



BRUNELLO CUCINELLI



2022 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 15 March 2023

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

*«I dreamed of a company that would make profit, while upholding ethics and dignity, without causing any harm to people or offense to Creation, or at least, as little as possible.*

*I liked imagining slightly more beautiful workplaces, where workers could feel better while admiring the landscape and I wanted people to earn slightly higher than average wages, because we are all 'thinking souls' and because we can no longer turn our backs on poverty.»*

*Brunello Cucinelli*



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## LETTER FROM THE CHAIRMAN

*Below we reported the heartfelt words published by Chairman Brunello Cucinelli at the end of December, his wishes to the younger generations for the new year and for a harmonious future ahead.*

In these days approaching the end of the year, when we all, in the serenity of our hearts, look at our recent and distant past and take stock of it; in this serene time when we look at the horizons of a bright future, my thoughts turn to you, young people. I love you deeply, and I see you all through the eyes of a father and a man who always thinks with his soul turned towards the future. You are for me like the salt of the earth, the grown-ups and sentinels of tomorrow, worthy, like every other human being, of living in pursuit of happiness. Your eyes are bright and full of great energy: I always glimpse in you something that can be joy, hope, and sometimes even disappointment. The sparkle in your eyes is so vital that, even when I find myself in business circumstances, I instinctively leave the usual form for the unusual, and speak to you with the simplicity that unites brother to brother. I wasn't much different from you, at your age. Today I am a man who has followed his special dream, someone who has finally fulfilled the ancient desire, born out of my teary-eyed father offended at work, the dream of living humanistically towards himself and towards others.

This, I think often, makes my intention noble. Therefore, sometimes, when we are together on some public occasion, with my eyes fixed on yours, without ever looking away the whole time, I like to tell you about my life, how I see my childhood poverty today as a gift and not as a condemnation, how in that poverty I lacked nothing, neither food nor, above all, happiness, and this happiness, which was true wealth, I found it every day in the beauty of nature: the dawns white as lilies, the skies blazing blue and red, the first sun slowly drying the silver dew, the murmuring music of the rain in the woods, the noble procession of the seasons.

I often tell you how wealth is not, as it may seem, a light weight to bear, and only if you know how to turn it into a gift is it acceptable to the righteous man. You might encounter grief in life, unfortunately, as a creeping enemy who awaits each one, lurking in the future. But at the same time pain, as so many ancient scholars teach us, is a gift, and as Oscar Wilde put it, who had it as a companion for over two years in the Reading prison, "it is the most sensitive of all created things."

I speak to you, moved by your youth, of the usefulness of a fair look at the world. Unless you are able to look far, you will not find many reasons for a real life. But sight is the viaticum of every sustainably happy life, and is among the most precious gifts we have received from humanity. Leon Battista Alberti, who made the winged eye his artist's coat of arms, knew it well. Eyes are made to look far, as far away as possible, staring at the horizon, like Alexander the Great as a child, when he spent long hours on the seashore with his eyes turned towards infinity, and with his heart cast beyond the trembling blue line separating the sky from the water, he imagined those lands that he would soon conquer to unite the greatest cultures of the then known world. Looking far away, my dear young people, you will be able to imagine and give life to beautiful dreams, and you will feel the sense of time, which is never in a hurry when it wants to achieve great goals, of that time which seems limited when compared to the year or the luster, but it begins to fly high when compared to one or more centuries. And moving from dreams to ideals, look at the sky. Love art, love beauty, for in them is the truth that unites the soul with the real world. Refrain from anger, which clutters the ways of the soul and prevents heaven from blowing its enchantments upon it.



