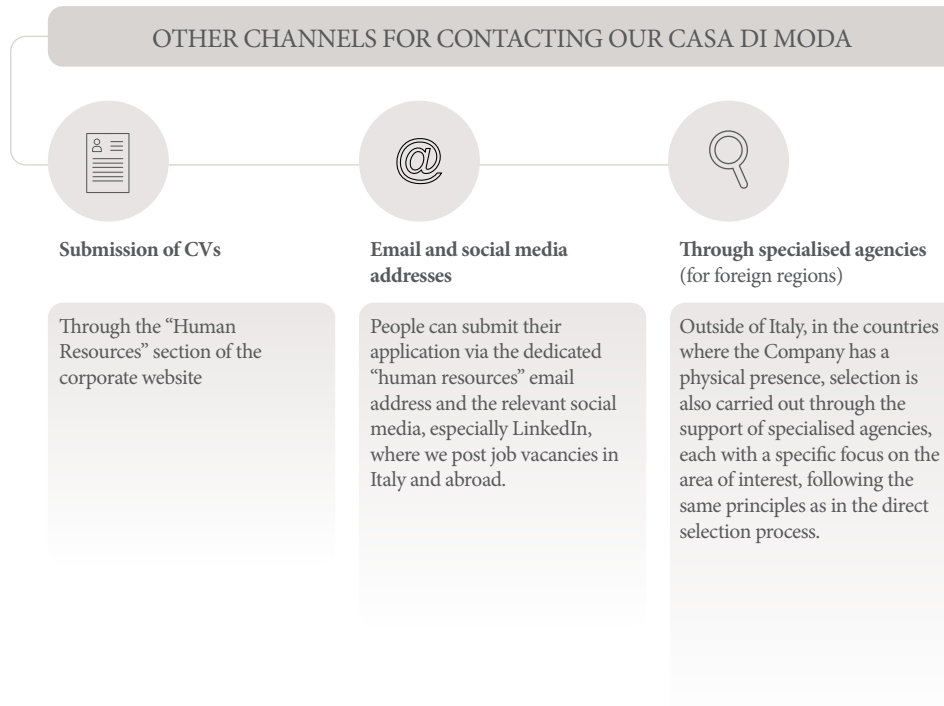
As far as selection is concerned, we consider the processes of **attracting** highly qualified figures and specialised profiles to be strategically important, and we attach great significance to **retaining** these resources within the organisation, with the aim of building stable working relationships over time, based on **mutual trust** and the development of a **sense of belonging** to our Casa di Moda.

The Company has several **channels and procedures** in place for the **selection of new talent**, where particular attention is paid to dialogue with **new generations**, whose distinctive spirit, determination and courage the Group greatly appreciates.

The infographic below represents the main channels used³⁸ for the selection of resources within the Company’s organisation.

³⁸ Further information regarding the different selection channels can be found in the 2019 NFS at the following link <http://investor.brunellocucinelli.com/yep-content/media/Update 2020 Financial Calendar2.pdf>

Infographic 16 – Career opportunities for younger resources



We always share feedback at the end of the application validation process, whether successful or unsuccessful.

Overall, we made 477 new hires in 2021, 81% of which are permanent. During the year, 36 apprentices were taken on in Italy.

Of the total number of employees, 292 are women and 185 are men. Of the newly hired women, about 46% belong to the professional category of White Collar – sales. With regard to management roles, there were 26 hires at a Group level during the year, of which 12 were women and 14 men.

The professional category with the highest number of new hires during the year was White Collar – sales, which accounted for about 70% of new hires in this category in the Non-Europe Region. Finally, 58% of the employees are in the age group 30 to 50 years.

With regard to terminations, 388 contracts were terminated in 2021, an increase compared to the previous year. These were mainly terminations related to a balanced turnover of our human resources.



The following tables show the trend in new hires and terminations during 2021 in the various countries where the Group operates.³⁹

Table 10 – New Hires

New hires by age and	2019				2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Under 30	39	24	102	165	29	18	45	92	38	30	93	161
of which men	11	13	28	52	10	8	18	36	15	16	37	68
of which women	28	11	74	113	19	10	27	56	23	14	56	93
30 to 50	35	40	132	207	17	38	123	178	15	49	215	279
of which men	16	15	47	78	9	11	32	52	7	25	72	104
of which women	19	25	85	129	8	27	91	126	8	24	143	175
Over 50	9	4	15	28	2	0	18	20	1	1	35	37
of which men	1	0	9	10	1	0	5	6	0	0	13	13
of which women	8	4	6	18	1	0	13	14	1	1	22	24
Total new hires	83	68	249	400	48	56	186	290	54	80	343	477
Incoming turnover⁴⁰	8%	26%	45%	22%	4%	20%	30%	14%	5%	27%	50%	22%

GRI 401-1 New Hires

³⁹ In the calculation of hirings and terminations, workers with fixed-term contracts hired to cover positions and needs of a temporary nature such as production peaks and replacement needs (illness, maternity, etc.) were not taken into account. Hirings take into account all those in the Company's workforce hired on a permanent basis, regardless of the type of contract (fixed-term or permanent). On the other hand, terminations do not include employees whose contracts have expired.

⁴⁰ The incoming turnover – or also positive turnover rate – is given by the ratio between the new hires at 31/12 of the year under review and the number of employees at 1/01 of the year under review (which is assumed to be equal to the number of employees at 31/12 of the previous year).



Table 11 – Details of hires and related rates in 2020-2021, by professional category, age group and gender

	2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Executives and managers	1	0	2	3	3	2	21	26
Under 30	0	0	0	0	0	0	1	1
of which men (rate)	0	0	0	0	0	0	0	0
of which women (rate)	0	0	0	0	0	0	1 (2%)	1
30 to 50	0	0	2	2	3	2	17	22
of which men (rate)	0	0	0	0	2 (4%)	1 (14%)	10 (20%)	13
of which women (rate)	0	0	2 (9%)	2	1 (2%)	1 (14%)	7 (14%)	9
Over 50	1	0	0	1	0	0	3	3
of which men (rate)	1 (2%)	0	0	1	0	0	1 (2%)	1
of which women (rate)	0	0	0	0	0	0	2 (4%)	2
White collar - no sales	25	6	20	51	25	8	59	92
Under 30	18	3	9	30	20	2	26	48
of which men (rate)	4 (1%)	2 (6%)	4 (3.3%)	10	7 (1%)	1 (4%)	13 (11%)	21
of which women (rate)	14 (2.9%)	1 (3%)	5 (4%)	20	13 (3%)	1 (4%)	13 (11%)	27
30 to 50	6	3	10	19	5	6	27	38
of which men (rate)	4 (1%)	1 (3%)	5 (4%)	10	2 (0.4%)	4 (16.7%)	14 (12.2%)	20
of which women (rate)	2 (0.4%)	2 (6%)	5 (4%)	9	3 (1%)	2 (8%)	13 (11%)	18
Over 50	1	0	1	2	0	0	6	6
of which men (rate)	0	0	0	0	0	0	3 (3%)	3
of which women (rate)	1 (0.2%)	0	1 (0.8%)	2	0	0	3 (3%)	3
White collar – sales	1	50	164	215	3	70	263	336
Under 30	1	15	36	52	1	28	66	95
of which men (rate)	0 (0%)	6 (2.3%)	14 (2.6%)	20	0	15 (5.7%)	24 (4%)	39
of which women (rate)	1 (1.18%)	9 (3.4%)	22 (4.1%)	32	1 (1%)	13 (5%)	42 (7%)	56
30 to 50	0	35	111	146	1	41	171	213
of which men (rate)	0 (0%)	10 (3.8%)	27 (5%)	37	0	20 (7.7%)	48 (8%)	68
of which women (rate)	0 (0%)	25 (9.5%)	84 (15.5%)	109	1 (1%)	21 (8%)	123 (21%)	145
Over 50	0	0	17	17	1	1	26	28
of which men (rate)	0 (0%)	0 (0%)	5 (0.9%)	5	0	0	9 (2%)	9
of which women (rate)	0 (0%)	0 (0%)	12 (2.2%)	12	1 (1%)	1 (0.4%)	17 (3%)	19
Blue collar - no sales	21	-	-	21	23	-	-	23
Under 30	10	-	-	10	17	-	-	17
of which men (rate)	6 (1.15%)	-	-	6	8 (1.4%)	-	-	8
of which women (rate)	4 (0.8%)	-	-	4	9 (1.6%)	-	-	9
30 to 50	10	-	-	10	6	-	-	6
of which men (rate)	5 (1%)	-	-	5	3 (0.5%)	-	-	3
di cui donne (tasso)	5 (1%)	-	-	5	3 (0.5%)	-	-	3
Over 50	1	-	-	1	0	-	-	0
of which men (rate)	0	-	-	0	0	-	-	0
of which women (rate)	1 (0.2%)	-	-	1	0	-	-	0
Total new hires	48	56	186	290	54	80	343	477

GRI 401-1 New employee hires and employee turnover



Table 12 – Terminations and

	2019				2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Under 30	14	10	58	82	2	8	37	47	9	22	58	89
of which men	8	9	28	45	2	3	10	15	2	17	15	34
of which women	6	1	30	37	0	5	27	32	7	5	43	55
30 to 50	17	36	112	165	9	22	83	114	33	56	161	250
of which men	10	12	30	52	1	8	28	37	19	18	42	79
of which women	7	24	82	113	8	14	55	77	14	38	119	171
Over 50	14	2	13	29	11	5	14	30	16	9	24	49
of which men	2	0	5	7	1	1	3	5	3	0	10	13
of which women	12	2	8	22	10	4	11	25	13	9	14	36
Total terminations	45	48	183	276	22	35	134	191	58	87	243	388
Outgoing turnover⁴¹	4%	19%	33%	15%	2%	12%	22%	9%	5%	29%	35%	18%

GRI 401-1 Terminations

Training

The relationship that is created between the Group and its human resources is based on the **promotion of the proactive and innovative spirit of each individual**, through the offer of **pathways to expand and improve knowledge, skills and professional experience**, and the recognition of a fair economic dignity, one of the pillars on which the Humanistic Enterprise is built.

⁴¹ The outgoing turnover – or also negative turnover rate – is given by the ratio between the terminations at 31/12 of the year under review and the number of employees at 1/01 of the year under review (which is assumed to be equal to the number of employees at 31/12 of the previous year).

The planned training courses are specific and consist of:

Infographic 17 – The four training programmes



In addition to these paths, training on specific topics – for example, the topic of diversity and inclusion (see the section "Diversity and inclusion") – are developed through **e-learning** platforms (*Sympo*) for use by the entire company population, and team building activities.

Indeed, using *Sympo* – whose name recalls the concept of the symposium, i.e. being together and sharing – all human resources have access to useful materials and documents in a single container and can also take part in training on demand, thus making it possible to train a broader swathe of the Company population. Selected content – relating to Brand Awareness (Company history and philosophy) and Product Knowledge (product and collections) – can also be accessed by our partners, i.e. franchise boutiques and multibrand shops.

As part of the growth of our human resources, we consider **on-the-job training** carried out directly in the Company to be of the utmost importance, with the aim of both improving technical and professional skills and enabling the targeted integration of each new employee into the company environment.

For this reason, we make sure that a positive attitude towards sharing knowledge is maintained by the most experienced resources at every level, and that they have the opportunity to devote quality time to younger co-workers.



With regard to the training of young people, to date we have been able to train more than 150 people through both the Solomeo School and the on-the-job training of young people in the Company.⁴²

Overall, 2021 saw the provision of 28,053.5 hours of training (an average of 12.4 hours per person), a 55% increase versus the previous year.

Table 13 – Average hours of training

Average hours of training, by professional category and gender	2021
	Total
Executives and managers	6.72
of which men	4.5
of which women	8.7
White Collar – no sales	4.67
of which men	4.5
of which women	4.8
White collar - sales	22.73
of which men	13.4
of which women	29.0
Blue collar - no sales	4.80
of which men	6.45
of which women	3.79
Total average hours of training	12.4
of which men	9.2
of which women	14.2
GRI 404-1 Average hours of training per year per employee	

⁴² In the context of apprenticeship contracts.

Training of artisanal skills

Specifically, the **teaching of artisanal skills**⁴³ is done by pairing young human resources with the Group's specialised workers (both as part of internship programmes and during the training of new hires) and at the **School of Contemporary Craftsmanship for Arts and Crafts**.



The School of Contemporary Craftsmanship for Arts and Crafts

The School of Contemporary Craftsmanship for Arts and Crafts is the place where technical knowledge, craftsmanship, mastery, but also ethics, dignity and a sense of responsibility are handed down from generation to generation, following the example of Italian Renaissance workshops.

Its main objective is to **restore dignity and nobility to manual work**, which should be understood as much more than mere labour.

The courses held over the years are: **Master of Fashion** (three-year course); **Men's Tailoring** (three-year course); **Stitching** (one-year course); **Mending** (one-year course); **Knit Mending** (one-year course); **Knits** (one-year course); **Pressing** (one-year course).

The courses are open to young men and women aged 18-26, of all nationalities. The lessons follow the "company workshop" teaching model and are taught by "masters" of the trade.

⁴³ For detailed information on the training programmes initiated in previous years and continued in 2021, please see the previous edition of the NFS, which can be found on the Investor Relations website at the following link: http://investor.brunellocucinelli.com/yep-content/media/DNF_FY_2020_ENG_2.pdf



In 2021 the training at the Solomeo School resumed full operations. Specifically, the one-year courses in Mending, Knit Mending, Pressing and Knits saw the participation of 14 students in the section that started in 2020 and ended in September 2021 and 16 participants in the section that started in October, divided between 9 students for the Mending and Knit Mending courses and 7 for the Pressing and Knits courses. At the same time, the Men's Tailoring course started (6 participants) and the Fashion Master course resumed (9 participants). A total of 13,821 course hours were held in 2021.

During the year we also launched the new **Solomeo Academy**, with the aim of training young resources capable of meeting the needs of elegant, contemporary men and women in terms of visual merchandising, styling or product development. The project was launched in 2021 with an initial focus on the men's line, to be extended to the women's line in 2022.

The first edition of the Academy was held in Solomeo between 4 and 23 October 2021.

Training of amiable advisors

With regard to the **training of the friendly advisors** (i.e. boutique staff), in 2021 we followed up on a number of projects that had been launched in previous years. These include the "*Hortus Simplicium*" course, which in 2021 reached all the regions we operate in with a total of 490 participants involved in 4,741 hours of training.

Organised in the form of a "cascade" programme, those who had already been involved in the "Diffusio" phase last year continued their training in 2021 with the more extensive "*Robur*" stage.

The topics dealt with were diversified according to the specific competences essential for the two professional categories the project was designed for: friendly advisors and store managers.

In the case of the friendly advisors, the first-level training was on the topic of **clienteling**, with a special focus on the skills of **active listening, storytelling, assertive communication, attention and time management**.



With regard to the second level of training, the focus was on the **application of emotional intelligence in sales**, i.e. the ability to evaluate and use one's own and others' emotions as valuable resources in establishing authentic relationships with Customers, and on **storytelling** skills.

As for Store Managers, in 2021 they also had the opportunity to learn more about leadership topics and practices, including: how to convey the Company's strategic vision to their team; the orientation towards human relationships and then towards results; the use of storytelling; basic coaching skills; and empowerment through the delegation process.

Second-level training continued to focus on **coaching**, aimed at increasing the skills that are essential to motivate and develop individuals within teams. During the year the Company trained new internal staff in North America, continuing the "*Officina Cultorum*" process started in 2020, with a role of support and supervision in the coaching activities that will be implemented by the Store Managers with their own teams.

We also produced a **collection of best practices** – the conduct and skills that emerged from the training sessions as the most effective in customer relations – summarised in the "*Libellus*", a booklet resulting from the work of all the participants, and in particular the friendly advisors who shared their direct experiences. The collection of best practices that we have put together is intended to serve as a guide for continued study and inspiration for all those who work in our boutiques to refresh their behaviour, for example when welcoming customers or presenting products. Moreover, it will also be a document of fundamental support in the induction of new hires.

As the client advisor's management of the sales experience is also increasingly reinforced through digital tools and communication channels, we involved our friendly advisors in training on the specific skills required for **remote customer relationship management**, such as how to manage a remote sale. We therefore created and showed the friendly advisors a **video tutorial** focusing on the management of video calls for product presentations, and **guidelines** for the effective and efficient use of telephones, which the friendly advisors will be more extensively equipped with, containing suggestions on how to manage phone calls and write messages to customers.

During the year an **empowerment programme** was organised for **local teams**, particularly in Russia, aimed at learning more about the local culture as a way of enhancing and improving the customer experience. The aim is mainly to continue to have a warm, familiar atmosphere in our boutiques, ensuring **full understanding and respect for the cultural dimension that can permeate the relationship**.

The basic concept underlying the provision of this training was that of synergy between the global and local teams, encapsulated in the expression "**We make it happen, you make it work**": i.e. the definition of the project structure and objectives at a Group level and subsequent tailor-made implementation at a local level, taking into account the specificities of the market and the experience gained.

With a view to business opportunities for the Group with respect to expansion into new markets, especially in **China** and the **Gulf countries**, we believe it is essential to explore local cultures, to recognise the key elements on which they develop, to respect them and to offer our products and services in the most proper manner and with respect for local specificities. For this reason, we have started **two cultural mediation courses** focused on Chinese and Arab cultures for the Board and function managers.

The first course was organised in cooperation with the **Italy-China Foundation's School of Continuing Education**.



Finally, **induction programmes** also continued, particularly for the **staff of the new European boutiques**: we hosted the teams of two new boutiques that were opened in Europe in Solomeo with the aim of developing a mutual understanding and providing training that could cover the various aspects of interest to the new resources in a cross-cutting manner.

Compliance training

In 2021, specific training on the subject of GDPR implementation was developed internally and delivered through Sympo for employees of boutiques worldwide and staff functions⁴⁴ working closely with the retail world. This training, with compulsory attendance, was delivered in 9 languages, thus ensuring full participation.

The main topics covered, taught using short animated videos, tests and educational material, were: the importance of human privacy for the Group and the basic principles of the GDPR; how to communicate the Privacy Policy to customers; filling in the Customer Card and the proper management of personal data in boutiques; the risks associated with non-compliance with current regulations. This training was also accompanied by a number of **induction programmes** dedicated to new resources, providing in-depth information on the GDPR and conducted by the DPO.

Sympo was also used to provide training on the collections using informative books, videos and other dynamic learning activities concerning all product lines.

The platform also includes a specific section entitled “Human Relations” dedicated to human resources, featuring some materials related to leadership and coaching issues.

⁴⁴ Monobrand sales offices, CRM, Customer Care, IT, Human Resources, Legal, Retail Operations, Management Control, Buying.

***Growth of Middle Management and Management***

Among the activities that support the growth of **management** and **middle management**, of note are the “**Generation Pact**” and, from 2021, the provision of the “**Skilla**” **e-library**, which includes training programmes on a variety of topics ranging from more technical and specialised subjects to the strengthening of soft skills.

Other courses provided during the year

The following table provides an overview of other courses offered during the year in the various regions.

Table 14 – Additional training

Training	Description of the training	Region
Endurance and Resilience	See 2020 NFS	United States and Canada
Jackson Lewis Professionalism Seminar	See 2020 NFS	United States and Canada
Wellness initiatives through United Healthcare	Seminars and team-building activities focused on the topic of well-being personal physical and mental health, funded by United Healthcare	United States and Canada
English language courses	Language course	Italy (Solomeo and Milan)
Travel (risk management, booking, Travel Policy and travel costs)	<ul style="list-style-type: none"> • Business Travel process in companies • Technical expertise in travel and business travel • Planning and technical organisation of a business trip • Travel market and negotiating techniques • Corporate roles and tasks • Time Management & Travel Problem Solving • Advanced Training for Travel Managers • Travel expense reports • Travel costs: payment instruments and reporting • Analytical accounting travel expenses • Travel Data Analysis 	Italy
Health and safety (required by law)	General and specific training depending on the tasks performed (low risk)	Group

403-5 Worker training on occupational health and safety

404-2 Programs for upgrading employee skills and transition assistance programs



Development

We support the professional growth of each resource through **internal development paths** in each business area.

As far as production is concerned, this initiative allows the staff involved to work in different areas and functions of the company (e.g. from the yarn warehouse to the fabric warehouse and the raw materials purchasing area) so as to allow a transversal professional development of each person's skills.

During 2021, some of our employees were sent to the United States for an **internal rotation project**: the selection took place internally, based on an assessment of the most suitable candidates who were willing to move. In addition to these resources, rotations also took place in other regions during the year, which in some cases also led to an increase in the responsibilities assigned.

An integral part of development paths are **personnel evaluations**, which, pursuing the aim of training, stimulation and internal growth and alignment with the Company's objectives, presuppose continuous interaction and engagement between the manager and the employees with respect to the work done and all aspects of the lives of the human resources within the company. Thanks to the day-to-day nature of this relationship, evaluation becomes one of the aspects with which long-term relationships are built, based on a constant constructive engagement aimed at bringing out the key qualities of each employee.

The activity is contextualised to the geographical areas where the Group operates. In fact, **retail staff** are subject to evaluations based on annual performance, with the possibility of adding a variable part of the remuneration that is paid if objectives are achieved. In fact, with the support of the head office Human Resources function, local **store managers** organise one-to-one talks with employees, reviewing the work done during the year and sharing results, achievements and medium-long term objectives. The **evaluations** are **quantitative and qualitative**, and are also related to compliance with the Company's core values.

Evaluations are also carried out with other employees in Italy, Europe, Russia, North America, China, Japan, Singapore, Taiwan and the UAE. The process is managed using **evaluation forms** that contain the manager's evaluation, personal objectives and a self-assessment.