Until now, partly through our fault as parents who have passed on to you the idea of work almost as a punishment for not being proficient at school, sometimes you have had your hopes dimmed. Now is the time to embark on a new vision: it is not easy to own one's soul, but you are among those who can do it. Then, when you are moved by the flaming petals of a poppy or by the smell of a ripe fruit around which bees buzz, when the wind, blowing at its whim, seems to you like a Mercury heralding distant lands, and its passing is the sweetest music, then you will be in the blissful state of hope and of the sparkling world that awaits you. Read books: as the Emperor Hadrian thought, founding libraries is like building public granaries. It is not always necessary to study everything; if the book is a real book, the kind where those who have lived with a human spirit tell their truth in simple words, or the kind that contains the wisdom of ancient peoples, open it at random, every single morning of your beautiful youth and then throughout your beautiful life, and read no more than twelve lines of the books that you happen to come across. It is a delightful and profitable way to start the day, and do not forget that alongside the intelligence ensuing from education there is always the intelligence of the soul.

Never be too afraid of your mistakes, which are everyone's mistakes, because it is from failure that greatness is born again; do not be ashamed to weep, because, as the great racing pilot Ayrton Senna once said, tears are the fuel of the soul. Remember that one noble gesture redeems more than one mistake. Never feel that you are better than others, because in all of us there is always room for great ideas. Be considerate towards others, in your family affections, in your studies, in your work, in your love life, because if you remain too focused on yourself, the right path will remain uncertain. Happiness lies not so much in possessing the thing we love, but in loving what is worthy of love.

May Creation protect us!

**Brunello Cucinelli**  
Chairman of the Board of Directors



## PREFACE

This document is the **sixth edition of the Consolidated Non-Financial Statement**<sup>1</sup> (hereinafter also “NFS”) of Brunello Cucinelli S.p.A. (hereinafter also “Company”, “Issuer”, “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 (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 activities, 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 2022 to 31 December 2022**. A comparison with data from the previous two-year period (2020-2021) 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 the Decree, 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 the *Methodological Note* section).

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 2022, 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 alignment with the most recent version available to date<sup>2</sup>: “In accordance with” option. More details on the specific environmental, social, economic and governance disclosures are provided in the *Addendum* (see the *Methodological Note* section).

The document also gives visibility to the direct and indirect contribution that the Group can make to the achievement of the **United Nations 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs)**<sup>3</sup> through the performance of its activities, the definition of short-, medium- and long-term strategic objectives, and the implementation of initiatives and actions to support them. The identification of the priority SDGs for the Group was made taking into account Brunello Cucinelli’s strategy and projects, as well as based on the **SDG Industry Matrix**<sup>4</sup> (Consumer Goods sector) and the GRI Standards<sup>5</sup>, which are covered in the NFS.

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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 GRI Universal Standards 2021 and GRI Topic Specific Standards 2016 and subsequent versions.

3 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 action.

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

5 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.





In keeping with GRI Standard 1 – Foundation, both in terms of content and document quality, the NFS is drafted with the **key concepts of impact, material topics, due diligence and stakeholder interest** in mind. Similarly, the reporting incorporates the following **foundations**, which are further detailed in the Methodological Note (see the *Addendum*):

- *Accuracy*
- *Balance*
- *Clarity*
- *Comparability*
- *Completeness*
- *Sustainability context*
- *Timeliness*
- *Verifiability*

Note also that, with regard to the materiality analysis process, this document also introduces for the first time – and in advance of what is currently required by current regulations – the concept of “**double materiality**” (see the Section *The topics that drive our commitment* and the *Addendum*), thus aligning with the provisions of the new **Directive (EU) 2022/2464** – Corporate Sustainability Reporting Directive (CSRD) – and the related **European Sustainability Reporting Standards (ESRS)** developed by EFRAG, with which compliance will be mandatory as of 2025 (financial year 2024).

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 2022 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. The 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.



### *Guide to reading this document*

This year the document was designed based on a **new organisational structure**, different from the one used in previous editions, with the aim of ensuring increasing consistency with the Group's philosophical and value-based approach.

Indeed, the development of the document's table of contents is based on a desire to make the meaning that the Casa di Moda gives to sustainability immediately evident, thus illustrating how Human Sustainability is implemented and how the Group seeks to make an impact. Each element of Human Sustainability is founded on one or more precepts of our Decalogue, "Our Ideals for Life and Work".