This type of evaluation is not linked to the individual's salary or related rewarding mechanisms, but rather is an opportunity for talking and defining future objectives. In fact, a special section entitled "areas for development" has been included in the form, where employees can also specify any needs they may have in order to plan future activities that take these inputs into account.

This is followed by the final sharing of feedback between the managers and resources involved, with the participation also of the Human Resources function. The in-depth feedback the employee receives is not the end of the performance evaluation, but on the contrary provides a foundation for future development.

**Table 15 – Performance evaluation⁴⁵**

	2020				2021			
	Italy ⁴⁶	Europe ⁴⁷	Non-Europe	Total (average)	Italy	Europe	Non-Europe	Total (average)
Executives and managers								
of which men	31%	-	95%	63%	65%	-	97%	81%
of which women	45%	100%	82%	76%	55%	100%	96%	84%
White Collar - no sales								
of which men	78%	13%	53%	48%	77%	50%	79%	69%
of which women	76%	28%	85%	63%	78%	50%	97%	75%
White Collar – sales								
of which men	87%	100%	57%	81%	96%	100%	88%	95%
of which women	94%	100%	84%	93%	92%	100%	83%	92%
Blue Collar - no sales								
of which men	9%	-	-	9%	8%	-	-	8%
of which women	0.4%	-	-	0.4%	2%	-	-	2%
GRI 404-3 Percentage of employees receiving regular performance and career development reviews								

DIGNITY AND RESPONSIBILITY

Promoting the dignity and well-being of people by developing their individual **skills** and **personalities** has always been a priority objective of the Company, as set out in our “*In Harmony with Creation*” Human Sustainability Policy.

Diversity and inclusion

The promotion of the principle of **diversity** and, above all, of the related values of **fairness** and **inclusion** are central to the Company’s organisation, being conceived as irreplaceable sources of enrichment and mutual stimulation, both on a personal and professional level.

In fact, we have put in place a **Diversity and Inclusion Policy** that, as from 2021, has been **shared internally with all the Group’s human resources and externally with our suppliers and contractors**, who are asked to be guided by the principles contained therein.

⁴⁵ The calculation of the percentage of employees who received a performance review during the year is made by comparing the number of employees (by gender) who received a review during the year to the total number of employees (by gender) as at 31.12 with reference to the specific professional category.

⁴⁶ Only Brunello Cucinelli S.p.A. is considered.

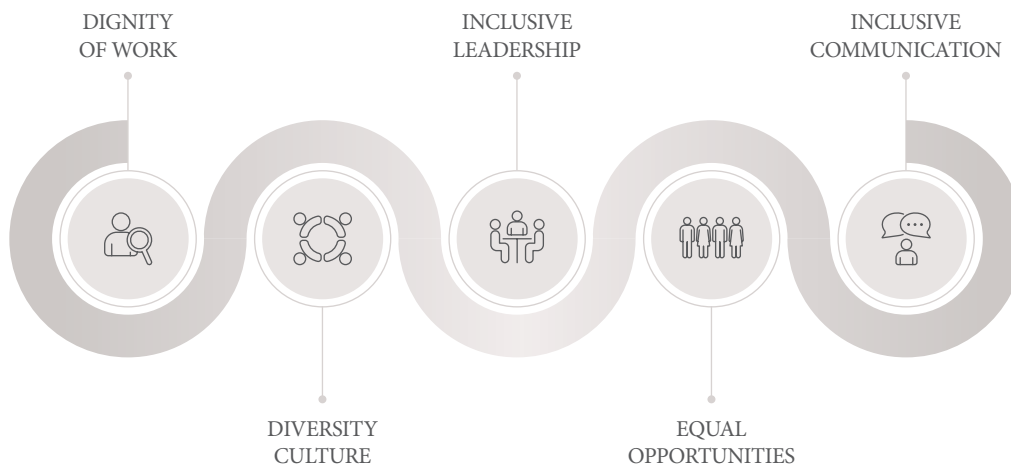
⁴⁷ The entire retail population (European shops) received a performance review in 2020 and 2021, with the exception of the Athens cleaner. In 2020, the following positions in the “White Collar – no sales” population in Russia did not receive a performance review: Stock assistant, tailor and cleaner.

The Policy formalises our commitment to **understanding and accommodating diversity** in all internal organisational and management processes. Therefore, with this Policy we aim to prevent all forms of discrimination, prejudice and harassment in the workplace – be it verbal, physical, visual or otherwise – even if not done consciously, that can create a hostile environment for an individual.

The contents have been prepared in such a way as to guarantee an alignment with current laws and the principles defined by international organisations on the subject, with particular reference to the United Nations Universal Declaration of Human Rights, Convention no. 111 on Discrimination of the International Labour Organisation (ILO) and the Sustainable Development Goals (SDGs), most notably Goal #5 – Gender Equality and Goal #10 – Reduced Inequality.

The Policy is divided into **five pillars** through which we are committed to fostering increased integration of the dimensions of diversity recognised – through a listening process involving the HR Managers of the various Regions – as currently most representative for our Company: **gender identity, age, different physical and mental abilities, sexual orientation and multiculturalism**.

Infographic 18 - The pillars of the Diversity and Inclusion Policy



The **first four pillars** apply to the **whole life cycle of human resource management**, from selection to internal growth paths, the attainment of top positions and even to retirement support. The **fifth pillar**, on the other hand, is aimed at an extended dimension expressed in the **relationship with all the Group's stakeholders**, demonstrating our commitment which must be increasingly embedded in and spread through all our actions and communications.

For each pillar, the Policy defines **specific actions** that we are committed to implementing, showing the progress made and our constant focus on improvement.



In some Regions, the Policy is complemented by **locally adopted documents** in line with local regulations as well as the various cultural specificities on the matter, including:

- The Policy “Protecting the personal integrity of employees” (Switzerland).
- The “Bullying and Harassment Policy” part of the Employee Handbook adopted in the United Kingdom.
- The “Equal Opportunities, Workplace Harassment, Substance Abuse Policy” contained in the Employee Handbook for the North American Region.

The Diversity and Inclusion Policy also states that all recipients of the policy have the right – but also the moral obligation – to report any problematic or unacceptable conduct that violates the principles outlined in the document.

Such reports can be made via two channels:

- 1) **Informally**, directly contacting the function manager.
- 2) **Formally** – anonymously or otherwise – contacting the email address provided in the Whistleblowing Procedure as per Law no. 179/2017.

We guarantee the whistleblower protection against any direct or indirect retaliatory or discriminatory act.

Any violation of the Policy triggers the activation of a disciplinary procedure that envisages **different levels of remedies depending on the seriousness of the act**, up to and including dismissal and termination of the contract with Brunello Cucinelli in the most serious cases that are difficult to resolve.

At a local level, there are **specific grievance procedures** – such as in the UK, China and, as of this year, also in Russia – in line with the Employee Handbook in force in the various Regions. Unlike Whistleblowing, these procedures involve direct – and not anonymous – contact with the Human Resources Department.

Also in 2021, in line with the previous two years, there **were no cases of discrimination identified**.

With a view to increasing awareness of the key aspects of diversity and inclusion, in 2021 we initiated specific **internal training**.

In fact, we initially involved 100 Italian managers in an **introductory course on diversity and inclusion** through our Skilla e-library.

Subsequently, we developed our own fully customised course entitled “Brunello Cucinelli - Diversity & Inclusion”, which consists of three modules that will be distributed in the first months of 2022 through Sympo employing a training method aimed at maximum involvement of the participants.

Initially open to human resources in Italy, the course will later be translated into English, Russian, Chinese and Japanese and extended to other regions.

In order to create a climate that is more conducive to positive interaction between people and to ensure that no one feels excluded, we are also taking significant steps to reduce language barriers in the workplace.

Indeed, we are currently privileged to deal with **58 different nationalities**, each of which contributes its own specificity to the life of the company and enriches it.



In fact, in the Group's various operating sites in Italy and abroad, it has always been preferable to hire local staff who have a natural knowledge of the market, culture and traditions, where the brand is developed with the utmost respect for the tradition of the host country. Again in 2021, all senior managers⁴⁸ at significant operating sites were hired from the local community⁴⁹.

Our human resources are also well diversified in terms of age: in our Casa di Moda **there are five different generations**, as shown in the table below. 55% of human resources belong to the Millennials generation (26-40 years old).

	Italy	Europe	Non-Europe	Total
Silents (Over 76)	2	0	1	3
Baby Boomers (56-75)	122	10	61	193
Generation X (41-55)	352	108	209	669
Millennials (26-40)	632	161	449	1,242
Generation Z (Under 26)	102	13	42	157

We protect and value **different physical and mental abilities**, ensuring a safe, healthy working environment, and above all one that can support the needs, both visible and invisible, of all our employees: there are 63 people in Italy⁵⁰ who belong to vulnerable categories (55 in 2020), of which 21 men and 42 women.

Therefore, recognising the diversity that sets us apart, in the path towards greater inclusion aimed at ensuring fairness among all human resources, we promote **equal opportunities**, the recognition of **fair remuneration** and the **development of knowledge, skills and professional experience** on the basis of **impartiality and propriety**.

Below is a representation of the ratio of basic salary and average wages for women compared to men. The numbers have remained substantially unchanged over the three-year reporting period.

There is a more than positive ratio – which therefore indicates the absence of a gender pay gap with reference to both basic salary and remuneration – in Italy in the professional categories of Executives and Managers and Blue Collar – no sales. As regards the White Collar – sales and White Collar – no sales categories in Italy, the ratio improved compared to the previous year. At a European (Russia) and non-European level, the same categories have substantially positive ratios.

48 In Italy, the category of senior managers refers to the executives; in Russia, the category refers to Retail Directors; in Japan, Mainland China and Hong Kong, Area Managers; finally, in the USA, people having strategic autonomy with respect to the economic and financial aspects of the region are considered.

49 Senior managers hired from the local community were considered to be those employees who are nationals of the place where they work or Italians with a residence permit in the country where they work (permanent visa holders).

50 The figure includes employees belonging to vulnerable categories of the companies Brunello Cucinelli S.p.A. and Pinturicchio S.r.l.



Table 16 – Ratio of basic salaries and wages between women and men⁵¹

	2019				2020				2021			
	Italy	Europe	Non-Europe (average)	Total	Italy	Europe	Non-Europe (average)	Total	Italy	Europe	Non-Europe (average)	Total
Executives and managers												
basic salary ratio	108%	-	45%	77%	100%	-	18% ⁵²	59%	100%	55%	62%	72%
wage ratio	106%	-	47%	77%	101%	-	18%	60%	107%	50%	51%	69%
White collar - no sales												
basic salary ratio	91%	108%	88%	96%	87%	125%	97%	103%	89%	133%	90%	104%
wage ratio	91%	103%	87%	94%	87%	123%	99%	103%	89%	136%	90%	105%
White collar – sales												
basic salary ratio	99%	118%	105%	107%	94%	140%	101%	112%	94%	129%	100%	100%
wage ratio	102%	105%	106%	104%	94%	117%	103%	105%	95%	122%	108%	108%
Blue collar - no sales												
basic salary ratio	103%	-	-	103%	106%	-	-	106%	105%	-	-	105%
wage ratio	103%	-	-	103%	105%	-	-	105%	101%	-	-	101%
GRI 405-2 Ratio of basic salary and remuneration of women to men												

51 Note that the following table takes into account the significant operating sites where at least one member of both genders is present among the staff. As regards the reporting for the Europe Region, Russia is considered a significant operating location; for the Non-Europe Region, the calculation includes Japan (the calculation does not take into account the “spot” resource included instead in the GRI 102-8 count, so as to be able to give a “stable” representation of the gender pay gap in that location), Hong Kong, Mainland China, and the United States. The data collected for the calculation of the ratio of basic salary and wages between women and men takes into account the company population on 31.12 of each year. The exchange rate used in 2021 to convert from foreign currencies to euros is the average rate for the year.

52 This figure takes into account the remuneration paid to executives also in their capacity as delegated bodies.



Attention to the well-being of human resources

We also operate with the conviction that in order to promote people's well-being, it is essential to ensure **the right balance between work and leisure time**, defined by Entrepreneur Brunello Cucinelli as time for the spirit, dedicated to the person.

In fact, in Solomeo employees do not punch in or out, and **working hours** are from 8 am to 5.30 pm, with a lunch break of an hour and a half, so that employees can use the company restaurant and the outdoor areas to immerse themselves in the natural environment of the company park or otherwise return to their homes and have lunch with their families.

The company's restaurant provides food consisting entirely of **zero-kilometre products**. The quality of the meals served through the purchase of fresh, seasonal and local products, as well as the definition of a menu that guarantees both variety and respect for the raw materials that the earth offers year-round, are essential prerogatives for the Company in terms of the care and well-being of all its employees.

In 2020, due to the outbreak of the Covid-19 pandemic, the company restaurant had to be closed to prevent the spread of infection. Once the most critical moment of the health emergency had been overcome, it was decided to establish shifts for entering the restaurant, managed with the help of a new app.

The Company's ambition for the **working environment** is that it should not only comply with hygiene and safety standards imposed by regulations, but also offer a **high level of comfort in terms of personal well-being**, by assessing indicators relating to air quality, indoor temperature and natural light.



Particular attention is paid to the **aesthetics of both indoor and outdoor spaces**, ensuring that during the working day every employee has the opportunity to **look up and see the park outside** the Company and the sky above.

We value **interpersonal relationships** between human resources, which we believe can always be stronger than online relationships. For this reason, we hope that among co-workers, especially if they are physically in the same department, they spend more time talking in person or on the phone than sending emails.

We are attentive to the needs of all our employees, in Italy and around the world. In most cases, the initiatives implemented to ensure the well-being of human resources are enjoyed by both full-time and part-time employees.

As far as health care is concerned, for the Italian offices FASI insurance is currently offered to the Executives of the Company Brunello Cucinelli S.p.A., the Managing Director of the company Max Vannucci S.r.l., and SAN-IMODA to employees covered by the Apparel national collective bargaining agreement (ICRMS) employed by Brunello Cucinelli S.p.A. and the remaining employees of Max Vannucci and Pinturicchio. On the other hand, resources covered by the ICRMS Commerce have access to FONDO EST. These insurance coverages allow workers to benefit from various medical services, with special discounts. Moreover, the Company also has agreements with various types of medical studios.

As of 2021, **an additional health insurance cover** was included in addition to the two aforementioned funds for employees: the subject of this insurance is operations and major operations, for which an additional ceiling is



made available over and above that of the fund to cover the costs of operations for both our employees and their families⁵³ (meaning spouses and dependent children up to the age of 26).

Supplementary health insurance is also provided in China, Russia, the United States, Dubai and France.⁵⁴ For years the Company has had an accident policy in place for the Italian companies Brunello Cucinelli S.p.A., Max Vannucci S.r.l. and Pinturicchio S.r.l., which also covers non-occupational accidents.

In some cases, disability/invalidity insurance cover is also provided, and in some Regions sick pay is offered.

In the US and Canada, an Employee Assistance Programme was also planned for the year, i.e. a subsidised programme to offer financial and emotional support to employees.

Strongly convinced that culture is the fundamental nourishment of the human spirit, for several years we have been granting a *“in favor of culture”* bonus worth €500 per year and doubled if there are dependent children, which can be used for subscriptions to magazines, cinema, theatre, the purchase of books, participation in training courses and nursery costs for young children.

In Italy, from July 2021, the bonus is managed through the **“Welfare Hub”**⁵⁵ platform, which is able to ensure a greater number of functions. However, we provide direct support to facilitate access to the portal or in the management of certain activities. In July 2021, the **bonus was extended to most of the foreign offices** and in 2022 it is expected to be extended to Taiwan, Dubai and Singapore.

Other elements of the welfare plan include a marriage allowance, **compensation for the birth of children**, the provision of meal vouchers and, from 2021, the possibility for employees in Italy to receive **subsidised financing for home renovations** (Superbonus 110%). With regard to this last point, we would like to point out that a **specific agreement has been stipulated with a leading bank**, through which our employees can also access a free platform if they are interested in bank account management and other financing and insurance aspects.

Finally, we have worked with a number of car dealers to establish agreements with various car manufacturers to encourage the **purchase of electric or hybrid cars** by our Italian resources thanks to targeted incentives.

This year we also introduced the **Solidarity Hours Fund** project, which so far only applies to Italy.

53 Such insurance is also provided for the subsidiaries Max Vannucci S.r.l. and Pinturicchio S.r.l.

54 In France there is a legal obligation for employers to provide such insurance to their employees.

55 This is a programme for welfare services managed by a third-party company (the service was previously managed by Brunello Cucinelli S.p.A.).



The Solidarity Hours Fund project

Defined on the basis of an internal rule approved in 2021, the project envisages the creation of a solidarity hours fund to which all human resources can donate any holiday hours exceeding four weeks. These hours go into the fund, and the company matches 50% of the hours donated by the employees.

Executives – who cannot be among the beneficiaries of the fund – can also make significant contributions to the solidarity hours fund.

The fund will not only be used for the care and assistance of children over the age of three, as envisaged by the law and national collective agreements, but also for other persons in need, establishing a priority of use. For example, it is possible to support first those who have to take time off to care for family members, and then those who are exceeding their grace period.

Moreover, during this period of health emergency, in view of the fact that quarantine cover is no longer permitted, for workers who, while not presenting symptoms, are obliged to observe a quarantine period but whose work cannot be done remotely, we have provided for the possibility of possibly accessing the fund as an alternative in the most serious cases.

Furthermore, all the Group's human resources are entitled to **parental leave** in accordance with the terms (duration) envisaged by local laws in the various regions of the world. Specifically, in 2021 77 employees (6 men, 71 women) worldwide took advantage of this period: the rate of return to work⁵⁶ in the year was 91% (96% in 2020), while the retention rate⁵⁷ was 89% (90% in 2020).

⁵⁶ The rate of return to work is calculated as the ratio between the number of people who should have returned to work in the year following the end of parental leave and the number of employees who actually returned to work in the same year, at the end of the period.

⁵⁷ Conversely, the retention rate is calculated as the ratio between the number of people who are still employed by the Group in the year following their return to work after the parental leave period (year t) and the number of employees who had returned to work following the end of the period in the previous year (year t-1).



Table 17 – Parental leave

	2019				2020				2021			
	Italy ⁵⁸	Europe	Non-Europe ⁵⁹	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Employees who took parental leave	27	9	2	38	51	10	6	67	57	8	22	87
of which men	0	2	1	3	2	2	1	5	3	1	6	10
of which women	27	7	1	35	49	8	5	62	54	7	16	77
Employees who returned to work at the end of parental leave⁶⁰	21	8	2	31	54	5	5	64	55	5	13	73
of which men	0	2	1	3	2	2	1	5	3	1	6	10
of which women	21	6	1	28	52	3	4	59	52	4	7	63
Employees who continue to be employed by the Group 12 months after returning from parental leave⁶¹	0	2	1	3	21	5	2	28	45	3	9	57
of which men	-	0	0	0	0	1	1	2	2	2	1	5
of which women	-	2	1	3	21	4	1	26	43	1	8	52
Employees who should have returned to work at the end of parental leave	21	7	2	30	54	8	5	67	55	8	17	80
of which men	0	2	1	3	2	2	1	5	3	1	6	10
of which women	21	5	1	27	52	6	4	62	52	7	11	70
Rate of return to work	100%	114%	100%	103%	100%	63%	100%	96%	100%	63%	76%	91%
Retention rate	-	-	-	-	100%	63%	100%	90%	83%	60%	180%	89%
GRI 401-3 Parental leave												

58 No employee of Max Vannucci S.r.l. took parental leave in the three-year period under consideration.

59 With regard to the non-European region, only a few employees from the United States, Japan, China, Hong Kong and Macao took parental leave during the reporting period. The data for China, Hong Kong and Macao are only included in the 2021 statement.

60 Employees who did not return during 2021 are, as of 31 December 2021, still on leave and are expected to return in 2022.

61 The numbers reported refer to employees who returned from parental leave in the previous year and are still employed in the following 12 months.



Health and safety

Attention to safety is one of the key elements the relationship between the Group and its human resources is based on: health and safety in the workplace is monitored in compliance with the regulations in force in the various countries the Group operates in (e.g. Italian Legislative Decree no. 81/08 for Italy).

In general, the precautions and control measures adopted by the Company and the attention paid to safety in the workplace are such that the risk of accidents remains low.

In Italy, where 53% of the company workforce is concentrated, occupational hazards constituting an accident risk are assessed, monitored and reported in the **Risk Assessment Document (RAD)**, which is periodically updated.

The presence of an **in-house Prevention and Protection Service Manager (RSPP)** enables the early detection of workplace hazards through constant inspections of production departments.

With specific regard to the sources of risk identified in the RAD, note that in 2021, thanks to the implementation of the project to replace the previous dry-cleaning machines with 3 hydrocarbon machines, we were able to **completely eliminate the use of perchloroethylene in the laundering processes**. This is a chemical substance that is potentially harmful to humans and the environment if not used correctly, and was associated with the main health and safety risk identified within the Company's laundry department.

Maximum attention is also paid to the **organisation of warehouses**: in this area, the use of equipment such as forklifts and electric pallet trucks is the main hazard identified for the safety of workers. Therefore, in order to **limit the handling of loads** lifted above ground, some of the racks have been set at heights that require limited use of the equipment mentioned above. This way there is also more natural light, avoiding the blocking of light sources.

With regard to employees assigned to tasks such as sewing, weaving, mending or cutting, the analysis of the hazards that may arise during work has identified specific risks related to inappropriate positions or the repetitiveness of movements performed with the upper limbs. Risks related to the use of video screens for office staff were also identified.

Assessments of potential risks allow preventive and remedial solutions to be sought, which can involve organisational adjustments and training.

Each employee receives adequate training and information on the proper use of the devices and equipment/machinery made available: in 2021, 475 people attended compulsory general and specific training courses for a total of 3,978 hours of training.