After the materiality analysis update was completed, an exercise was carried out to associate each material topic with the elements of Human Sustainability.

The process described found a natural conclusion in the definition of the table of contents of this document, where the title of **each of the five chapters takes up one of the precepts expressed in the Decalogue "Our Ideals for Life and Work"**<sup>6</sup>, which inspire the management of all the Company's operations on a daily basis.

Each chapter **thus represents a connection between the individual element of Human Sustainability, the precepts of the Decalogue and the material topics** associated with it.

Indeed, the introductory chapter *Humanistic Capitalism and Human Sustainability* provides an in-depth look at the foundations and key principles underpinning Brunello Cucinelli's business model, giving the reader a key to a clear understanding of the Group's strategic choices and initiatives detailed in the following sections.

This is followed by **five chapters dedicated to reporting on the Group's performance** with respect to the material topics covered in this report, each of which relates to one of the elements of Human Sustainability.

This is also made evident by the use of the following works of art at the beginning of the relevant chapters:

- **Environmental sustainability** – *Stories of St. Francis: Preaching to the Birds*, Giotto, 1266-1336, Assisi, Scala Archives.
- **Economic sustainability** – *Allegory of Good Government – detail (Prudence)*, Ambrogio Lorenzetti, c. 1285-1348, Siena, Scala Archives.
- **Cultural sustainability** – *Man Holding a Book*, Parmigianino, c. 1529, Vienna, Alamy Stock Photo.
- **Spiritual sustainability** – *Dante and Beatrice Towards the Heaven of the Sun*, Giovanni di Paolo (attributed), mid-15th century, CC BY.
- **Moral sustainability** – *The Tribute Money – detail (Christ with the Apostles)*, Masaccio, 1401-1428, Florence, Scala Archives.

Also included at the beginning of the chapter is a reference to the GRI Standards covered, and where relevant to the SDGs the Group may contribute directly or indirectly to.

Finally, the link to the Ten Principles of the UN Global Compact is also included.