At least once a week, **medical examinations of employees exposed to specific risks** are performed in the Company by the company physician, based on the **frequency established in the health protocol** and ensuring maximum confidentiality of sensitive data. The regular presence of the company physician makes it possible to assess the working environment, ergonomics, PPE and any problems that may arise. In the interests of prevention, the Company has decided to have employees under the age of 50 undergo a medical examination every two years rather than every five. In line with business conduct and legislative requirements.

As for the **European and non-European sites**, during the year the Company initiated a partnership with an Italian consulting company dealing with health and safety at work in order to **define the priorities** for the necessary actions at these sites. The evaluation started in December and the work to be done will be divided into the following stages:

- Checking compliance with health and safety regulations in the various countries we operate in;
- Verification of the compliance of the documentation and indication of any necessary adjustments;
- Remote inspections to verify the compliance of the working environments;
- Issuance of a final compliance report.

The table below shows the statistics for accidents at work that occurred during the last three years. The rate of recordable occupational accidents⁶² in 2021 as a whole was 0.001 (0.002 in 2020).

Table 18 – Accidents at work

	2019				2020				2021			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Total hours worked	1,968,042	464,848	1,086,391	3,519,281	1,927,476	431,395	1,276,385	3,635,256	2,090,706	470,936	1,183,841	3,745,484
Total work-related fatalities	0	0	0	0	0	0	0	0	0	0	0	0
Total work-related accidents with serious consequences (excluding deaths)	0	0	0	0	0	0	0	0	0	0	0	0
Total recordable work-related injuries	5	0	0	5	4	2	0	6	4⁶³	0	0	4
Rate of deaths resulting from work-related injuries	0	0	0	0	0	0	0	0	0	0	0	0
Rate of serious work-related injuries (excluding deaths)	0	0	0	0	0	0	0	0	0	0	0	0
Rate of recordable work-related injuries	0.003	0	0	0.001	0.002	0.005	0	0.002	0.002	0	0	0.001

GRI 403-9 Work-related injuries

⁶² See the “Methodological Note” for more information on how this is calculated.

⁶³ Of which 1 while commuting (in a company car).



CHAPTER 5 – HUMAN SUSTAINABILITY IN RELATIONS WITH SUPPLIERS AND FAÇONISTI

AMIALE RELATIONS WITH SUPPLIERS AND FAÇONISTI

GRI Content Index in the Appendix



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407-1	414-2				



The **production** of our Casa di Moda is carried out **exclusively in Italy** by qualified **artisan workshop** – the **façonisti** – each with a high degree of specialisation in a single product or for specific production phases.⁶⁴

⁶⁴ Max Vannucci S.r.l. and Pinturicchio S.r.l., which are part of the Brunello Cucinelli Group, respectively produce knitwear and outerwear.



The relationship with our esteemed façonisti – great, authentic producers, true artisans we know we can always rely on with unwavering confidence – **is a priority and of the utmost importance**. We seek **the same amiable relationship with suppliers of raw materials**, with whom we seek to conduct ourselves with absolute fairness, reciprocated by a perfect spirit of cooperation.

The same level of attention that we focus on the management of our human resources is also dedicated to the relationship with all the professionals who provide us with raw materials and cooperate in the production of our collections, the result of a continuous, profound and lasting synergy created over time.

The management of these relationships, starting from the selection phase, is assigned internally to the **Production Department**, which operates in close contact with the **Façon and Supplier Information Division**, the latter reporting directly to the Industrial Accounting function.

PROCUREMENT OF RAW MATERIALS: SUSTAINABLE MANAGEMENT OF RELATIONS WITH SUPPLIERS

For the purchase of raw materials, the Company relies on companies of proven reliability with whom it has developed a genuine long-term partnership based on a strong foundation of knowledge and mutual respect.

We currently work with **242 suppliers of raw materials** to support the Brunello Cucinelli collection, which in 2021 consisted of 84% clothing and 16% accessories.

95.5% of our suppliers **operate in Italy** and 3.7% are based in Europe – specifically Spain, Portugal and France – and 0.8% in Japan, where the denim is sourced.

As for cashmere, the Company's iconic raw material, we have had a long-standing relationship with our main supplier Cariaggi Lanificio S.p.A. – based in Italy – for more than 30 years. The cashmere is also dyed on the supplier's premises in the colours defined by us after careful research and colour development.

Leather is mainly sourced from Italian tanneries, primarily located in Tuscany, Campania and Veneto. Some of the fine hides come from French tanneries and the Iberian peninsula.

The management of the relationship with raw material suppliers starts with the selection phase, a fundamentally important step in the collections' development process in order to keep the quality and contemporaneity of the product range very high.

The search for suppliers is an ongoing process that on the one hand involves solid, long-term relationships, and on the other meticulous and continuous accreditation of new partners, in line with the principles and values underpinning our philosophy and the stylistic requirements of the collections, for which the Style and Creativity Office is primarily responsible, and whose creative director is the chairman, Brunello Cucinelli himself.



In accordance with the provisions of the relevant labour laws, we are committed to ensuring that the **selection** processes take place in compliance with the principles and laws **protecting competition**, ensuring **maximum transparency and efficiency of the process**, and that they are characterised by the promotion of **equal opportunities** of participation and **impartiality** of assessment of the supplier meeting the necessary requirements.

More specifically, we take the following aspects into account during the selection process:

- Compliance with regulations governing the use of certain materials and substances in the textile and tanning industry to protect human health and the environment, such as the EU **REACH Regulation** (2007) on the use of chemicals, Californian Proposition 65 and the Chinese GB Standards.
- Compliance with the **Restricted Substance List** (RSL) defined by the Company and shared with suppliers since 2020, and constantly updated. The RSL aims to regulate and progressively reduce the use of chemical substances used in the processing of materials that may be harmful to human health and the environment, and thus ensure greater safety of the final product.⁶⁵
- Compliance with the “General Product Safety Directive” (2001/95/EC).
- Compliance with the standards protecting against “fire risk” or “mechanical risk”, with particular regard to children’s clothing.
- Possible earning of process and product certifications.

Once the relationship with the selected suppliers has been established, we ensure that the monitoring of compliance with national and international quality requirements and regulations is continuous.

In 2020, we decided to include among the management tools for raw material suppliers the sharing of a **self-assessment questionnaire** – entitled “*Value: a virtuous circle of human sustainability*” – to assess the commitment and actions of our partners with respect to aspects having to do with environmental, social and economic sustainability.

The survey was shared with 136 of our suppliers with whom we have an ongoing relationship, representing around 95% of the production value. The response rate for the questionnaire was 93%.

The assessment requested documentary evidence of their level of maturity in terms of management control with respect to the following issues:

- Environment
- Labour rights
- Human rights
- Fighting corruption
- Supply chain management
- Reporting mechanisms
- Sustainability reporting

The evaluation was also accompanied by a **document audit activity**, which is currently being carried out.

The aim of this commitment, in partnership with our suppliers, is to chart a shared course of improvement to safeguard and support the highest standards of social and environmental quality.

⁶⁵ For more information see the 2020 NFS.



PRODUCTION AND FAÇONISTI: QUALITY AND CRAFTSMANSHIP MADE IN ITALY

The very **high quality and craftsmanship, the beauty and elegance, the durability and wearability of our products** are a result of the work of the skilled hands of **the façonisti who collaborate with us**, and who position our products in the quadrant of absolute luxury.

There are currently around **365** small and medium-sized **façonisti** working with us (of which 358 on a continuous basis), more than half of them exclusively for our Company. Altogether, these laboratories employ **about 5,000 people**, each of whom has an average of 13 employees. Thanks to their work, our Casa di Moda is able to guarantee collections featuring a level of **manual workmanship of more than 50%** (needle, thread, scissors).

All workshops are located in Italy, of which **about 80% in Umbria**, the cradle of artisanal techniques, taught and handed down from family to family. For the remaining 20%, the Company turns to some façonisti in districts of excellence for specific types of processing in Tuscany, Marche, Lazio, Lombardy and Veneto.

The large number of façonisti we use also ensures that we are able to **diversify the allocation of work**, so that there is always a plurality of highly qualified and specialised parties able to carry out a given activity/phase.



*Infographic 19 – The distribution of *façonisti* in Italy*





We consider the **relationship that has been built with them over time** to be a special one, worthy of the reputation of excellence of products Made in Italy, which plays the role of moral guarantor for the creation and packaging of genuine works of art destined to represent Italian taste throughout the world.

The possibility of being able to count on our *façonisti* over time is further confirmed by an analysis of the average age of the owners of these companies – 53 years in 2021 – and their employees, 43 years in 2021. In this respect, we are pleased to see that in 50% of the companies we work with, the younger generation – the children of the owners – have joined the workforce, demonstrating a generational shift that has already taken place or is currently in progress. This aspect is key **to passing on the art, technical knowledge and craftsmanship** within the workshops, our strategic partners.

Over the course of the year, we believe we have **further strengthened the relationships of esteem, cooperation and friendship** that have bound us for many years, making our production structure even more solid in the long term. This is made possible both by the growth in size of the workshops with which we already collaborate and by the increase in the share of work allocated to us by those *façonisti* who have multiple customers.

In 2021, the expenditures for services provided by the *façonisti* amounted to approximately €115 million, an increase of around 3% compared to the previous year.

Table 19 – Spending to *façonisti*

Expenditures on outsourced finished products (in euros)	2019	2020	2021
Italy	112,216 thousand	111,541 thousand	114,875 thousand
<i>Of which Umbria</i>	64,031 thousand	61,626 thousand	63,055 thousand
Other EU countries	0	0	0
Non-EU countries	0	0	0
Total	112,216 thousand	111,541 thousand	114,875 thousand

GRI 204-1 Proportion of spending on local suppliers

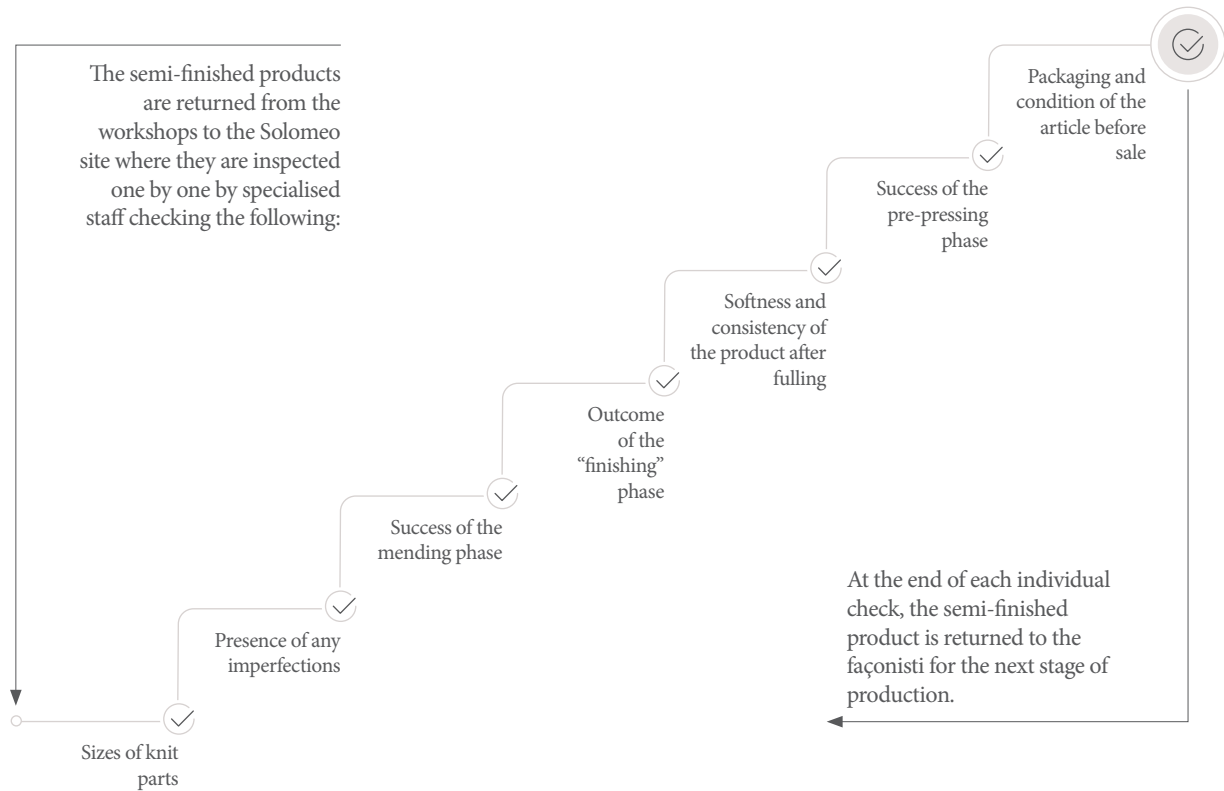
Daily interaction, facilitated by the geographical proximity of most of the artisan workshop, is also an enabling condition for the implementation of **continuous controls throughout the development and production phases**. In fact, 100% of the products are subject to controls of the following types: *i)* quality and *ii)* compliance, the latter being the responsibility of the *Façon* and Supplier Information function.

Particular attention is paid to **quality controls**, performed both in-house and in the workshops, the controls being essential to guarantee the quality standards we strive for in our products.

Below is the specific case of knitwear garments, for which all the semi-finished products are returned to the Solomeo site at the end of each production stage to be subjected to scrupulous inspections, piece by piece, by specialised personnel. These include checking the size of the knit parts, the presence of any imperfections, the success of the mending stage, the outcome of the finishing stage, the softness and consistency of the product after fulling, the success of the pre-pressing stage, and finally the packaging and condition of the product before being sent to the sales channels.

Timely quality control at the various stages also enables us to minimise the number of finished products that are unfit for sale.

Infographic 20 – Quality control of knitwear



In 2020 and 2021, due to the outbreak of the Covid-19 pandemic, the on-site visits were reduced.

However, **compliance monitoring** continued normally throughout the year. These controls are designed to promote the façonisti’ compliance with social security, wage, tax, insurance, and health and safety regulations.

The façonisti can only process requests for information through self-certification or official documentation. In cases of non-compliance, depending on the level of severity, specific programmes/plans/activities are developed for the immediate resolution of the situation. Our objective is exclusively to safeguard the economic and operational capacity of our partners. The analysis therefore gives us an insight into the status of the various workshops working with us, in order to promptly identify areas of improvement where action is needed.



During the year, a number of situations arose in some of the workshops analysed that were not properly aligned with our standards and requirements. However, by talking and working with the *façonisti* it was possible to bring these situations back into full compliance with current regulations.

Therefore, only in the most serious cases does the Company proceed with termination, always trying to consider the impacts and consequences of such a decision.

A total of 347 audits were performed in 2021 (97%⁶⁶ of the total number of *façonisti* we work with on an ongoing basis), which revealed a total of 10 new instances of non-compliance in addition to the 4 from the previous year.

In 2021, 7 critical issues were resolved as a result of the audits performed, and only in one case did we have to terminate the collaboration, as there was no further scope for action.

The supervision of Façon Information Division also extends to **sub-suppliers**. For some tasks, there are such levels of specialisation that the *façonisti* may need to outsource the work.

Counting on the long-term relationship of trust established with Brunello Cucinelli, the *façonisti* communicates the name of the potential sub-supplier to the Company.

For the selection and the consequent choice, certain criteria are defined, including for example that the entire activity be carried out in Italy and in harmony with the values and principles of the Group.

With regard to checks on the activities of the sub-suppliers, note that the checks are performed directly by the relevant *façonisti*.

As for their remuneration, we ensure that the dignity of work is always valued through the recognition of a **fair wage**, without any difference.

The relationship also extends to the **sharing of specific consulting services** with respect to strategic and operational issues, as well as to **credit support** through the signing of supply chain agreements with major Italian banks, as envisaged in the *Supply Chain and Confirming* programmes, which continued in 2021.

The executive phase of the medium-term project “*The human being at the centre of the Contemporary Factory: Pro hominibus dignitatem*” also continued, financed in 2019 by a call for proposals launched by the Umbria Region, aimed at supporting *façonisti* from a technical and operational point of view.

⁶⁶ The remaining 3% is made up of insignificant collaborations and collaborations that began at the end of 2021 for which the audit will begin in early 2022, i.e., once the relationship has been firmly established.



The executive phase of the “Contemporary Factory” project

The execution of the “**Contemporary Factory**” project in 2021 was subject to further developments, with reference to both RFID and the FiloLog programme.

Specifically, as far as RFID is concerned, we are in the process of producing and switching over to **embedded RFID** – i.e. attached to the garment and not dangling – but it needs to be designed in different formats to fit all the garments in the collection. Our goal is to implement it within four seasons at the latest.

Its affirmation and endurance through the production processes will ensure that all the paths taken by the individual garment from packaging to sale to customers in boutiques and digital channels are fully identified.

Tests showed important benefits in terms of:

- Saved time and increased efficiency for inventory management.
- Optimisation of internal processes through digital and automatic retrieval of garment information.
- Improved internal sales by implementing anti-theft technology.

In the next phase of research and development, a second electronic component connected to or integrated into the embedded tag will be included, which will be able to support Near Field Communication (NFC) technology. It will make it possible to transfer content related to the product and its traceability to customers or operators who are looking for additional information on the product that cannot be deduced from its external appearance.

As part of the Contemporary Factory project, the implementation of the **FiloLog programme** continued, designed to consolidate traceability and supply chain integration solutions, for a continuous increase in the efficiency of management systems.

With specific regard to this last point, note that the implementation phase of the **Extranet** dedicated to *façonisti* was launched in 2020. By sharing production orders and technical data useful for the production of garments, the FiloLog platform supports collaboration between the people in charge of coordination and external collaborators in the supply chain. Specifically, an **initial pilot sample of 8 façonisti** – including the company Max Vannucci S.r.l. – was involved in the project giving them access to the extranet in an advanced and personalised way. The testing phase will be further developed with the involvement of a further 20 *façonisti* in 2022. Also in 2022, a second group of 30 *façonisti* will have access to the extranet in its basic version. By 2024, this sample will consist of around 320 companies.

Finally, it will also be possible to upload all documents and certifications required of *façonisti* and suppliers of raw materials and services directly online via the Extranet platform during audits. The aim here is to involve around 600 companies, including *façonisti* and suppliers, from 2022 onwards.

Finally, in 2021, due to the restrictive measures still in place to limit the spread of Covid-19 infections, it was not possible to hold the annual convention – usually held in December – for all *façonisti*. It was temporarily replaced by an **online meeting**, initiated by Entrepreneur Brunello Cucinelli, which took place in September and was **attended by about 250 *façonisti***.

This event was organised in the days immediately following the ceremony awarding Mr Cucinelli the title of Designer of the Year by the British magazine GQ (see Chapter 1). The entrepreneur's sense of gratitude to the *façonisti* is strong. With their dedication, their art, their great reliability and genius, they have contributed greatly to the recognition of this award and to the growth in size and quality of our Casa di Moda.

We would like to organise the convention again in spring 2022.

Sustainable practices and documentation

In order to strengthen our commitment to monitoring and promoting sustainable practices along the entire value chain, from 2021 onwards we have supplemented the contractual documents shared with our partners with the “**In Harmony with Creation**” **Human Sustainability Policy and the Diversity and Inclusion Policy**.

*Infographic 21 – Relevant documents in the relationship with suppliers and *façonisti**



When stipulating the contract, the *Façonisti* and *Façon* Information Division shares the **Framework Agreement** with these strategic partners. This document contains rules of conduct that *façonisti* and suppliers must comply with, as well as specific commitments and duties. These include the following social issues:

- The proper classification and fair remuneration of employees.
- Compliance with all applicable laws and regulations on health and safety in the workplace, social security, insurance, welfare, pay, tax and fiscal matters.
- Recognition of freedom of association for its workers.
- Prevention and protection of staff against discrimination, abuse and harassment.
- Prohibition against the use of child labour or forced labour.



With regard to the **environmental** provisions, the Framework Agreement requires manufacturers and suppliers to operate in respect of Creation, adopting an attitude of care and guardianship that extends to every aspect of living in harmony and moderation with the environment.

They are therefore required to comply with the environmental regulations and standards envisaged by applicable laws and to be able to demonstrate the effective implementation of the provisions in question.

In fact, a specific reference is included in the Agreement with respect to the need to ensure **proper waste management**, especially if classified as hazardous.

Similarly, the Company requires them to ensure better **traceability** of raw materials, also with regard to subcontractors.

The Framework Agreement also calls for compliance with the Company's **Code of Ethics** and **231 Model** and the principles defined therein of objectivity, competence, cost-effectiveness, transparency, propriety and quality that must inspire all stages of the relationship established with them.

Combating active and passive corruption is also included in the requirements and responsibilities of suppliers and *façonisti*. As set out in our **Anti-Bribery Policy**, the Group reserves the right to terminate the contractual relationship with third parties whose conduct and business practices conflict with such policy.



CHAPTER 6 – SPECIAL, AUTHENTIC RELATIONSHIP WITH THE CUSTOMER

RELATIONSHIP MANAGEMENT

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The **importance we attribute to people** has a natural continuation in the **relationship with the customer**, with whom we try to build a unique, special relationship that is not reduced to the mere moment of purchase, but lasts over time thanks to the polite and discreet use of communication channels in line with our concept of “omnipersonal client experience”.

It is precisely because of the special bond we have created with our customers over the years that we feel their sense of belonging to the brand, and trust in the Group’s work is growing stronger and stronger, and is reflected in the alignment with our ideals of Humanistic Capitalism and Human Sustainability.

Over the years, the principles of our corporate philosophy have guided and directed the Company’s image and communications with messages where **ethical content, roots in the local artisanal tradition and elements specifically linked to the region and Umbrian and Italian culture** blend naturally with the Company’s aesthetic vision.

The **search for exclusivity** also finds nourishment in the absence of a logo. The customer is used to identifying one of our products only through the **taste** of the collections, the **quality** and **craftsmanship** of Brunello Cucinelli products.

Thus, all the forms of communication used by the Group have always been oriented towards this same spirit of **sharing non-material values**.

Moreover, all the means that convey the brand’s image in the world – be they media, digital channels or boutiques – are evolving, tracing the new paths with which the Group communicates its philosophy and corporate values and life in the Hamlet of Solomeo.

While keeping up with the development of technology, the Company always favours a **gracious, measured and unobtrusive approach to communications** in order to protect everyone’s human privacy.



In customer relations, the **Customer Relationship Management (CRM)** function is responsible for managing the relationship and dialogue with customers, and in general everything related to the customer experience both in physical shops worldwide and in the online boutique.

It reports directly to the Managing Directors and is an active point of contact, able to respond to the different needs of customers.

Moreover, CRM works in continuous collaboration with other company functions and officers, further reinforcing the customer focus. Particularly with regard to digital channels, integration with the Digital/E-commerce function is essential to ensure that today's technologies are used gracefully at all times of interaction.



The assistance of the DPO is also essential in terms of privacy and data protection.

The management system used by our boutiques – as well as CRM and Customer Care – is Salesforce, thanks to which we can have a unified and targeted vision of the customer and ensure prompt global support.

Assistance is guaranteed through multiple channels, such as the dedicated **Customer Care** service, which is totally in-house and offered in 8 different languages: the first Customer Care operations centre is based in Solomeo, and has now been extended to New York and Shanghai. This enables us to ensure that our service coverage is aligned with the temporal needs of customers from different geographical areas, guaranteeing the same level of service from different locations, and more importantly the same attitude and tone of voice when contacting end customers worldwide.

In the last few years, tools have also been put in place to enable immediate dialogue with the customer, such as the “Chat with us” function on the website of our e-commerce boutique and the instant messaging channel via WhatsApp (for Italy) and Wechat (for China).

Communication and value experiences with customers

Our communications aim to speak to the hearts and minds of the people who hear them.

Our **advertising campaigns** are primarily evocative and not purely commercial, and focus on cultural and philosophical themes.

This year we are finally back to shooting our campaigns around the world, as is clearly visible in the new “**Be your Change**” project, where the initials of the words “Be” and “Change” echo those of our brand.

The “Be your Change” campaign



In 2021 we introduced a new chapter in our communication entitled “Be your Change”: a series of video stories featuring people who are acclaimed worldwide for their art and expertise. People with whom we share not only an aesthetic taste or the same predisposition towards our lifestyle, but also the values behind our brand identity.

Through their voices, important themes such as hope, courage and the future are touched upon. We would like to send a message of confidence and reflection, especially to the new generations, on how **change always starts with people**.

The first video we launched featured Sarah Harris – of Vogue UK – together with her daughter, addressing the issue of change as something that is always present in her personal and professional life. Change that in the world of fashion can take the form of **handing down clothes** and considering them as artefacts with **timeless appeal**.

The second video was made in Canada and stars skater Elladj Baldé, who reflected on change from a very personal perspective, recounting his own professional life experience.

The third video was released in October and focuses on Chinese athlete Eileen Gu, who will take part in the Beijing Olympics. The young professional freestyle skier described her experience in the world of skiing as a path of change that helped her find the courage to realise her dreams.

Behind all the videos there is always our brand, presented in a genuine way and through the words of the spokespeople.



For the campaign of the **Fall/Winter 2021 season**, the theme of the environment and the **appreciation of Creation** is central, which we have decided to represent with the sublime words of the great thinker Montaigne: “*Nature is a gentle guide, prudent and just*”.

The **institutional catalogues**, produced every six months, are an important point of reference for the transmission and enrichment of the Casa di Moda’s identity, with cultural and artistic reflections and insights linked in particular to the Mediterranean, Italian and Umbrian contexts. In the past few seasons, we have chosen to reduce the distribution of catalogues in physical form and replace it with digital distribution.

The **newsletters**, which are limited to a few issues per year, take the form of *Thoughts on the contemporary world*. In 2021, the Entrepreneur Brunello Cucinelli wanted to address human resources directly through a letter of gratitude for the courage and patience shown in the moments of pain and uncertainty experienced during the Covid-19 pandemic, as well as a letter of praise to Italy.

The customer’s discovery of the brand continues in our sales areas in **prime locations**, where friendly advisors convey the brand’s values and philosophy through a polite and respectful attitude, without ever being too intrusive. Those working in our boutiques are carefully trained in the management of the different stages of the relationship with end customers, without ever asking them to give up their identity (see the “Training” section).

All of our shops and showrooms are periodically renovated to varying degrees in order to ensure the freshness and contemporaneity of the places that host our collections and our customers.

With a will to **safely** rekindle the relationship with customers and act as “guiding lights” during the dark period experienced, we developed new projects thanks to the great power of digital technology.

We therefore continued to communicate a positive outlook of the future and of the resumption of relations for a rapid return to normality through a series of **live streaming events** in which the Cucinelli family met both with wholesale and end customers, engaging them and telling them about the new collections as well as the Company’s performance. **Cooking classes** were also held online, dedicated to some special customers, during which, with the participation of some members of the Cucinelli family, the importance of the themes of **conviviality** and **family** was emphasised.

Similarly, it was possible to organise some in-person events, such as the one dedicated to the **first anniversary of the Bond Street boutique in London**.

However, given the impossibility of accommodating our customers in Solomeo over the last two years, particularly those from outside Europe, we decided to **make the experience of living in Solomeo local**, as in Singapore and St Petersburg, where customers were able to savour Italian and Umbrian tradition and culture.

Also in 2021, we organised other opportunities to share with our customers, including the **Brunello Cucinelli Golf Cup in Turin** – in May and October – and, over the Christmas holiday, a **special train** that saw 100 of our customers board at Victoria Station to discover the magic of Christmas Carols together.



All these projects were aimed at once again giving our customers valuable experiences that go beyond the sale of our products.

Finally, the presence and approach on the **web** – both with regard to the corporate website (“Brunello Cucinelli | The Philosophy, the Company and Solomeo”) and the online boutique (“Brunello Cucinelli | Online Boutique”), which currently have around 6 million visits per year – are reflected in the ideal personage of the *Humanist Artisans of the Web*, who are entrusted with the task of transposing the care, quality and courtesy that distinguish the brand in the special relationship established with its customers into the digital world.

The online shopping experience has been designed and studied with the same care and the same objectives of humanity and interpersonal relations that characterise the relationship experienced in person with customers.

In fact, as a demonstration of this commitment, in 2021 investment in digital communication increased around 30% compared to 2020, in part in order to be able to respond to our customers’ requests as we were unable to meet with them personally during the lockdowns in the various countries around the world (see Chapter 2).

The digital sales generated by our online boutique continue to grow, supported by an increase in e-commerce traffic of around 47% compared to the previous year.



THE VALUE AND APPEAL OF CUSTODIANSHIP AND REUSE

In the relationship with the individual customer as well as in our communications, we always prioritise the concept of “**protection**” of the brand identity – i.e. its uniqueness, authenticity and allure – over “promotion”, and “**attraction**” of the customer over “pushing”.

The fusion of these identities defines the appeal of the brand: artefacts that hold within them personal and special stories to be experienced, treasured and protected for the future.

The art of repair and the value of handing down clothes

“In the human value and dignity of all those who have lived to give us the goods we use is concentrated the high meaning of repairs. Repairing is an action, but it is also a symbol”. For our Casa di Moda, repairing is a concept of **ethical action**.

In fact, this practice guarantees the **extension of an object’s existence in a natural way**, ensuring that it is not discarded.

Repair is part of human life and represents acting “according to nature”, i.e., as far as possible, “*using natural means, resorting to mechanical or technological means wisely and prudently and following the right needs*”.

In the same way, this art allows a link to be established with tradition, preserving it and at the same time learning from progress. So, in the words of Chairman Brunello Cucinelli, it allows us to “*imagine a place where conservation and change come together harmoniously, which can be the way to healthy, balanced and sustainable progress*”.

The moment our products are purchased in monobrand, multibrand and online channels is not the last point of contact with the customer, as their experience lasts over time, especially through the offer of **free repairs**, available worldwide and aimed at conveying the **value and appeal of custodianship and reuse**.

In fact, Brunello Cucinelli garments are presented to customers as **timeless items** thanks to the inherent quality of the materials and the work that goes into making them.



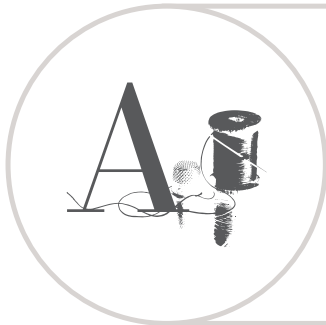
Just as the product encompasses qualities destined to be handed down from generation to generation, the **garment repair service** is also offered without any time constraints, with the aim of **giving dignity and longevity to Brunello Cucinelli garments**. Indeed, our customers are invited to use the service **beyond the time limits of legal warranty coverage** established by the Consumer Code, and we are committed to ensuring a **high standard of service** at all times, thus contributing to the garments' guardianship, respect for the materials used and the passion dedicated to the creation of each product. The same approach is used for online purchases.

We identify this phase of the management of the artefact with the word “*CARE*”.



C as in **creations**

Because for us, repairing is an art with profound meaning. Taking care of our creations is a gesture of love and gratitude towards all the artisans who made them.



A as in **artisanal**

Because we have always made handcrafted products with high-quality materials and workmanship with the desire to create something beautiful that can be handed down and find new life.



R as in **repair**

As a service with which we can remain at the customer's side at all times, taking care of our creations over time.



E as in **experience**

Because our technicians use their knowledge and passion to perform a careful assessment of the garments.



Starting in January 2021 – where allowed by the progressive re-openings following national lockdowns – we proactively called our customers back into the boutiques with the desire to share our ideals of care and durability of Brunello Cucinelli garments in an even more pronounced and relational way. So, we asked them to bring us their favourite items in need of refurbishment or reconditioning so that we could personally take care of them and give them a new life.

Overall, **2,988 garments were repaired** in 2021, an increase of 26% compared to last year.

Human Privacy

The Company's desire to build a relationship of trust and confidence with its customers and employees is based not so much on the quantity of data and information collected and conveyed, but on their quality.

Human privacy – understood as a **genuine and discreet approach to the communication and use of data** – is therefore the basis for all interactions, from the collection of customer data in boutiques, on the website or at events, to purchases in boutiques or via e-commerce, communications and after-sales service.

In accordance with European legislation on the protection of personal data⁶⁷, the Company has reviewed its processes, regulated the systems for collecting and managing such data and strengthened its protection measures in order to minimise exposure to risks such as those arising from any non-compliance with current laws or relating to the compromising of such data following their loss, theft, destruction or alteration.

The role of the **DPO** – assisted by the Legal Department, CRM, Customer Care, the Human Resources Department and the IT Department – has been designated internally for Brunello Cucinelli S.p.A. in order to supervise compliance with the relevant regulations and to provide assistance and advice in assessing and minimising the risks relating to the processing of personal data in light of the nature, scope, context and purpose of such processing. The Company has also assigned the DPO with task of coordinating privacy-related actions carried out by the various Group companies.

Moreover, the decision to set up the **Human Privacy Committee** (see the “Corporate Governance” section) has sparked an evolution in the Company's organisational structure in the area of privacy, helping to formalise the relationship between the DPO – who remains independent with respect to the other functions and decision-making activities⁶⁸ – the Managing Directors and other corporate functions, as well as to ensure greater involvement of the various corporate functions having decision-making powers in matters relating to the protection of personal data.

The Company only requests and processes the data necessary for the performance of its activities, in accordance with the principles of **necessity, lawfulness, propriety, transparency, minimisation, accuracy, integrity and confidentiality**.

⁶⁷ EU Regulation no. 2016/679, General Data Protection Regulation, or GDPR.

⁶⁸ Note that the Company has set itself the objective of drawing up specific guidelines that enshrine the independence and autonomy of the DPO, to be submitted for approval by the Board of Directors



The same approach is also adopted for the processing of personal data (including “special” data) of human resources, acting in compliance with government and local regulations and in accordance with the GDPR and the provisions and recommendations of the Personal Data Protection Authority, in order to ensure respect for the inviolable rights of individuals, such as the **right to privacy** and the **right to non-discrimination**.

The **Privacy Policy**⁶⁹, pursuant to articles 13 and 14 of the GDPR, is made known to customers via publication on the company website, on the e-commerce site and is contained in the digital customer card and in other company information (i.e. with respect to suppliers and third parties). Specifically, through the **digital customer card**⁷⁰ customers freely express their informed consent with respect to the sharing of personal information and its processing for the specific purposes enumerated by the Company. Digitising the data collection and management process through a cloud-based system offered by the Salesforce IT tool allows us to provide our customers with a greater guarantee of protection for their data.

In accordance with the GDPR, before launching new projects and/or changes in the processing carried out that may have a significant impact on the rights and freedoms of the data subjects, the Company is required to carry out **Data Protection Impact Assessments (DPIAs)**, through which it balances the benefits obtained from processing the personal data of the data subjects – customers and human resources – against any risks associated with the processing that may compromise their inviolable rights and freedoms. With the support of the external legal advisor, the Company also performs an annual re-audit aimed at carrying out a periodic assessment from the point of view of legal compliance⁷¹.

Thanks to the controls in place, we can state that in 2021, as in previous years, **the Company received no complaints from its customers about violations of current regulations**.

With the aim of implementing, extending and “localising” the Brunello Cucinelli S.p.A. privacy management model to the entire Group, a **three-year plan** was also launched at the end of 2021 to **bring Group companies into line with the GDPR and the relevant local regulations**.

⁶⁹ The operations concerned by the application of the Privacy Policy exclusively concern the Parent Company, Brunello Cucinelli S.p.A.

⁷⁰ Customers can fill in the card in the boutique or via the online boutique registration form.

⁷¹ This approach was followed until 2020, when it could not be carried out for reasons related to the Covid-19 pandemic. The re-auditing started at the end of 2021 is currently under way, with the active involvement of key function managers.



Group privacy compliance

In order to ensure that the Group's European and non-European companies (in particular the United States, China, Japan and Russia⁷²) also adopt the Parent Company's privacy model (GDPR compliant and aligned with the relevant local laws), a three-stage compliance project was launched in 2021:

Adaptation: through audits/assessments performed on the various companies by specialised local consultants, coordinated centrally by the parent company's DPO.

Awareness: e-learning based on the "legal design"⁷³ model, aimed at involving the personnel in boutiques all over the world and the staff functions working in close contact with them in an operational training programme based on the reality of the boutiques (see the "Training" section).

Localisation of the Brunello Cucinelli S.p.A. privacy management model: i.e. the adaptation of the Company's privacy management model, currently compliant with the GDPR standard, to the various EU and non-EU territories.

⁷² In these locations there are much more articulated structures and locally managed administrative, HR, CRM and IT structures.

⁷³ This is an interdisciplinary way of dealing with legal issues, which are in themselves very complex, in a simplified way according to a user-centric scheme.



CHAPTER 7 – IN HARMONY WITH CREATION

LIVING IN HARMONY AND WITH MODERATION

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Our daily actions are guided by the desire to do no harm to Creation, or to try to do as little damage as possible, in the full knowledge that “harmonious is sustainable”.

Care for the environment and the surrounding region is a key element of the Company’s philosophy, which, true to the values of Humanistic Capitalism, considers man as the “faithful and harmonious custodian of Creation”, called upon to deal with nature and its resources in a respectful and responsible manner.

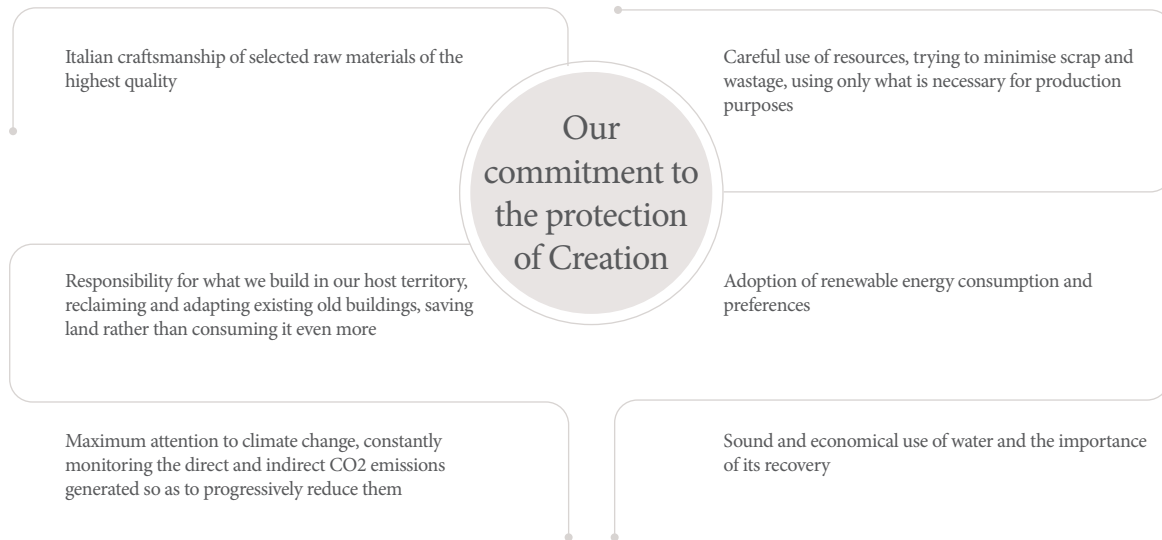
We envisage the development of a new social contract with Creation so that we can return to paying close attention to the balance between giving and taking in the relationship between us and Creation. Only in this way will we be able to guarantee that new generations will live in a better world than the one we live in today, where every corner of the planet will be considered the heritage of each and every person.

In this respect, we seek to act in a proactive, preventive and prudential manner in line with the precautionary principle as set out in Principle 15 of the United Nations Rio Declaration on Environment and Development (1992) and as defined in the 2015 Paris Agreement and the ambitious carbon neutrality targets set at a European level.

It is our concern to ensure the transmission and understanding of the importance of valuing and protecting Creation in everyday life and work, with the aim of sharing with our stakeholders the need to return to doing everything in moderation.

The following infographic summarises the main elements that guide our commitment to the protection and appreciation of Creation.

Infographic 22 – The elements underlying our commitment to the protection of Creation



The Company operates in compliance with the main national and international environmental regulations, including violations of environmental regulations among the alleged offences envisaged by the Group's 231 Model. With regard to this last point, we prepare protocols and controls aimed specifically at regulating company processes that could facilitate the occurrence of environmental infractions.

In this regard, note that in 2021, as in previous years, the Company did not encounter any episodes of non-compliance with the environmental laws and regulations currently in force.

In the Company's internal organisation, the management of the environmental aspects concerning the operating sites and boutiques is the responsibility of the **Facility Management and Services office**, which is in charge of ensuring the correct acquisition/lease, management, maintenance and reorganisation of the Company's real estate assets, in particular supervising the environmental aspects, i.e. the impacts that may be generated by the Company's activities.

The environmental impacts directly generated by the Group include, in particular:

- 1) With regard to **raw material management and production**: energy consumed by the receiving and storage warehouses and the consumption necessary for the production phases, including product quality control; water withdrawals and discharges associated with the laundry department – located at the Solomeo headquarters – used for the “fulling” of garments.
- 2) With regard to the **transport of garments between the façonisti and the Company**: the consumption of fuel (in 2021, diesel) for the use of Group-owned vehicles.
- 3) With regard to **distribution and storage in shops**: the energy consumption associated with the operation of the storage facilities, the shipment of finished products, as well as the activities of the boutiques managed by the Company (DOSs).



However, the Company's organisational model and the very nature of its business mean that most of the Group's environmental impacts are of an **indirect nature**, including impacts attributable to the purchase of raw materials, work done by *façonisti* and the use of the products by wholesale and end customers.

For this reason, we are committed to raising the awareness of all our main stakeholders with regard to issues concerning the impact of our business on Creation, and we share with each of them the values we believe in.

COMBATING CLIMATE CHANGE

The awareness of current environmental trends and the commitment to combat climate change makes the **monitoring, management and setting of emission reduction targets** central to the Group's efforts: our goal for the coming years is therefore to achieve a concrete reduction in greenhouse gas emissions, moving **from a "consumption approach" to an "emissions approach"**.

To this end, in 2021 we embarked on a path towards a **Carbon Strategy**, identifying – in accordance with the scientific standards defined by the **Science-Based Target Initiative (SBTi)**⁷⁴ – specific, virtuous reduction targets for the direct (Scope 1) and indirect (Scope 2 and 3) emissions generated.

Taking 2019 emissions as a baseline – and considering that the 2020 figures were influenced by the effects of the

⁷⁴ Note that we submitted a Letter of Commitment to the SBTi in December 2021 to obtain validation with respect to the emission targets defined in our Carbon Strategy.

Covid-19 pandemic – all emission reduction actions that could be implemented at each stage of the value chain were analysed and evaluated. Thanks to this analysis, we were able to develop **our Group’s Emission Trajectory up to 2028** based on the following emission reduction targets, in absolute terms:

- -70% of Scope 1 and Scope 2 emissions (compared to 2019)
- -22.5% of Scope 3 emissions (compared to 2019)

In terms of economic intensity, this will result in a 60% reduction in GHG emissions by 2028. In alignment with the requirements of Regulation EU no. 2020/852, the Group has expressed its adoption of the European Taxonomy. More information can be found in the Addendum to this document.

PROCUREMENT AND MANAGEMENT OF RAW MATERIALS

The raw materials used

The quality of Brunello Cucinelli’s Italian-made products originates from two fundamental components: a **careful selection of raw materials**, for which we have a direct responsibility, and we therefore seek to ensure an increasingly sustainable supply as part of a valuable pact of mutual trust with both farmers and suppliers; and **the very high level of care and attention paid to the various stages of garment production**.

The materials used by the Group fall mainly into **two macro-categories**:

- 1) The raw materials used to make garments (fabrics, yarns, hides) and accessories.
- 2) The packaging.

The study and selection of the **raw materials used to make the products** is carried out directly by the **Style and Creativity Office**, in cooperation with the functions involved in the purchasing and quality control of the chosen raw materials.

The materials consist mainly of **yarns** – mostly cashmere, but also fine wools such as mohair and camel, light wool, linen, silk and cotton – **fabrics** and **leathers**.

Raw material suppliers are mostly located in Italy. Exceptions include suppliers of denim and some leathers, located in Europe and beyond.

Specifically, cashmere, the Group’s iconic raw material, is chosen from the most precious qualities of Mongolian livestock. Here, fibre sourcing takes into account both the particular climatic conditions of the region and the welfare of the Hircus goats from which the yarn is obtained.





Cashmere: the brand's iconic raw material

Hircus goats develop a dense undercoat composed of thousands of fine fibres, hidden by the longer, coarser hair visible on the outside. The undercoat, also known as the *duvet*, acts as a thermal insulator for the animals and therefore the quality of the fibre is inextricably dependent on the climatic adversity of the location. The removal of the fibres is carried out paying attention to the sensitive relationship that humanity has developed towards such a strong and tenacious nature: in the spring, when the climate becomes milder, the shepherds remove the undercoat from the goats via “combing”, a process that does not involve any ill treatment of the animals, who instead are caressed with a small comb only in the areas under the chin and underbelly where the fibres are denser, more compact and softer. A single Hircus goat can produce around 150-200 grams of undercoat per year. Indeed, the reason for the exclusive prestige of this wool is the very small quantity of the highest quality fibre.

Chairman Brunello Cucinelli periodically visits the farms in Mongolia that supply the Group, and the dialogue built up over the years with the local communities has ensured the possibility of a coexistence of distance and proximity. Thus, for the Group cashmere has become the symbol of the beauty of Creation and of brotherhood between peoples.

The origin of cashmere goes back to the ancient shepherd communities of Central Asia, where the precious resource originated as a natural protection against the climate. Since then, the history of this excellent fibre has traversed the evolution of civilisations, linking East and West, traditional culture and contemporary creations.

For our Casa di Moda, the use of this noble raw material over the years is the means by which it has been possible to develop prestigious products, create jobs and showcase the craftsmanship of Italian tradition.

In order to protect and develop the diversity of Creation, the company **does not use animal furs** in its collections.

Table 20 – Raw materials used in the manufacture of the products

	Unit of measurement	2019	2020	2021
Fabric	m	2,706,260	1,896,217	2,409,137
Of which CITES	%	0,008	0,03	0
Yarn	kg	160,322	145,052⁷⁵	165,826
Of which cashmere	%	38.2	37 ⁷⁶	36
Of which CITES	%	0.014	0	0
Leather	sq m	260,910	231,441	236,106
Of which CITES	%	1.8	0.7	0

GRI 301-1 Materials used by weight or volume

75 Note that the 2020 figure has been restated due to a calculation error in the previously reported value.

76 Restated figure. See previous footnote.



In addition to the attention paid to the selection of raw materials, another key element in the management of raw materials is the implementation of **internal quality controls**, which are carried out when the material arrives at the Company.

First of all, a visual check is done in order to carefully examine any imperfections worthy of note.

This is followed by more technical tests to check the feel, texture, heaviness, brightness, colour, elasticity, exposure of the fabric to shrinkage after washing.

Finally, there is the crucial step of making garments to be worn for a sufficient period to ensure that the material meets the company's high standards. This test – also called “wearing” – concerns all new materials included in the collections: a material can only be introduced into the production cycle if the garment meets the required quality standards.

We also perform specific and constant **sample checks on the materials used** (e.g. on a batch of cashmere) in order to map and prevent risks in terms of adequacy and insufficient control of raw materials.

Details of accessories/components are as follows.

Table 21 – Accessories/components

	Unit of measurement	2019	2020	2021
Chain	m	3,091,495.1	2,508,117.4	2,373,293.0
Zip	pc	558,691	460,736	457,213
Zip/metre	m	21,508	12,155	15,584
Buttons/Snaps	pc	6,618,629	5,227,158	4,688,410
Ribbons	m	1,058,744.4	864,365.5	502,885
Labels	pc	2,194,304	1,308,040	1,541,013
Buckles/Rivets/Metal	pc	925,685	935,763	636,348

GRI 301-1 Materials used by weight or volume

The **packaging**, just like the garments, reflects the combination of simple elements and the search for great exclusivity, helping to communicate the brand's identity and values.

In functional terms, we make sure that it **provides the necessary protection and care for the products**, especially during the multiple trips for production and quality checks between the Solomeo site and the workshops of the façonisti, as well as during distribution to the sales channels.

In 2021, we revised our carton-packing criteria in order to **optimise the volumes shipped**. By using the Warehouse Management System, which makes it possible to aggregate different types and kinds of goods, we have reduced the number of cartons shipped. The project is expected to be completed in 2022.

We have also purchased **Transportation Management System** software – integrating our computer systems and those of our forwarding agents – in order to optimise the management of transports, with greater traceability of all the logistics and distribution stages up to the delivery of the products to the end customer.



The most common materials used for packaging are paper/cardboard and plastic (some of which is bio-compostable); for hangers wood and liquid wood.

The search for alternative packaging solutions with a lower environmental impact has led the Company to use fabric (cotton) containers as a packaging component, which allow for better preservation of certain products – for example, footwear, bags and accessories – and reuse by the retail customer.

For gift boxes shipped via the e-commerce channel, we opted for a **box produced from FSC®-certified sources** and an inner box designed to be kept and reused over time thanks also to the **self-assembling structure**, which allows it to be flattened and stored in very little space.

Today, **75% of the paper we use is FSC certified**, and we have set a goal to increase the use to 100% by **2023**.

With regard to **folded garments** – which account for around 65% of the shipping/sales packaging – special tests have been performed, with excellent results, for the use of **100% recycled paper/cardboard packaging by 2023**. In fact, in 2021 about **35% of the packaging used for “folded garments” is made of recycled paper/cardboard** and this percentage is expected to increase to about **70% by next year**.

In the case of “**hanging garments**” – which account for about 35% of the shipping/sales packaging – the packaging is currently made of non-recycled paper/cardboard. Here too, tests are under way to use other 100% recycled packaging solutions.

With regard to **plastic bags**, since August 2021 we have started to use bio-compostable plastic bags – a total of 47 tonnes were purchased in the year (Table 20) – and our aim is to achieve the complete elimination of fossil plastic by using more and more organic material. Plastic bags are expected to be completely replaced by 2022.

In 2020, we launched a project focused on finding environmentally friendly solutions for hangers. The supplier we are working with is currently testing the creation of **hangers made entirely of recycled paper/cardboard**.

Finally, in 2021 we initiated specific studies on the **large adhesive labels** on the packaging, which are currently made of non-compostable material, in order to find solutions for a more sustainable disposal of this product.

**Table 20 – Materials used for packaging and distribution**

	2019	2020	2021
Paper/Cardboard⁷⁷ (tonnes)	692, of which 193 FSC⁷⁸	682, of which 141 FSC	747, of which 386 FSC
% from recycling ⁷⁹	50	42	63
Plastic (tonnes)	108.27	139.62	61.30
Bio-compostable plastic (tonnes)	-	-	47
Hangers (tonnes)	106.76	110.53	125
Wood	8.03	8.45	5.81
Plastic	62.79	83.09	105.42
% from recycling	40	40	100
Metal	35.94	19	13.36

GRI 301-1 Materials used by weight or volume

In 2021, the quantity of paper/cardboard purchased for packaging increased: considering the high level of difficulty in procuring this material in the last year, the Company tried to bring forward to 2021 the quantities required for future needs. Of the total paper/cardboard used, 82% comes from recycled and FSC paper. With regard to the plastic used for bags and adhesive tape (61 tonnes), a reduction can be noted compared to the previous year, in line with the goal set. Finally, with regard to hangers, while the total increased in 2021, there was a significant reduction in the amount of wood used (-31% compared to 2020). Note also that 100% of the plastic used for hangers is recycled (40% in 2020).

In 2021 expenditures for raw materials amounted to approximately €88 million, of which approximately 96% was to Italian suppliers⁸⁰. Expenditures for other items amounted to approximately €5 million (93% from Italian suppliers).

77 The representation includes cardboard containers purchased directly by the Company for subsequent shipment to the Group's monobrand boutiques around the world.

78 Use of Forest Stewardship Council (FSC) certified paper.

79 Note that the percentage of recycled paper/cardboard has been calculated on the total amount of paper/cardboard used for packaging minus the value corresponding to the amount of FSC paper used. In line with this method of calculation, the 2020 and 2019 figures, previously calculated on the overall total of paper/cardboard used and amounting to approximately 33% and 36% respectively, have been restated.

80 Note that, starting from the second half of 2021, the Company initiated an important partnership with Luxottica for the eyewear line, which includes the management of the stylistic part in collaboration with the Oliver People brand. Production is 100% Italian.

**Table 21 – Spending to raw material suppliers and other expenses (Euro)**

Raw material expenditures by region	2019	2020	2021
Italy	97,689 thousand	81,355 thousand	84,429 thousand
<i>Of which Umbria</i>	10,508 thousand	9,974 thousand	10,994 thousand
Other EU countries	5,143 thousand	3,787 thousand	2,811 thousand
Non-EU countries	536 thousand	455 thousand	591 thousand
Other expenditures, by geographical area			
Italy	4,165 thousand	4,244 thousand	5,018 thousand
<i>Of which Umbria</i>	1,760 thousand	1,843 thousand	2,087 thousand
Other EU countries	11 thousand	32 thousand	33 thousand
Non-EU countries	-	38 thousand	345 thousand
Total	107,545 thousand	89,911 thousand	93,227 thousand

GRI 204-1 Proportion of spending on local suppliers

Compared to 2020, there was a slight increase in expenditures for the procurement of raw materials and other items of about 4%.

Also included among the materials purchased are the **products used for the operation of the laundry**, the quantity of which may vary from year to year depending on the specific washing requirements of the garments in the collections.

The most important items are neutral soap (for washing with water), the quantity of which fell by around 17% in 2021, fabric softener – which increased in 2021 given the increase in production – the quantities of which are more easy to dose thanks to the use of a special dispenser in the water osmosis plant started up in 2021 (see the “Water withdrawal and discharges” section), and powdered detergent (-3% compared to 2020).

With the start of the use of hydrocarbon washing machines instead of dry-cleaning machines starting in August 2021, it was possible to eliminate the use of the potentially dangerous chemical perchloroethylene (see the “Water withdrawal and discharges” section). At the same time, a new hydrocarbon solvent had to be introduced.

Table 22 – Materials used – laundry (kg)

	2019	2020	2021
Neutral soap	720	720	600
Fabric softener	9,720	9,160	12,240
Antifoamant	-	- ⁸¹	0
Perchloroethylene (dry cleaning)	1512	1,460	862.5 ⁸²
Powdered detergent	470	470	455
New hydrocarbon solvent	-	-	1,890

GRI 301-1 Materials used by weight or volume

81 In 2020, as in 2019, the antifoamant was no longer used due to problems with the purification plant.

82 The quantity shown is for the period January-August 2021.



As part of the Company's commitment to progressively reducing the use of chemicals that are considered potentially hazardous, we require our raw material suppliers to comply with the key regulatory requirements currently in force: i) for the European Union, **Regulation (EC) no. 1907/2006** of the European Parliament and of the Council, known as the "REACH"; ii) **Proposition 65** in force in California; iii) **GB Standards** for China. They must also comply with the contents of our **RSL** (see Chapter 5).

Office materials, especially paper and cardboard, are also included in consumption.

Starting in 2021 it was decided to take action on the use and recycling of office paper. First of all, a chip was installed in the printers in order to allow them to be used only by means of a special password, so that printing could be inhibited if the person concerned did not authorise it. This way we hope to limit the use of paper to only what is necessary.

Moreover, we were the first in Europe to inaugurate the use of the **Epson PaperLab machine**, the first office printer capable of recycling the paper used. The machine's regeneration technique allows a sheet to be regenerated at least 6-7 times.

The Epson PaperLab machine

The **Epson PaperLab** machine employs a dry process that **uses no water at all**: in fact, one sheet produced by this printer requires 0.004 litres of water, compared to 0.298 litres for a sheet of virgin paper and 0.100 litres for a recycled sheet.

The process is powered by Epson’s Dry Fiber technology, which is based on a combination of the processes of defibration (i.e. removing the toner and ink and recomposing the paper fibres), binding and reinforcing the cleaned fibres and forming the new sheet of paper.



Printed paper



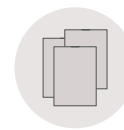
Defibration



Binding



Forming



New paper

The machine is thus able to **destroy and recompose** the fibres of the paper, and in about 3 minutes recycle the used paper into new paper, thus reducing the environmental impact related to the use and disposal of such material.

Epson PaperLab can **recycle up to 6 tonnes of paper per year, reducing CO₂ emissions from paper use by around 63%** compared to emissions from the same amount of virgin paper, eliminating logistics and storage, cutting energy costs for production and saving pulp consumption.

In order to get the most out of the printer’s functionality, we have shared guidelines for its use with all departments at the Solomeo site.

Table 23 – Materials used – offices (kg)

	2019	2020	2021
Paper/Cardboard (PEFC)	36,229	31,779	34,396
Of which used at Solomeo headquarters	33,292	27,791	28,067

GRI 301-1 Materials used by weight or volume

We are also planning to implement a **hybrid use of laser and normal printers**, so that the former will only be used for high-quality printing.

PRESERVATION AND DEVELOPMENT OF CREATION

For our company, the **sustainability of Creation** is ensured through the preservation and development of all its diversity.

Specifically, this translates into the following elements:

- **Limiting the impact of emissions** generated by our direct and indirect activities.
- **Moderation in the use of natural resources.**
- **Minimisation of scrap and waste** and their **recovery.**
- **Development of the land we occupy**, through the purchase of old industrial buildings to adapt them to contemporary times.

With regard to this last point, the Brunello Cucinelli S.p.A. company makes very careful real estate choices aimed at recovering both land and existing buildings in total respect of the surrounding area, identifying solutions that reflect the *genius loci* and that do not have an aesthetic impact.





Reclaiming land instead of “exploiting” it

All our construction works are implemented according to the principle of respecting the land we occupy, seeking to reclaim it rather than “exploit” it. Based on this logic, we have established that all future company expansions – whether in Solomeo or in other parts of the world – will aim to recover factories that are no longer in use.

In 2021, we plan to build a **new company building** on a built-up and abandoned area, in line with the Company’s philosophy and our idea of Humanistic Capitalism and Human Sustainability, in order to take spaces away from the risk of landscape degradation and thus propose a major redevelopment of what we call “amiable suburbs”.

The reclamation actions envisaged for this project include:

- Removal and disposal of approximately 15,200 m² of materials containing asbestos residues.
- Removal and disposal of fuel tanks (a total of 3 underground tanks).
- Removal and disposal of hazardous waste, paint, lubricants, fibrous materials, timber and other materials (a total of approximately 34,800 kg of waste).
- Investigation of the presence of possible pollutants in the subsoil and groundwater.

We also launched a study assuming the new building had been built on undeveloped land in order to quantify the benefit of our choice in terms of preserving CO₂ absorption capacity over a 20-year period:

- If we had used 50% cultivated land and 50% woodland (total 80,000 m²), the lost absorption capacity would have been approximately 4,311 tCO_{2eq}.
- If we had used 100% woodland (total 80,000 m²), the lost absorption capacity would have been approximately 5,915 tCO_{2eq}.

In addition to the activities described above, in 2021 we took a census of the vegetation present both in the park at the Solomeo site and in the surrounding park⁸³. This analysis has enabled us to identify the following species of interest:

- Tall plants: 282 at the Solomeo site, where there are cypresses, pines and holm oaks; 3,623 in the surrounding park, where there are olive trees, holm oaks, cypresses, pines and fruit trees.
- Shrubs: 51,000 at the Solomeo site; 126,672 in the surrounding park.

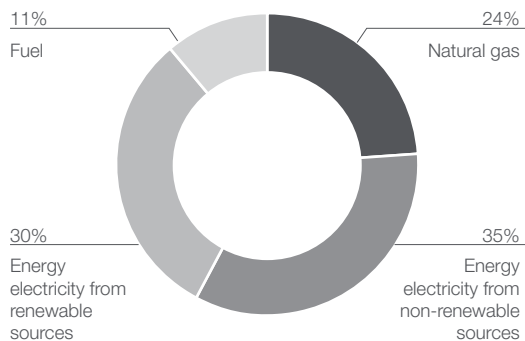
The vulnerability of the plants surveyed was then assessed using the Red List database of the International Union for Conservation of Nature (IUCN): all the plants on our site and in the surrounding park are among the species of “least concern” according to the IUCN. Parks thus contribute to the preservation and continuous renewal of local biodiversity.

83 Not owned by Brunello Cucinelli S.p.A.

Energy

The Group's **energy mix** consists mainly of:

Group energy mix in 2021



Natural gas

- **For heating:** in Italy, this consumption has to do with the Solomeo headquarters, the Milan offices and the company Max Vannucci S.r.l.; in the Europe Region, the boutiques in Munich (Germany) and in Russia; and finally, in the Non-Europe Region, reference is made to some of the boutiques in the USA, Canada and Japan.
- **For production:** refers to the laundry department and Building D of the Solomeo site where the boilers are located, and to the company Pinturicchio S.r.l.

Electricity

for the operation of the company's main facilities, lighting and air-conditioning of the various locations (offices and boutiques) worldwide.

Fuel (diesel)

for the use of company-owned vehicles in Italy

The Group has embarked on a **programme of gradual transition to the use of renewable energy sources**, which was completed in Italy in 2021, reaching 100% of offices and boutiques in the country.

We are also committed to improving energy efficiency in the other Regions where the Group has operations. In fact, in 2021 the Group **launched a precise mapping of the energy consumption of each direct location** (boutiques, offices, showrooms) to investigate the current state of the energy sources used and to assess the possibility of switching to electricity from renewable sources, with the aim of achieving 100% green energy in these sites as well.

With regard to the **Europe Region**, we have taken action in several locations to switch to providers offering electricity from renewable sources, including Monaco (Monte Carlo), Belgium, Austria, Greece and the UK, all converted to 100% green energy.

With regard to the **Non-Europe Region**, in some countries the transition to certified electrical energy from renewable sources is made difficult by local legislative provisions (where, for example, in some cases it is not possible to choose the electrical energy supplier) and by the fact that the Group uses third-party properties with consequent constraints (e.g. in some department stores the supplier is chosen by the landlord).



We are also working with our *façonisti* to accompany them on a path to improve their energy mix, providing operational support should they decide to transition to renewable energy.

We have also initiated a **procedure to engage a number of franchises and multibrands worldwide** to perform such an analysis. In fact, this study, implemented through the completion of a questionnaire by these partners, allows us to map electricity consumption and explicitly ask them whether they source renewable energy or plan to do so in the near future. The questionnaire was sent out between October and November 2021 to a total of 61 Multibrand and Franchise customers, representing around 70% of the 2021 turnover.

Furthermore, in some Italian buildings – offices, boutiques and showrooms – in compliance with the Company’s specific requirements in terms of operations and quality, it was possible to adopt a **lighting system with LED technology** in order to make consumption more efficient.

With regard to **natural gas** consumption, a distinction must be made between consumption for **production** and consumption for **heating**.

The former, associated with the property of Pinturicchio S.r.l. and some of the *façonisti*’ workshops, where gas is used to produce steam, are not reducible at this time as there are currently no technologies available to allow for their electrification.

On the other hand, with respect to gas consumption for heating we are working to reduce it to a minimum. That is why, starting from 2020, wherever possible we are trying to prioritise the use of electricity from renewable sources instead of natural gas⁸⁴.

Lastly, with regard to the **consumption of fuel** used for the **company vehicles that transport the garments** between the artisan workshop and the Solomeo HQ, we have initiated a process of **replacing the industrial fleet with new vehicles having a lower environmental impact**.

As for the **company cars**, in 2021 we began the process of **replacing the current fleet with electric vehicles**.

In 2021 we **installed dual charging stations in the Solomeo car park** and plan to install **other charging stations** in company car parks in 2022.

The table below summarises the energy consumption for the last three years, highlighting the different energy sources used.

⁸⁴ Note that heating in Russia is almost exclusively provided by district heating, thus based on the use of natural gas.

**Table 24 – Energy consumption (GJ)**

Source	2019	2020	2021
Natural gas	19,921	21,152	15,887
Electricity	37,127	36,712	43,271
Of which from renewable sources	19,453	19,008	20,096
Company fleet	7,814	7,488	7,221
Petrol	-	1	0
Diesel	7,814	7,470	7,221
Methane	-	17	0
Total energy consumption	64,862	65,351	66,378
Total energy consumption ⁸⁵	0.11	0.12	0.09
GRI 302-1 Energy consumption within the organisation			
GRI 302-3 Energy intensity			

The Group's energy consumption in 2021 decreased slightly compared to the previous year. This was accompanied by an increase of approximately 5% in electricity supplied from renewable sources compared to 2020. Also of note in 2021 was the 25% reduction in natural gas consumption compared to the previous year, in line with the Group's objective of gradually reducing the use of this energy source.

The energy intensity in 2021 was 0.09 (0.12 in 2020).

Emissions

More specifically, with regard to **direct emissions (Scope 1)**, the following stand out:

- The trips made by company staff using company vehicles to transport the garments between the façonisti' workshops and the Solomeo site for quality inspections.
- The consumption of natural gas for production and heating.
- Refrigerant gas refills (F-GAS) used for air conditioning systems in offices and other properties (in Italy).

In 2021, the Group's direct emissions were reduced by 16% compared to the previous year, consistent with the lower use of natural gas in the year.

Indirect emissions (Scope 2⁸⁶), on the other hand, derive from the Company's consumption of electricity at its operating sites and boutiques. Considering the location-based calculation method, the Group's indirect Scope 2 emissions increased by 2%; considering the market-based method, they increased by 48%. The increase can be attributed to higher electricity consumption in the year under review, although the share of renewables also increased.

⁸⁵ Energy intensity is calculated as the ratio of total energy consumption to the value of revenues from sales and production for the year (in € thousand). Note that starting in 2021, for the sake of greater clarity the item "Other revenues" in the Income Statement was classified within the "Total operating costs" section instead of being recorded in the "Revenues from sales and services" section.

⁸⁶ According to the Greenhouse Gas Protocol definition, Scope 2 indirect emissions are related to the consumption of electricity purchased from the grid by company-owned accounts. The calculation takes into account both location-based and market-based methods, which are discussed in more detail in the methodological note.

**Table 25 – Direct and indirect GHG emissions (tonnes CO_{2eq})**

Type of emissions	2019	2020	2021
Direct emissions (Scope 1)	1,845	1,740	1,468⁸⁷
Intensity direct emissions⁸⁸ Scope 1	0.003	0.003	0.002
Indirect emissions (Scope 2)			
Location-based	3,778	3,642	4,096
Intensity indirect emissions (Scope 2) location-based	0.006	0.007	0.006
Market based	1,999	1,851	2,740
Intensity indirect emissions (Scope 2) market-based	0.003	0.003	0.004
Total Scope 1 and Scope 2 emissions (location-based)	5,623	5,382	5,564
Intensity of Scope 1 and Scope 2 emissions (location-based)	0.009	0.010	0.008
Total Scope 1 and Scope 2 emissions (market-based)	3,844	3,591	4,208
Intensity of Scope 1 and Scope 2 emissions (market-based)	0.006	0.007	0.006
GRI 305-1 Direct (Scope 1) GHG emissions			
GRI 305-2 Energy indirect (Scope 2) GHG emissions			
GRI 305-4 GHG emissions intensity			

In 2021, with reference to 2020, we further developed the inventory of Greenhouse Gas (GHG) emissions – **subject to assurance by a third party** – generated indirectly by company activities (**Scope 3**), which, overall, were the most significant for the Group.

Specifically, the following emission sources were analysed:

- **The purchase and processing of raw materials** (73% of total Scope 3 emissions), which also includes energy and gas consumption by *façonisti*. In this regard, note that part of the data relating to this consumption was obtained directly from the manufacturers through the completion of a questionnaire aimed at mapping energy sources and associated consumption, to which approximately 78% of the sample analysed responded (equivalent to 84% of total turnover). The analysis of the responses received made it possible to prioritise engagement based on the analysis of the nature and quantity of the emissions generated.
- **Transport and distribution operations** (logistics) account for 13.5% of total Scope 3 emissions.
- **Employee commuting** accounts for 4.3% of the total Scope 3 emissions generated.
- **Energy consumption of franchises and multibrand shops** (2.2% total Scope 3 emissions).
- **Business travel** (0.2% of total Scope 3 emissions).
- **Other** (1.1% of total Scope 3 emissions).

Note that in line with market practice, the GHG inventory reports emission values that take into account 100% of the emission impact of the breeding and cultivation phases, whose share of the total Scope 3 emissions generated in 2020 is 46%.

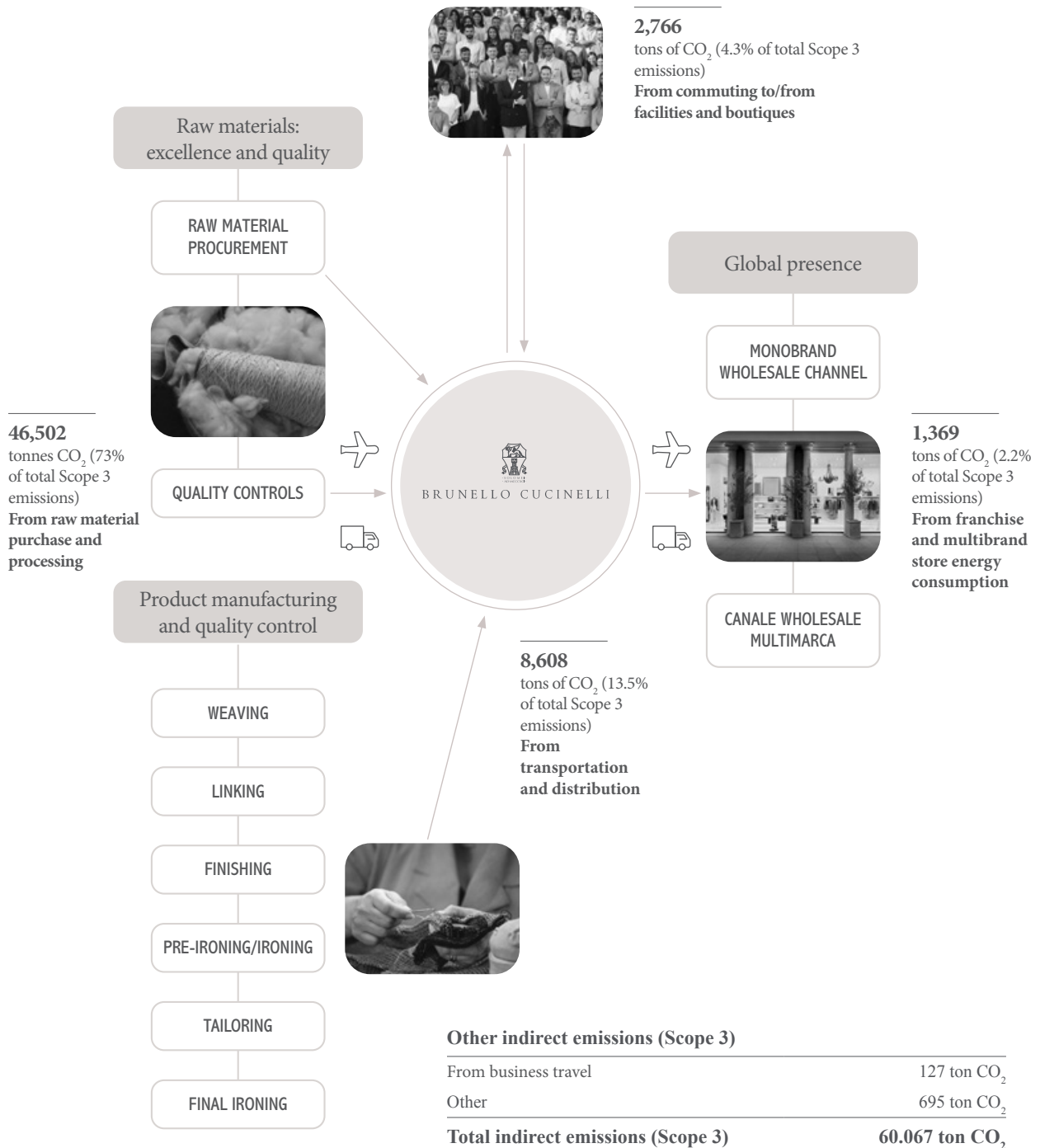
⁸⁷ This figure includes 38.25 tonnes CO_{2eq} of refrigerant gases.

⁸⁸ Emission intensity is calculated as the ratio of emissions (direct, indirect location-based, indirect market-based and their sum) to the value of revenues from sales and production for the year (in thousands of euros). Note that starting in 2021, for the sake of greater clarity the item “Other revenues” in the Income Statement was classified within the “Total operating costs” section instead of being recorded in the “Revenues from sales and services” section.



Emissions generated by the end-of-life treatment of the products sold have not been included in the inventory, as our business focuses on the production of high quality, durable garments. In this sense, considering the possibility of extending the useful life of the product thanks to the handing down of the product from generation to generation and our garment repair service, the emissions associated with the disposal of the product are not considered relevant.

Infographic 23 – Measuring indirect CO₂ emissions (Scope 3) for the year 2020





Water withdrawals and discharges

We recognise the importance of **responsible, sparing consumption of water**, as it is a primary shared resource essential to life.

While the impacts on the water matrix are limited to the operation of the laundry at the Solomeo headquarters and to civil use, the Group is attentive to the management of water consumption.

In fact, with regard to **water withdrawals** due to **laundering**, the washing cycle involves several processes that must ensure that the products have the right consistency and softness.

Knit garments are washed in hydrocarbon dry cleaners, then subjected to fulling in water at a temperature not exceeding 40°C, and then placed in tumblers for final drying.

In 2021, we rendered the **osmosis and water recovery project operational**.

Projects implemented in the laundry department at the Solomeo headquarter

In 2021, two projects were launched that specifically concern the laundry department at the Solomeo site and are part of the broader “Industry 4.0” initiative. Specifically, **3 hydrocarbon dry-cleaners** have been in operation since August 2021, replacing the previous traditional dry-cleaning machines. This has not only determined the total elimination of perchloroethylene, but also in a clear improvement in terms of the final result. The new machines are also equipped with a digital control panel that allows for activity programming and remote control.

The **wastewater recovery plants** set up as detailed below became operational:

- A **first osmosis plant** treats the **raw primary water** (taken from the industrial well) for the fulling of the garments. This system allows the **recovery of 75% of the raw water**, and the remaining 25% is used for irrigation.
- A **second, smaller osmosis plant** treats the **purified wastewater**, which is also destined for fulling. The plant is able to **recover 65% of the purified wastewater**, while here again 35% is used for irrigation.

The osmosis process allows for a better final result of the fulling, and thanks to the use of a special dosing device it is possible to calibrate **the use of softener** according to specific production needs.

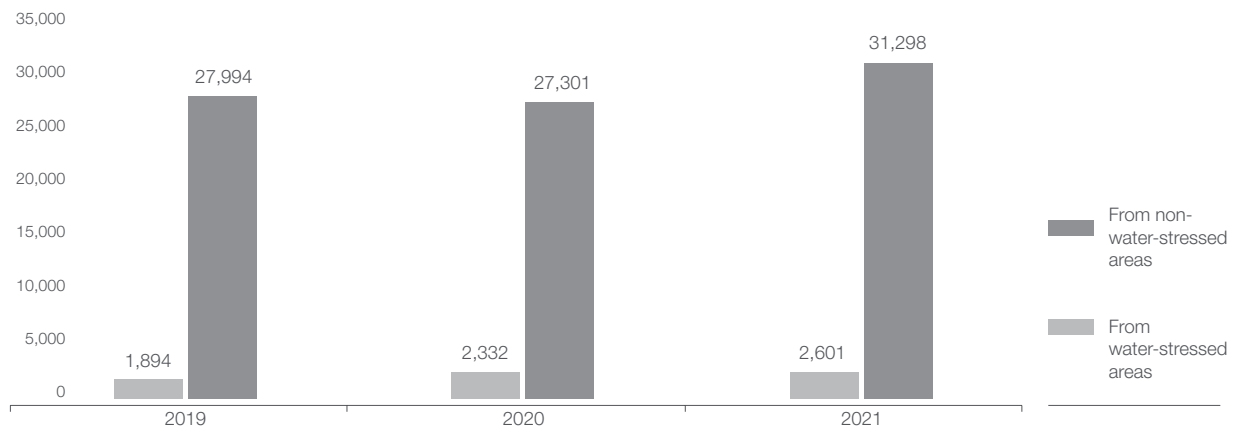
In addition to water consumption for the laundry, there is also consumption for civil use in the offices and shops⁸⁹.

⁸⁹ Note that the water consumed at the foreign offices and boutiques in the Europe and Non-Europe regions is for civil use only.



Specifically, with regard to Italy, the water withdrawn at the Solomeo site – which is considered a highly water-stressed area – comes from the public aqueduct when it is used for civil use. Conversely, for volumes used for industrial purposes, the water is taken from wells or tanks owned by the Company specifically for the recovery and storage of rainwater. The remaining part of Italian water use (offices and shops) comes from public waterworks. The graph below shows the trend in water withdrawals at the Italian sites in the three-year period 2019-2021: in the last year, in addition to an increase in the amount of water withdrawn in line with the increase in production, it is possible to see an increase in withdrawals from water-stressed areas. This is due to the fact that some of the areas that in the previous year were listed as non-water-stressed, during 2021 were instead defined as such.

Water withdrawals in Italy (ML) by area type (2019-2021)



For the European and Non-European regions in 2021 respectively 45%⁹⁰ and 22%⁹¹ of water withdrawals were made in areas considered to be water stressed.

⁹⁰ The boutiques in Porto Banus, Palma de Mallorca, Madrid, Athens and all boutiques in Russia are included in the European stressed areas.

⁹¹ Part of the boutiques in Mainland China and some of the US boutiques (e.g. in California) are included in the non-European stressed areas.



The table below provides details of water withdrawals from wells and aqueducts⁹².

Table 26 – Water withdrawals (ML)⁹³

Type of area and sources of water withdrawal	2019		2020		2021	
	Italy	Non-Italy	Italy	Non-Italy	Italy	Non-Italy
From non-water-stressed areas	1.894	14.892	2.332	12.163	2.601	13.363
Well	0	-	0	-	0	-
Public aqueduct	1.894	14.892	2.332	12.163	2.601	13.363
Intensity of water withdrawals ⁹⁴ (non-water-stressed areas)	0.000003	-	0.000004	-	0.000004	-
From water-stressed areas	27.994	5.443	27.301	4.792	31.298	5.866
Well	9.343	-	9.384 ⁹⁵	-	13.090	-
Public aqueduct	18.651	5.443	17.917	4.792	18.208	5.866
Intensity of water withdrawals (water-stressed areas)	0.00005	-	0.00005	-	0.00004	-
Total	29.888	20.335	29.633	16.954	33.899	19.228
Total water withdrawal intensity	0.00005	-	0.00005	-	0.00005	-

GRI 303-3 Water withdrawal

With regard to industrial **water discharges** – the reference in this case is only to the Solomeo site – the Company has an internal purification plant for the treatment of company discharges before they are discharged into surface water bodies.

This discharge destination is dictated by the lack of a public sewer in part of the industrial area (building “A” and part of building “B”).

Discharge limits, in terms of quality of water discharges, are defined in accordance with Italian Legislative Decree no. 152/06 (Table 28) concerning discharges to surface water bodies. Note that the Solomeo site is subject to and in possession of a **Unified Environmental Authorisation (UEA)**.

The Company periodically performs sampling and chemical-biological analyses of the wastewater in order to verify the conformity of the discharges with the legal limits and the possible presence of other dangerous substances.

The data on hazardous chemical agents detected and monitored over the three-year reporting period are shown in the table below, which, as in previous years, confirms that no cases of non-compliance occurred.

⁹² Water withdrawal data are estimated for most shops and commercial offices abroad. For more details see the Methodological Note.

⁹³ Water withdrawals consist entirely of freshwater ($\leq 1,000$ mg/L dissolved solids).

⁹⁴ The intensity of water withdrawals is calculated by comparing the value of water withdrawals, broken down by area, to the value of revenues from sales and services in the year in question (in thousands of euros). Note that starting in 2021, for the sake of greater clarity the item “Other revenues” in the Income Statement was classified within the “Total operating costs” section instead of being recorded in the “Revenues from sales and services” section. This indicator is reported with exclusive reference to the Italy Region, considering that the use of water for industrial purposes occurs only in Italy.

⁹⁵ Note that during the year it was found that the flow meter of the second well was damaged, but this well is only used on a residual basis. Consequently, this issue did not affect the collection of the data as the consumption of this well is normally very low, if at all.

**Table 27 – Water quality**

Discharged water quality parameter	2019	2020	2021
pH	7.62 at 25.0°C	7.34	7.52
Total Suspended Solids (TSS)	12.5 mg/litre	7.5	6,0
Ammoniacal nitrogen (as NH4)	0.08 mg/litre	0.01	14.0
Nitrous nitrogen	0.06 mg/litre	0.01	5.0
Nitric nitrogen	17.6 mg/litre	19.3	0.6
C.O.D (as O2)	25.1 mg/litre	19.8	14.0
B.O.D5 (as O2)	4.4 mg/litre	7.0	5.0
Lead	<0.02 mg/litre	<0.01 mg/litre	<0.03 mg/litre
Cadmium	<0.01 mg/litre	<0.01 mg/litre	<0.01 mg/litre
Nickel	<0.02 mg/litre	<0.01 mg/litre	<0.03 mg/litre
Copper	<0.02 mg/litre	<0.02 mg/litre	<0.03 mg/litre
Total chrome	<0.01 mg/litre	<0.01 mg/litre	<0.03 mg/litre
Manganese	N/A	<0.02 mg/litre	<0.03 mg/litre
Zinc	0.04 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Iron	N/A	0.04 mg/litre	<0.03 mg/litre
Chrome VI	<0.01 mg/litre	<0.01 mg/litre	<0.03 mg/litre
Chlorides	340.4 mg/litre	451.2 mg/litre	140.2 mg/litre
Sulphates (as SO4)	167.8 mg/litre	122.8 mg/litre	147.8 mg/litre
Total phosphorus (as P)	3.81 mg/litre	4.3 mg/litre	2.8 mg/litre
Animal/plant fats and oils	<5.0 mg/litre	N/A	ND.
Total hydrocarbons	<1.0 mg/litre	<1.0 mg/litre	<1.0 mg/litre
Anionic surfactants	0.16 mg/litre	0.13 mg/litre	0.20
Cationic surfactants	0.40 mg/litre	0.20 mg/litre	0.25
Non-ionic surfactants	0.29 mg/litre	0.04 mg/litre	0.10
Total surfactants	0.85 mg/litre	0.37 mg/litre	0.55
Selenium	N/A	<0.01 mg/litre	<0.01
Phenols	<0.05 mg/litre	0.1 mg/litre	0.1
Aromatic organic solvents	N/A	<0.01 mg/litre	<0.1
Chlorinated solvents	<0.1 mg/litre	<0.01 mg/litre	<0.1
Total nitrogen (as N)	20.9 mg/litre	N/A	N/A
Electrical conductivity	1602 µS/cm	N/A	N/A
Persistent mineral oils and hydrocarbons of petroleum origin	<1.0 mg/litre	<1.0 mg/litre	<1.0 mg/litre



The following table shows the total volume of water discharges and their intensity.

Table 28 – Water discharges (ML)

Laundry water discharges – Solomeo (water-stressed area)	2019	2020	2021
In surface waters	19.771	21.086	21.623
Intensity of water discharges ⁹⁶	0.00003	0.00004	0.00003

GRI 303-4 Water discharge

Waste

It is our prerogative to ensure the use of available resources in the **most efficient** way possible, in order to eliminate waste. With this in mind, raw materials are carefully managed in order to **minimise waste production at every stage of the value chain**.

After **careful planning from the start**, only materials that comply with the stylistic choices and quality standards sought by the Company are sent to the workshops of the *façonisti*, which then return excess material to the company to be fed back into the production process.

This approach is also demonstrated and promoted in communications with our customers, based on the importance of the value, durability and contemporaneity of the garments over time (see the section “The art of repair and the value of handing down clothes”).

With regard to the waste generated in the **production process**, three different types of waste are generated in the dry-cleaning phase: sludge, contact water and garment “lint”.

Specifically, the operator checks the level of **sludge** production, which is visible at the back of the dry-cleaning machine, and periodically activates the automatic discharge that conveys the **sludge** into metal drums, which are then disposed of as hazardous waste by an authorised company.

In the specific case of Solomeo, sludge of a non-hazardous nature (such as that produced by the purification plant serving the laundry) is sent to the external purification plant.

The same process applies to **contact waters**.

The “**lint**” from the garments is instead accumulated in the so-called “trap”, which is then emptied by the operator into special containers, which are then disposed of by an authorised company.

⁹⁶ The intensity of water discharges is calculated by comparing the value of water discharges to the value of revenues from sales and services in the year in question (in € thousand). Note that starting in 2021, for the sake of greater clarity the item “Other revenues” in the Income Statement was classified within the “Total operating costs” section instead of being recorded in the “Revenues from sales and services” section.



With regard to the **production and storage phases**, the waste generated is managed by separate collection and, by means of an authorised company, partly recovered and reused. Together with waste management companies, we have undertaken feasibility analyses of solutions for the **recovery of knit waste** – the only waste that can be managed directly by the company, as the other scraps are disposed of directly by the *façonisti* – in order to be able to put secondary raw materials back on the market.

Waste from office work is waste that can be classified as municipal solid waste and is therefore collected by the local municipal waste management company.

In 2021, we implemented a major project for the management and recovery of paper used at the Solomeo site. Specifically, we have chosen to install – in a specially dedicated room in the head office – the Epson PaperLab machine, which is able to regenerate used paper into new paper (see the section “Procurement and management of raw materials”).

Overall, 624.7 tonnes of waste were generated in 2021 (950.8 tonnes in 2020), of which about 99% was non-hazardous.

Table 29 – Waste generated, by type and disposal method (tonnes)

Waste related to the production process	2019		2020		2021	
	hazardous	non-hazardous	hazardous	non-hazardous	hazardous	non-hazardous
Total waste	9.4	997	6.8	944	5.7	619
Of which sent for recovery (recycling)	0.9	425	0.3	466	0.02	444.17
Of which sent to the landfill	8.5	38	6.5	0.7 ⁹⁷	5.6	1.9
Other waste (Solomeo site)						
Of which sent to the landfill	0	534	0	477	0	173
GRI 306-3 Waste generated						
GRI 306-4 Waste diverted from disposal						
GRI 306-5 Waste directed to disposal						

⁹⁷ Note that the significant decrease in 2020 of non-hazardous waste sent to the landfill can be explained by the fact that during the year the disposal company decided to classify the waste that had previously been assigned CER code 040220 with CER code 161002.



Table 30 – Waste generated in 2021, by type, disposal method and activity from which it is generated

	Diverted from disposal (recycling)	Destined for disposal	External purifier
Non-hazardous	444.17	1.88	173.04
Purchased goods and services			
Output			
Iron and steel components	0.71	-	-
Wooden elements (furniture)	56.42	-	-
Bulky goods – Furniture	19.34	-	-
Waste generated during operations			
Input			
Textile residues	8.11	-	-
Output			
Alkaline batteries	-	0.075	-
Components removed from disused equipment	0.2609	-	-
Purifier screening residue	-	0.04	-
Purifier Saturated or exhausted ion exchange resins	-	1.462	-
Tank sludge	-	-	173.038
Dryer filters	-	0.24	-
Paper/cardboard packaging	223.639	-	-
Wooden packaging	34.62	-	-
Plastic packaging	47.36	-	-
Mixed materials	42.72	-	-
Textile residues	6.19	-	-
Fluorescent tubes	-	0.067	-
Waste from processed textile fibres	4.805	-	-
Hazardous	0.02	5.65	0
Purchased goods and services			
Output			
Discarded equipment containing chlorofluorocarbons, HCFCs, HFCs	0.02	-	-
Waste generated during operations			
Output			
Contact waters	-	1.88	-
Sludge	-	2.6	-
Packaging containing residues of hazardous substances	-	0.269	-
Metal packaging containing hazardous solid porous matrices (e.g. spent spray cans)	-	0.017	-
Absorbent cloths, filter materials	-	0.25	-
Spent printer cartridges	-	0.633	-
GRI 306-1 Waste generation and significant waste-related impacts			
GRI 306-3 Waste generated			
GRI 306-4 Waste diverted from disposal			
GRI 306-5 Waste directed to disposal			



ADDENDUM

BRUNELLO CUCINELLI AND THE EUROPEAN TAXONOMY

Published on 22 June 2020 in the Official Journal of the European Union and entered into force on 12 July 2020, Regulation (EU) no. 2020/852 – EU Taxonomy Regulation (hereinafter also referred to as the “Taxonomy” or “Regulation”) defines a uniform system for the classification of economic activities that can be considered eco-sustainable.

Issued by the European Commission, this regulatory instrument aims to encourage the implementation of the European Green Deal, directing economic investments towards activities and projects considered to be environmentally sustainable and capable of making a substantial contribution to the achievement of the environmental targets set by the European Union.

According to the Regulation, in order to be considered “environmentally sustainable” an activity must meet certain requirements. Specifically:

- **Contribute significantly** to at least one of the six environmental objectives of the Regulation: mitigation of and adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, protection and restoration of biodiversity and eco-systems.
- **Do No Significant Harm (DNSH)** to any of the other targets not significantly impacted.
- **Respect minimum social guarantees**, recognising the importance of international rights and standards.
- **Meet the technical screening criteria** defined in the Regulation for each type of activity. These criteria – identified on a scientific basis and specific to each of the objectives – describe the conditions to be met in order to make a substantial contribution to achieving the objectives.

Starting from the 2021 reporting year, the Regulation applies to all Companies obliged to prepare a Non-Financial Statement in accordance with the provisions of Directive no. 2014/95/EU, implemented in Italy by Legislative Decree no. 254/2016.

However, for the first year of application of the regulation, companies are not required to comply with the technical screening criteria, the “Do No Significant Harm” criterion and the minimum social guarantees. Therefore, the information should refer only to **activities classified as eligible and non-eligible**.

Moreover, the company’s activities must be assessed according to **climate change objectives only (mitigation and adaptation)**.

In fact, for the 2021 reporting year, organisations subject to this requirement must report **information on the share of turnover, share of capital expenditures (CAPEX) and share of operating expenditures (OPEX)** associated with eligible and non-eligible activities under the Taxonomy with respect to only two climate change-related objectives.

***The eligible activities of Brunello Cucinelli***

As required by the Delegated Acts of Regulation (EU) no. 2020/852, the Group has performed an analysis of its business activities to understand their possible eligibility and an assessment of how the KPIs required by the Regulation are calculated. Specifically:

- For the calculation of **Turnover**, the sum of revenues from the sale of products and the provision of services was taken into account in accordance with IAS 1, para. 82(a) and Directive no. 2013/34/EU, which defines, with regard to the denominator, “Net Turnover” as revenues from the sale of products and the provision of services net of VAT, returns and other added taxes.
- **CAPEX** take into account the sum of all additions during the 2021 financial year to tangible and intangible balance sheet items, including capitalised R&D assets and rights of use arising from IFRS 16.
- **OPEX** take into account the sum of operating expenses associated with research and development, maintenance of production facilities, day-to-day servicing of company assets and short-term leases.

The analyses did not identify any significant revenue items or operating expenses associated with eligible economic activities. As for CapEx, amounts were identified that can be attributed to the purchase of outputs coming from economic activities aligned with the taxonomy and of actions that allow a reduction of the Group’s emissions (See Annex 1 to the Delegated Act, Art. 8, para. 1.1.2.2, point (c)). Specifically, these amounts can be associated with the following eligible activities:

- *6.3 Urban and suburban transport, road passenger transport: Purchase of 100% electric vehicles and cars.*
- *7.3 Installation, maintenance and repair of energy efficiency equipment: Construction, maintenance and efficiency of ventilation and air conditioning systems; replacement of traditional lighting systems and lamps with smart lighting systems and LED lamps.*
- *7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings): Installation of recharging stations for electric vehicles; consultancy services related to location, type and power of recharging points and 100% electric fleet design.*
- *8.2 Data-driven solutions for GHG emissions reductions: Purchase of software for the optimisation and efficiency of transport and transport volumes and related consultancy services.*

The following table shows the eligible and non-eligible Turnover, CAPEX and OPEX quotas.

KPI	Non-Eligible	Eligible
Turnover	100 %	0 %
CAPEX	97.86 %	2.14 %
OPEX	100 %	0 %



METHODOLOGICAL NOTE

This document has been prepared in accordance with the GRI Sustainability Reporting Standards, published by GRI, using the “In accordance – Core” reporting option.

The drafting of the NFS is inspired by the principles defined by the GRI Standard 101 Foundation in terms of content and quality of the document:

- *Context analysis*, in order to identify the main sustainability trends in the sector the Company operates in.
- *Stakeholder* inclusiveness, based on listening to the specific requests of the different categories of internal and external stakeholders the Group interacts with.
- *Materiality*, to identify the issues that most reflect the Group’s environmental, social and economic impacts and that are able to significantly influence stakeholders’ expectations and decisions regarding the Group’s activities. In this regard, note that, in line with the requirements of the Decree and according to the principle of the relevance of the information disclosed in relation to the context and characteristics of the business, in 2021 the Company renewed its materiality analysis in order to propose information that is always up-to-date and focused on the key issues for the Brunello Cucinelli Group. The result of the analysis is proposed in the form of a list of 13 environmental, social and economic/governance issues.
- *Completeness and balance* of information, in order to best represent the Group’s sustainability performance and to balance both positive and possibly negative aspects within the NFS.
- *Clarity, accuracy*, transparency and reliability of the processing and presentation of quantitative data and qualitative information collected, as well as of the calculation methods underlying them, enabling all stakeholders to make an objective and sufficiently complete assessment of the Group’s performance.
- *Comparability* of data and information over time.
- *Timeliness* of the drafting and publication of the NFS, which is done on an annual basis.

Continuing along the path towards an ever greater integration of sustainability within the Company’s strategy and processes, this NFS highlights the foundations of the Brunello Cucinelli Group’s actions – Humanistic Capitalism and Human Sustainability – and illustrates the commitments made through a more detailed discussion of sustainability performance, the direct and indirect impacts generated or suffered, the risks and opportunities connected to the issues considered most relevant, the targets defined for the next few years – especially as regards the Group’s Carbon Strategy – and the projects implemented or currently under way.

As regards the policies enacted by the Company relating to the areas defined by the Decree, the following policies were drawn up and applied at a Group level and in relations with the main stakeholders: *Anti-Corruption Policy*, approved by the Company’s Board of Directors (BoD) on 14 March 2019; *Human Sustainability Policy* “In Harmony with Creation”, approved by the Company’s BoD on 11 March 2021; *Diversity and Inclusion Policy*, approved by the BoD on 11 March 2021; *Human Relations Policy*, adopted by the Company’s BoD on 11 March 2021; *Risk Management Policy – ERM Guidelines* adopted by the Company’s BoD on 14 December 2021.

The process of identifying material topics

First of all, note that, with the intention of making the centrality of Humanistic Capitalism increasingly visible in the implementation of the strategy and initiatives carried out in the field of Human Sustainability, in the section dedicated to the presentation of material topics (see the Chapter “Humanistic Capitalism and Human Sustainability”), the Company sought to express the concept of materiality analysis according to the following formula: “**What drives our commitment**”.



Starting from the principles expressed in the GRI Standard 101 Foundation and with the aim of updating the 2021 material topics, the analysis consisted of the following steps:

- The **sustainability context**, through the study of the main international and national references on sustainability, such as the 2030 Agenda and the SDGs, the UN Global Compact, the World Economic Forum (WEF), the Organisation for Economic Cooperation and Development (OECD), the GRI. Similarly, the views of academia, the media – by conducting a sentiment analysis to better understand media perceptions of the Group’s sustainability commitment and performance – and peers were taken into account. A number of publications in the field of grey literature, particularly related to the Fashion and Luxury sector, were also used as a source of analysis, in order to understand the main sustainability megatrends that most closely affect the sector the Group operates in.
- The **voice of the Group’s stakeholders** through a formalised stakeholder engagement process. More specifically, the “*Harmony with Creation and Human Sustainability*” questionnaire was created and distributed internally with more than 80 company managers from all Group regions, including top management. By bringing to the attention of the survey recipients the potentially relevant issues that emerged from the previous analysis, the questionnaire made it possible not only to collect the degree of importance of each issue for the Group, but also to assess – through the consideration of the requests submitted by internal and external stakeholders during the normal dialogue with the various corporate functions – the perceived relevance for the stakeholders in question. The questionnaire was also an opportunity to update the mapping of existing dialogue channels for interaction with the various stakeholders, as well as to assess the degree of satisfaction with the previous edition of the NFS.
- The analysis of the answers to the questionnaire revealed 9 relevant topics. In order to further investigate the results of the questionnaire, it was decided to hold **semi-structured interviews** with top management for a total of 11 interviews.
- The 9 relevant topics were submitted to the attention and judgement of the Company’s Managing Directors. As a result of this process, the inclusion of further topics was considered, which – while they did not emerge as material from the questionnaire – are considered strategically relevant to the Group. Therefore, **a list of 13 material topics was approved**, which were grouped together under the three principles of Humanistic Capitalism: Harmony with Creation, Moral and economic dignity of the human being; Balance between profit and giving back.

The ultimate decision on the issues driving our commitment also took into account the sustainability projects launched by the Group over the last two years. Below is the 2021 list of material topics and their definition.

The topics that drive our commitment

The principles of Humanistic Capitalism	What drives our commitment (material topics)	Definitions
Harmony with Creation	Procurement and management of raw materials	Selection and use of the most refined raw materials as a prerequisite for ensuring top quality, while at the same time seeking to protect and respect Creation
	Combating climate change	The Group’s commitment to the progressive reduction of its environmental impact, also in terms of setting climate neutrality targets
	Responsible creative and productive model	Adoption of a business model based on the durability of products, the offer of a garment repair service, and raising customer awareness of the handing down of garments



Moral and economic dignity of the human being	Dignity and responsibility: focus on the well-being of human resources	Centrality of the person, the right balance between work and leisure and attention to psycho-physical well-being as central elements of human resource management
	Occupational health and safety	Safeguards and controls adopted by the Group to ensure health and safety in the workplace
	Protection of human rights and dignity of work	Commitment of the Group with respect to the protection of human and labour rights, with reference to both human resources and suppliers, in compliance with the main international references on the matter
	Quality and craftsmanship made in Italy	Preserving the artisanal know-how that is representative of products Made in Italy, particularly promoting the key role of <i>façonisti</i> as the custodians of the craftsmanship, creativity and quality of Brunello Cucinelli products over time
	Human privacy	Protection of privacy both within the company and in customer relations
	Sustainable supply chain management	Social and environmental monitoring and assessment of the Group's supply chain, starting with the most strategic suppliers, in order to accompany them on a path of ever-increasing harmony with creation and human sustainability in line with the Group's objectives
	Diversity and Inclusion	Understanding, valuing and including all the diversities present in the Group, with full respect for the dignity, freedom and autonomy of each individual
Balance between profit and giving back	Sustainable growth and healthy profitability	A constant balance between profit and the concept of giving, in line with the ideal of Humanistic Capitalism
	Brand identity	Uniqueness of the Brunello Cucinelli brand as a lifestyle brand with a foundation in Ready-To-Wear firmly established as an absolute luxury brand
	Responsibility and speed in handling extraordinary events, such as the Covid-19 pandemic	Crisis management based on the principles of responsibility and speed to create opportunities for recovery

The following table lists the material topics for the Brunello Cucinelli Group, associated with the areas indicated in the Decree, the aspects of the GRI Standards and the SDGs the Group intends to contribute to. The internal and external scope of impact of the topics is also presented.



The issues shown in grey in the table were not found to be material in the analysis. However, it was deemed necessary to deal with them in this NFS, given their significance with respect to what the Group implemented during the year under review.

Aspects relating to environmental matrices – such as energy consumption, water resources and waste – are included in the topic “Preserving and promoting the diversity of Creation”, dealt with in the NFS in compliance with the content requirements of the Decree.

Note also that the topic “Transparent governance and ethical business” is treated as a key element without which it would not be possible to ensure the value and continuity of the business over time.



Table 31 – Linking of material topics to the areas of Legislative Decree no. 254/2016, GRI Standards and SDGs and internal and external scope of impact

Principles of Humanistic Capitalism	Material topics	Area of Legislative Decree no. 254/2016	GRI aspect	Topic scope		SDGs
				Interno	Esterno	
Harmony with Creation	<ul style="list-style-type: none"> • Procurement and management of raw materials • Combating climate change • Creative and productive model responsible • Preservation and promotion of the diversity of Creatio 	Environment	GRI 201 – Economic performance GRI 301 – Materials GRI 302 – Energy GRI 303 – Water and water discharges GRI 305 – Emissions GRI 306 – Waste GRI 307 – Compliance environmental	Group	Raw material suppliers Façonisti Distributors Customers	12 13
Moral and economic dignity of the human being	<ul style="list-style-type: none"> • Dignity and responsibility: attention to the well-being of human resources • Occupational health and safety • Protection of human rights and dignity of work • Quality and craftsmanship made in Italy • Human privacy • Sustainable management of the supply chain • Diversity and inclusion • Promotion and development of human resources: selection, training and development 	Management of personnel Human rights Social impacts Combating corruption	GRI 202 – Presence in the market GRI 204 – Procurement practices GRI 401 – Employment GRI 403 – Health and safety at work GRI 404 – Training and education GRI 405 – Diversity and equal opportunities GRI 406 – Non discrimination GRI 407 – Freedom of association and collective bargaining GRI 408 – Child labour GRI 409 - Forced or compulsory labour GRI 412 – Human rights assessment GRI 414 – Supplier social assessment GRI 417 – Marketing and labelling GRI 418 – Customer privacy GRI 419 – Socioeconomic compliance	Group	Suppliers of materials Façonisti Customers	5 8 10
Balance between profit and giving back	<ul style="list-style-type: none"> • Sustainable growth and healthy profitability • Brand identity • Responsibility and speed in management of extraordinary events, such as the Covid-19 pandemic • Transparent governance and ethical business • Managing risks and opportunities throughout the value chain 	Social impacts Combating active and passive corruption	GRI 201 – Economic performance GRI 205 – Anti-corruption GRI 207 – Tax GRI 413 – Local communities	Group	Local Communities	8 11 12 16



The reporting scope and calculation methodologies

Consistent with the requirements of the Decree, the reporting scope coincides with that of the 2021 Consolidated Financial Statements, i.e. it fully includes the consolidated companies – including Max Vannucci S.r.l. and Pinturicchio S.r.l. – for financial reporting purposes, with the necessary clarifications in the following sections.

From 2021 the last company acquired, Brunello Cucinelli Middle East LLC, based in Dubai, will also be included in the corporate scope. The data for this company were collected for this year with reference only to the 2021 reporting year. Note that for this company, issues relating to personnel management, environmental matrices and aggregate economic data at a Group level have been examined in depth.

As in the previous editions of the NFS, the company Logistica e Distribuzione S.r.l., while falling within the scope of reference, does not contribute to the reporting of quantitative and qualitative data disclosed in the document, as it does not have employees and environmental impacts by specific type of business.

As regards aspects with significant impacts outside the Group, the reporting does not include the external scope. The only exception is the calculation of indirect GHG emissions (Scope 3) carried out for the first time in 2020 (with reference to emissions generated in 2019) and updated in 2021 (with reference to emissions in the year 2020) through the construction of the GHG emissions inventory. Therefore, the calculation of CO₂ emissions (Scope 3) only concerns activities at the top of the value chain. The Company is committed to progressively covering these aspects in the future.

In the discussion of the activities for the territory and local communities, it was deemed appropriate to also include information on the Brunello and Federica Cucinelli Foundation, which since 2010 has supported the Company in its philanthropic activities, in most cases as a separate entity, with no profit motive and pursuing aims of solidarity and social benefit in the spheres of culture and art, as well as in the sectors of education, instruction and the development of cultural and environmental assets.

As far as the waste and waste management aspect is concerned, reporting is only extended to production activities (carried out in Italy) in view of their significance with respect to the impacts of commercial/administrative entities. In fact, with regard to the management of water discharges, the information reported refers only to the Solomeo site where the industrial laundry is located, while the data on waste refers to all the Group's production activities in Italy.

The collection of qualitative and quantitative information for the drafting of the 2021 NFS involved all company departments responsible for the aspects dealt with in the various chapters.

Specifically, data are reported in aggregate form for the following Group business regions:

- **Italy:** includes the Parent Company Brunello Cucinelli S.p.A. and the companies Pinturicchio S.r.l. and Max Vannucci S.r.l.
- **Europe:** includes European sites (excluding Italy) and Russia.
- **Non-Europe:** includes China (Mainland China, Hong Kong, Macao and, from 2020, also Taiwan), Japan, Singapore, the United States, Canada and, from 2021, also the Middle East (Dubai).

Below are the calculation methods used for some of the social and environmental disclosures in the document, as well as references to the sources consulted for the conversion factors needed to calculate energy consumption and emissions:



- The rate of deaths resulting from accidents at work is the ratio of the total number of deaths resulting from accidents at work to the total number of hours worked, multiplied by 1,000⁹⁸.
- The rate of accidents at work with serious consequences (excluding deaths) is the ratio between the total number of accidents at work with serious consequences (excluding deaths) and the total number of hours worked, multiplied by 1,000.
- The rate of recordable accidents at work is the ratio of the number of recordable accidents at work, excluding commuting accidents⁹⁹, to the total number of hours worked, multiplied by 1,000.
- Direct GHG emissions (Scope 1): for the consumption of natural gas, petrol and diesel, emission factors were taken from the table of national standard parameters of the Ministry for the Environment, Land and Sea (MATM, 2020 and 2019 Table of National Standard Coefficients). For the value of the relative densities, reference was made to the 2021, 2020 and 2019 “Greenhouse gas reporting: conversion factors” provided by DEFRA (UK Department for Environment Food & Rural Affairs).
- Indirect energy emissions (Scope 2):
 - Location-based: these emissions were calculated by multiplying the electricity purchased from the national grid by the emission factor taken from Terna international comparisons on Enerdata data – 2019 and 2018 data.
 - Market-based: the emissions generated in the Italy and Europe regions were calculated by multiplying the amount of non-renewable electricity by the residual mix emission factors of each country, according to the following source: European Residual Mixes, AIB – data from 2020 (Version 1.0, 31 May 2021), 2019 (Version 1.1, 8 September 2020) and 2018 (Version 1.1, 28 May 2019). For emissions generated in the Non-Europe region, the following references were used with regard to emission factors: for the USA, the source is the United States Environmental Protection Agency’s (EPA) eGrid database, with reference to the 2020 database (published in January 2022) for 2021 data and to the 2018 database (published in 2020) for 2020 and 2019 data; for Canada, the source is the UN Framework Convention on Climate Change (submission 2021 and 2019); for the other countries making up the Region, the same emission factors were used as for the calculation according to the location-based methodology.

Note that where necessary further specifications on the methodology for responding to the GRI Standards are provided in footnotes in the discussion of the indicator.

Starting with the 2021 NFS, in addition to the GRI Standard disclosures, other KPIs analysed on the basis of the ratings of the main financial analysts, summarised below, will also be reported:

- Number of meetings held during the year by the Board of Directors and all Committees.
- Water intensity
- Energy intensity
- Emission intensity
- Percentage of recycled plastic used
- Number of new hires of female employees in managerial positions
- Number of audits conducted on total number of *façonisti*

The Group is also compliant with Regulation EU no. 2020/852: the response to the qualitative and quantitative requirements of the European Taxonomy is reported at the beginning of the “Addendum” section.

98 In line with INAIL guidelines.

99 Because the transport was not organised directly by the Company.



GRI CONTENT INDEX

The following table details the GRI indicators used to draw up the Brunello Cucinelli Group's 2021 NFS. In accordance with the latest version of the GRI Standards, the standards and individual indicators are shown with reference to the page of the document where they are discussed. Any omissions and their justifications are explained in a note.

Note that the 2018 version of GRI Standard 303 – Water and effluents and Standard 403 – Occupational health and safety, the 2019 version of GRI Standard 207 – Taxes and the 2020 version of GRI Standard 306 – Waste were used.

Table 32 – GRI Content Index

GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 101: Foundation – 2016			
GENERAL DISCLOSURES			
GRI 102 – General disclosures 2016	102-1: Name of the organisation	Cover of this NFS	
GRI 102 – General disclosures 2016	102-2: Activities, brands, products and services	p. 20-26	
GRI 102 – Informativa generale 2016	102-3: Location of headquarters	p. 26, 27	
GRI 102 – General disclosures 2016	102-4: Location of operations	p. 26, 27	
GRI 102 – General disclosures 2016	102-5: Ownership and legal form		Brunello Cucinelli is a joint-stock company (SpA) listed since 2012 on the electronic share market ("MTA", now Euronext Milano) organised and managed by Borsa Italiana S.p.A.
GRI 102 – General disclosures 2016	102-6: Markets served	p. 37-41	
GRI 102 – General disclosures 2016	102-7: Scale of the organisation	p. 42	
GRI 102 – General disclosures 2016	102-8: Information on employees and other workers	P. 84	
GRI 102 – General disclosures 2016	102-9: Supply chain	p. 24, 112-122, 138-145	
GRI 102 – General disclosures 2016	102-10: Significant changes to the organisation and its supply chain		There are no significant changes to report with regard to the supply chain. Conversely, as regards the organisation, in 2021 the company Brunello Cucinelli Middle East LLC was incorporated and the process of liquidating the company Brunello Cucinelli Brasil LTDA was completed.

¹⁰⁰For more details and descriptions of the GRI Standards, see the following link: <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 102 – General disclosures 2016	102-11: Precautionary Principle or approach	p. 65-76	During the 2021 financial year, Brunello Cucinelli S.p.A. completed an initial project to implement an ERM model. In this context, among other things risk assessment metrics were defined that take into account different levels of probability of occurrence, as well as different categories of impact, with different levels of intensity. Moreover, a corporate risk assessment was initiated and concluded for all the Company's functions, also including risk events potentially affecting other Group companies, to the extent that such events can be overseen by corporate functions of the Parent Company. All these activities were conducted with a prudential approach.
GRI 102 – General disclosures 2016	102-12: External initiatives		Corporate Governance Code of Borsa Italiana S.p.A.
GRI 102 – General disclosures 2016	102-13: Membership of associations	p. 35, 26	
GRI 102 – General disclosures 2016	102-14: Statement from senior decision-maker	p. IV, V	
GRI 102 – General disclosures 2016	102-15: Key impacts, risks and opportunities	p. 70-76	
GRI 102 – General disclosures 2016	102-16: Values, principles, standards and norms of behaviour	p. 4-11	
GRI 102 – General disclosures 2016	102-18: Governance structure	p. 51, 52	
GRI 102 – General disclosures 2016	102-19: Delegating authority		ESG issues are the responsibility of the Managing Directors, who in turn can delegate to top management, who are granted broad powers, for example in the areas of workplace safety and the environment.
GRI 102 – General disclosures 2016	102-20: Executive-level responsibility for economic, environmental, and social topics	p. 56-58	
GRI 102 – General disclosures 2016	102-21: Consulting stakeholders on economic, environmental, and social topics	p. 61-64	
GRI 102 – General disclosures 2016	102-22: Composition of the highest governance body and its committees	p. 52-56	
GRI 102 – General disclosures 2016	102-23: Chair of the highest governance body	p. 54	
GRI 102 – General disclosures 2016	102-24: Nominating and selecting the highest governance body	p. 53	
GRI 102 – General disclosures 2016	102-25: Conflicts of interest		There is no specific communication to stakeholders regarding possible conflicts of interest, but only where required by regulations or the Related Parties Procedure.
GRI 102 – General disclosures 2016	102-26: Role of highest governance body in setting purpose, values, and strategy	p. 58, 59	
GRI 102 – General disclosures 2016	102-28: Evaluation of the performance of the BoD's self-assessment process with respect to economic, environmental and social issues.		The results are subsequently discussed by the Committees and the BoD.
GRI 102 – General disclosures 2016	102-29: Identifying and managing economic, environmental and social impacts	p. 18, 163, 164	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 102 – Informativa generale 2016	102-30: Effectiveness of risk management processes	p. 65-69	
GRI 102 – General disclosures 2016	102-31: Review of economic, environmental and social issues		Twice a year when approving half-yearly and annual results.
GRI 102 – General disclosures 2016	102-32: Highest governance body’s role in sustainability reporting	Cover of this NFS p. 57, 58	
GRI 102 – General disclosures 2016	102-33: Communicating critical concerns		<p>In 2021, the Company approved its ERM Guidelines, which include the description of the Risk Appetite Framework and the escalation process, up to the Board of Directors in case of non-alignment of the identified risks with the propensity and/or tolerance levels established in the ERM Framework.</p> <p>Periodic information flows are also provided with respect to risk management activities and action plans undertaken to respond to previously identified off-appetite risks. Furthermore, the following processes are in place to inform the BoD of acts and/or facts that may in abstract terms be considered critical:</p> <ol style="list-style-type: none"> 1) “Whistleblowing” reporting channels pursuant to Legislative Decree no. 231/2001 (no reports were received in 2021 deemed relevant under the Decree). 2) Information flows from the Supervisory Board pursuant to Legislative Decree no. 231/2001 to the Board of Directors. 3) information flows from the IA Function to the Control and Risk Committee and the BoD. <p>Further critical issues could be communicated to the highest governance body by other corporate functions, through additional information flows (e.g. Façon and Supplier Information Division, Financial Reporting Officer, DPO, functional delegates of employers).</p>
GRI 102 – General disclosures 2016	102-34: Nature and total number of critical concerns		<p>Aside from the Covid-19 health emergency, during the period under review the BoD did not receive any notifications about the occurrence of events considered critical according to the metrics defined in the ERM model.</p> <p>Note that in the period under consideration the Company has not established rules governing the process of managing critical concerns (i.e. crisis management/incident response plans and/or procedures).</p> <p>If opportunities for improvement are identified with respect to risk management methods (e.g. as a result of critical issues that have emerged, or during audits or risk assessment), the risk owners establish specific action plans on a case-by-case basis, subject to monitoring by risk management and IA.</p>
GRI 102 – General disclosures 2016	102-35: Remuneration policies		<p>In 2021, the remuneration policy was updated to include the possibility of variable remuneration also linked to ESG issues for the two CEOs.</p>



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 102 – General disclosures 2016	102-36: Process for determining remuneration		The Group does not use external companies to assess internal remuneration. The assessment of increases or changes in level is performed internally, based on guidelines provided directly by the CEOs. For new recruits, in case of selection using an external agency, the agency gives an indication of the expected market salary levels for the position being sought. In the absence of a recruitment agency, it is the Human Resources Office that assesses market levels, either through direct contact with the selected candidates or through consultations of surveys carried out by companies in the sector.
GRI 102 – General disclosures 2016	102-37: Stakeholders' involvement in remuneration		The opinion and position expressed by shareholders Company's top management. Precisely in light of the positions expressed in the past by some shareholders, important changes were made to the remuneration policy for executive directors.
GRI 102 – General disclosures 2016	102-40: List of stakeholder groups	p. 63	
GRI 102 – General disclosures 2016	102-41: Collective bargaining agreements	p. 84	
GRI 102 – General disclosures 2016	102-42: Identifying and selecting stakeholders	p. 62	
GRI 102 – General disclosures 2016	102-43: Approach to stakeholder engagement	p. 63, 64	
GRI 102 – General disclosures 2016	102-44: Key topics and concerns raised	p. 63, 64	
GRI 102 – General disclosures 2016	102-45: Entities included in the consolidated financial statements	Methodological note	
GRI 102 – General disclosures 2016	102-46: Defining report content and topic boundaries	Methodological note	
GRI 102 – General disclosures 2016	102-47: List of material topics	Methodological note	
GRI 102 – General disclosures 2016	102-48: Restatements of information		This NFS contains findings for the reporting years 2021, 2020 and 2019. Note that any changes in calculation methodologies, reference sources and the reporting scope are reported in the Methodological Note (see section "The reporting scope and calculation methodologies")
GRI 102 – General disclosures 2016	102-49: Changes in reporting	Methodological note	
GRI 102 – General disclosures 2016	102-50: Reporting period	Methodological note	
GRI 102 – General disclosures 2016	102-51: Date of most recent report		The most recent report date is 2020, with NFS approved by the Board on 11 March 2021.
GRI 102 – General disclosures 2016	102-52: Reporting cycle	Methodological note	Annual.
GRI 102 – General disclosures 2016	102-53: Contact point for questions regarding the report	p. 183	
GRI 102 – General disclosures 2016	102-54: Claims of reporting in accordance with the GRI Standards	Methodological note	
GRI 102 – General disclosures 2016	102-55: GRI content index	Methodological note	
GRI 102 – General disclosures 2016	102-56: External assurance	p. 182	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
MATERIAL TOPICS			
Topic: Economic performance			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 44, 45, 77, 78, 163-166	
	103-2: The management approach and its components	p. 42-45, 65-78	
	103-3: Evaluation of the management approach	p. 42-45, 60, 65-78	
GRI 201 – Economic performance 2016	201-1: Direct economic value generated and distributed	p. 44, 45	
	201-2: Financial implications and other risks and opportunities due to climate change	p. 77, 78	
Topic: Market presence			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 103, 163-166	
	103-2: The management approach and its components	p. 72-76, 100-104	
	103-3: Evaluation of the management approach	p. 60, 72-76, 100-104	
GRI 202 – Market presence 2016	202-2: Proportion of senior management hired from the local community	p. 103	
Topic: Procurement practices			
GRI 103 - Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 117, 143, 163-166	
	103-2: The management approach and its components	p. 72-76, 112-122, 138-145	
	103-3: Evaluation of the management approach	p. 60, 72-76, 112-122, 138-145	
GRI 204 – Procurement practices	204-1: Proportion of spending on local suppliers	p. 117, 143	
Topic: Anti-corruption			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 80, 163-166	
	103-2: The management approach and its components	p. 70, 71, 78-80.	
	103-3: Evaluation of the management approach	p. 60, 70, 71, 78-80	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 205 – Anti-corruption 2016	205-1: Operations assessed for risks related to corruption		<p>The main risks related to corruption are risks of non-compliance with laws, the possible commission of corrupt acts by/to the Public Administration and by/to private individuals or non-compliance with Legislative Decree no. 231.</p> <p>The business areas potentially exposed to risks related to corruption are the purchase of materials for production, the provision of work to <i>façonisti</i> and the provision of consultancy services in various capacities.</p> <p>With respect to these areas, there were no incidents of corruption during the year. Any ethical misconduct on the part of internal and external collaborators acting in the name of and/or on behalf of the Company could fall within the scope of corrupt practices, with consequent exposure to fraud, damage or sanctions against the Company, as well as damage of a reputational nature.</p>
	205-2: Communication and training about anti-corruption policies and procedures		<p>In 2021, all members of the BoD and all the human resources received communications about anti-corruption policies and procedures.</p> <p>Similarly, in almost all contracts (e.g. franchise, provision of services, supply) stipulated by the Company the counterparty is asked to comply with both the Code of Ethics and the Anti-Corruption Policy.</p>
	205-3: Confirmed incidents of corruption and actions taken	p. 80	
Topic: Taxes			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 46, 47, 163-166	
	103-2: The management approach and its components	p. 46, 47	
	103-3: Evaluation of the management approach	p. 46, 47, 60	
GRI 207 – Imposte 2019	207-1: Approach to tax	p. 46, 47	
	207-2: Tax governance, control and risk management	p. 46, 47	
	207-3: Stakeholder engagement and management of concerns related to tax	p. 47	
	207-4: Country-by-country reporting	p. 47	
Topic: Materials			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 139, 140, 142, 143, 145, 163-166	
	103-2: The management approach and its components	p. 71, 72, 138-145	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 138-145	
GRI 301 – Materials 2016	301-1: Materials used by weight or volume	p. 139, 140, 142, 143, 145	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
Topic: Energy			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 150, 163-166	
	103-2: The management approach and its components	p. 71, 72, 148-150	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 148-150	
GRI 302 – Energy 2016	302-1: Energy consumption within the organisation	p. 150	
	302-3: Energy intensity	p. 150	
Topic: Water and effluents			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 154-157, 163-166	
	103-2: The management approach and its components	p. 71, 72, 154-157	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 154-157	
GRI 303 – Water and effluents 2018	303-1: Interactions with water as a shared resource		There is currently no internal system in place to assess water-related impacts. There are currently no ongoing collaborations with stakeholders or suppliers regarding water resource management.
GRI 303 – Water and effluents 2018	303-2: Management of water discharge-impacts	p. 156, 157	
GRI 303 – Water and effluents 2018	303-3: Water withdrawal	p. 155, 156	
GRI 303 – Water and effluents 2018	303-4: Water discharge	p. 157	
Topic: Emissions			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 151, 163-166	
	103-2: The management approach and its components	p. 71, 72, 150-153	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 150-153	
GRI 305 – Emissions 2016	305-1: Direct (Scope 1) GHG emissions	p. 151	
	305-2: Energy indirect (Scope 2) GHG emissions	p. 151	
	305-4: GHG emissions intensity	p. 151	
Topic: Waste			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 158-160, 163-166	
	103-2: The management approach and its components	p. 71, 72, 158-160	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 158-160	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 306 – Waste 2020	306-1: Waste generation and significant waste-related impacts	p. 158, 159	
	306-2: Management of significant waste-related impacts	p. 158, 159	
	306-3: Waste produced	p. 159, 160	
	306-4: Waste diverted from disposal	p. 159, 160	
	306-5: Waste directed to disposal	p. 159, 160	
Topic: Environmental compliance			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 135-137, 163-166	
	103-2: The management approach and its components	p. 71, 72, 135-137	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 135-137	
GRI 307 – Environmental compliance 2016	307-1: Non-compliance with environmental laws and regulations		During the last three years there were no cases of non-compliance with environmental laws or regulations within the Brunello Cucinelli Group.
Topic: Employment			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 89-91, 107-109, 163-166	
	103-2: The management approach and its components	p. 72-76, 82-91, 105-109	
	103-3: Evaluation of the management approach	p. 60, 72-76, 82-91, 105-109	
Gri 401 – Employment 2016	401-1: New employee hires and employee turnover	p. 89-91	
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 107-108	
	401-3: Parental leave	p. 109	
Topic: Occupational health and safety			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 98, 106, 107, 110, 111, 163-166	
	103-2: The management approach and its components	p. 72-76, 98, 106, 107, 110, 111	
	103-3: Evaluation of the management approach	p. 60, 72-76, 98, 106, 107, 110, 111	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 403 – Occupational health and safety 2018	403-1: Occupational health and safety management system		The Company does not currently have an occupational health and safety management system.
	403-2: Hazard identification, risk assessment and incident investigation	p. 110, 111	
	403-3: Occupational health services	p. 106, 107	
	403-4: Worker participation, consultation, and communication on occupational health and safety		Employees have a direct contact for any of their needs with the person responsible for occupational health and safety who is always present in the company. However, there is no formalised procedure for employee involvement and participation.
	403-5: Worker training on occupational health and safety	p. 98, 110	
	403-6: Promotion of worker health	p. 110, 111	
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		In the context of business relationships, prevention and mitigation of impacts related to health and safety at work and the management of related risks stems from a very careful approach taken from the moment of procurement of the raw materials used in production. Therefore, this focus takes place along the entire value chain.
	403-9: Work-related injuries	p. 111	
	403-10: Work-related ill health		The Company continuously monitors the risk, although its magnitude is very low. No cases of work-related ill health occurred in 2021.
	Topic: Training and education		
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 93, 98, 100, 163-166	
	103-2: The management approach and its components	p. 72-76, 91-100	
	103-3: Evaluation of the management approach	p. 60, 72-76, 91-100	
GRI 404 – Training and education 2016	404-1: Average hours of training per year per employee	p. 93	
	404-2: Programs for upgrading employee skills and transition assistance programmes	p. 98	
	404-3: Percentage of employees receiving regular performance and career development reviews	p. 100	
Topic: Diversity and equal opportunity			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 53, 85, 104, 163-166	
	103-2: The management approach and its components	p. 72-76, 53, 100-104	
	103-3: Evaluation of the management approach	p. 60, 72-76, 53, 100-104	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 405 – Diversity and equal opportunities 2016	405-1: Diversity of governance bodies and employees	p. 53, 85	
	405-2: Ratio of basic salary and remuneration of women to men	p. 104	
Topic: Non-discrimination			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 102, 163-166	
	103-2: The management approach and its components	p. 72-76, 100-104	
	103-3: Evaluation of the management approach	p. 60, 72-76, 100-104	
GRI 406 – Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	p. 102	
Topic: Child labour			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 163-166	
	103-2: The management approach and its components	p. 72-76	
	103-3: Evaluation of the management approach	p. 60, 72-76	
GRI 408 – Child labour 2016	408-1: Operations and suppliers at significant risk for incidents of child labour		Note that, as in the two previous years, in 2021 no situations at risk of violating child labour laws were identified within the Group.
Topic: Forced or compulsory labour			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 163-166	
	103-2: The management approach and its components	p. 72-76	
	103-3: Evaluation of the management approach	p. 60, 72-76	
GRI 409 – Forced or compulsory labour 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour		Note that, as in the two previous years, in 2021 no situations at risk of violating forced labour laws were identified within the Group.
Topic: Human rights assessment			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 121, 163-166	
	103-2: The management approach and its components	p. 72-76, 121	
	103-3: Evaluation of the management approach	p. 60, 72-76, 12	
GRI 412 – Human rights assessment 2016	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		All contracts stipulated with façonisti and raw material suppliers contain a reference to human rights.
Topic: Local communities			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 43, 163-166	
	103-2: The management approach and its components	p. 32-36, 43, 72-76	
	103-3: Evaluation of the management approach	p. 32-36, 43, 60, 72-76	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 413 – Local Communities 2016	413-1: Operations with local community engagement, impact assessments and development programmes	p. 43	
Topic: Supplier social assessment			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic its boundary	p. 17-19, 118, 119, 163-166	
	103-2: The management approach and its components	p. 72-76, 115-122	
	103-3: Evaluation of the management approach	p. 60, 72-76, 115-122	
GRI 414 – Supplier social assessment 2016	414-2: Negative social impacts in the supply chain and actions taken	p. 118, 119	
Topic: Marketing and labelling			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its Boundary	p. 17-19, 120, 163-166	
	103-2: The management approach and its components	p. 70, 71, 123-128	
	103-3: Evaluation of the management approach	p. 60, 70, 71, 123-128	
GRI 417 – Marketing and labelling 2016	417-3: Incidents of non-compliance concerning marketing communications		In line with previous years, there were no cases of non-compliance with the regulations in force in the Group's communication and advertising campaigns, both in Italy and in the rest of the world.
Topic: Customer privacy			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 133, 163-166	
	103-2: The management approach and its components	p. 72-76, 132-134	
	103-3: Evaluation of the management approach	p. 60, 72-76, 132-134	
GRI 418 – Customer privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 133	
Topic: Socio-economic compliance			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 78-80, 163-166	
	103-2: The management approach and its components	p. 78-80	
	103-3: Evaluation of the management approach	p. 60, 78-80	



GRI standard ¹⁰⁰	Disclosure	Page number	Comments/omissions
GRI 419 – Socioeconomic compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area		There were no cases of non-compliance with national and international social and economic laws and regulations, as in the two previous years.
Topic: Combating climate change			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 163-166	
	103-2: The management approach and its components	p. 71, 72, 137, 138	
	103-3: Evaluation of the management approach	p. 60, 71, 72, 137, 138	
Topic: Brand identity			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its boundary	p. 17-19, 163-166	
	103-2: The management approach and its components	Pagg. 20-26	
	103-3: Evaluation of the management approach	Pagg. 20-26, 60	
Topic: Responsibility and speed in handling extraordinary events, such as the Covid-19 pandemic			
GRI 103 – Management approach 2016	103-1: Explanation of the material topic and its Boundary	p. 17-19, 163-166	
	103-2: The management approach and its components	p. 76, 48-50	
	103-3: Evaluation of the management approach	p. 60, 76, 48-50	



AUDITORS' REPORT



BRUNELLO CUCINELLI SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBER 2021



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Brunello Cucinelli SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Brunello Cucinelli SpA and its subsidiaries (the "Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 10 March 2022 (the "NFS").

Our review does not extend to the information set out in the paragraph "Addendum - Brunello Cucinelli and the European Taxonomy" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2020, by the GRI - Global Reporting Initiative (the "GRI Standards"), identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880135 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2122211 - Bari 70122 Via Abate Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Beolati 5 Tel. 035 229691 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7532311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 66127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Foscolle 43 Tel. 0432 25789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285939 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Postelandolfo 9 Tel. 0444 393311

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.



In detail, we held meetings and interviews with the management of Brunello Cucinelli SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the Brunello Cucinelli SpA Headquarter, which was selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Brunello Cucinelli Group for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with GRI Standards.

Our conclusions on the NFS of Brunello Cucinelli Group do not extend to the information set out in the paragraph "Addendum - Brunello Cucinelli and the European Taxonomy" of the NSF, required by article 8 of European Regulation 2020/852.

Other Matters

The NFS for the year ended 31 December 2020, whose data are included for comparative purpose in the NFS, was subjected to a limited assurance engagement by another auditor who expressed on it an unqualified conclusion on 25 March 2021.

Pescara, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.



To request information on the contents of this Consolidated Non-Financial Statement, contact the following email address:

humansustainability@brunellocucinelli.it