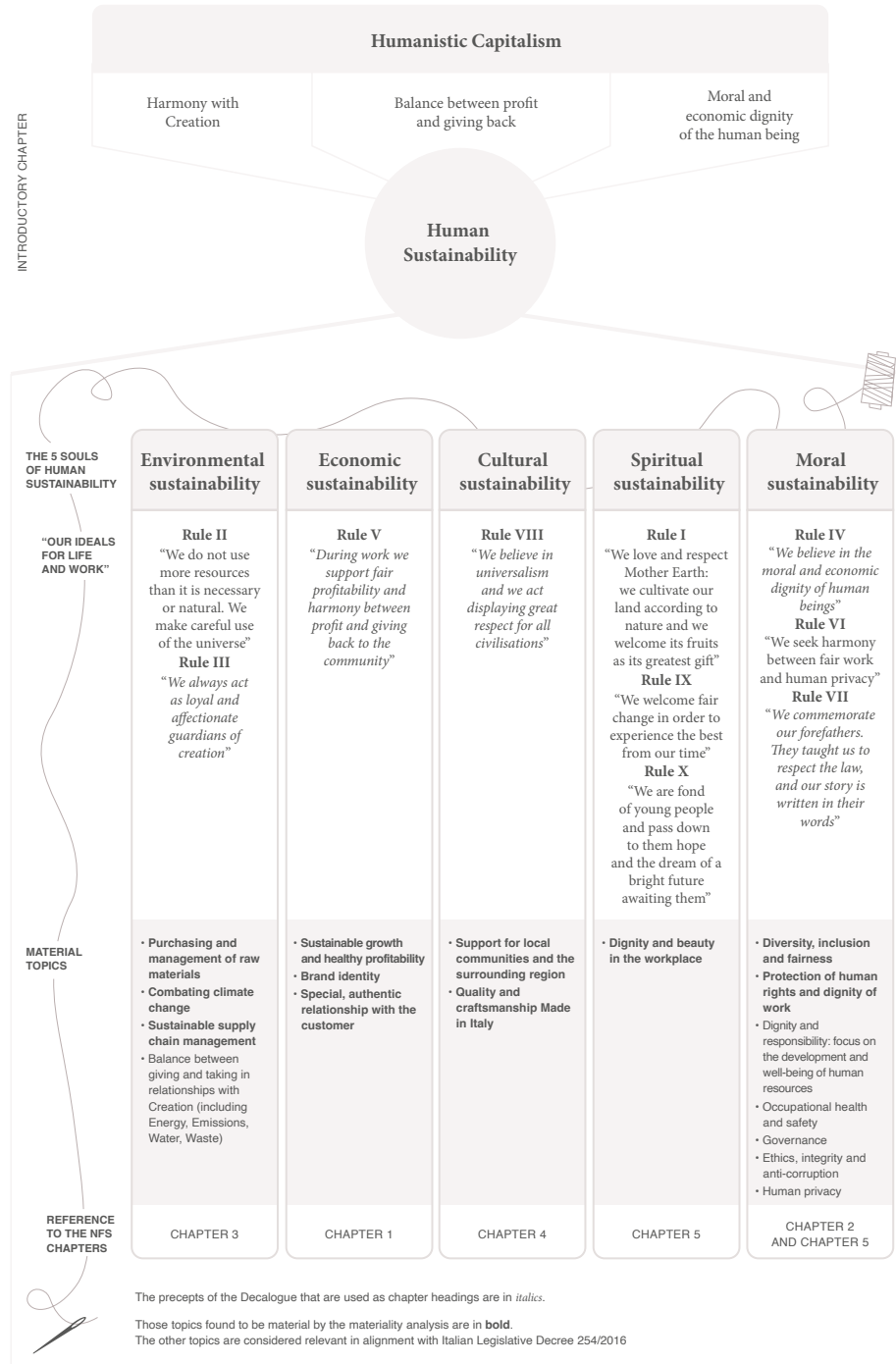
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<sup>6</sup> In Figure 1, this aspect is indicated in italics.



The structure of the document is summarised in the figure below.

Figure 1 - Document structure





## INTRODUCTION. HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

### OUR IDEA OF HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

*GRI content index in the appendix*

2-23

2-24

3-1

3-2



The idea behind our concept of **Humanistic Capitalism** and **Human Sustainability** is that a company makes profit, indeed, while at the same time upholding **ethics, dignity** and **morality**. Such ideals are based on the concept of **fair profit balanced by giving back** and on putting **respect at the forefront, respect for people**, for their moral and economic dignity **and for Creation**, as we are committed to living in harmony with it. Only thus can profit, giving back, custodianship and human dignity coexist in **mutual enrichment**.

A healthy and sustainable balance between profit and giving back, the reconciliation of work and human privacy, and a desire to repair and reuse are therefore key values for our Company, high principles based on which we have always tried to run our business.



In culture and in spirituality, as well as in the economy and in the environment, lie the forms that complement the meaning of **sustainability**, which we believe is one and the same with Humanistic Capitalism, as **an inclusive concept encompassing everything, material and immaterial, or even spiritual, that regards the human being**. The common thread running through all this is **universal and integral humanism**.

For our Casa di Moda, Human Sustainability is a real place where the environment, economy, culture and spirit can coexist. Only in this way, as Chairman Brunello Cucinelli remarked *«can we have sustainable and comprehensive action, because, regardless of technology, we live surrounded by nature, and as Leibniz believed, nature “does not make leaps”, meaning that relationships between things are based on continuity rather than on diversity»*.

Human Sustainability thus comprises five souls: **environmental sustainability, economic sustainability, cultural sustainability, spiritual sustainability and moral sustainability**.

### *The five souls of Human Sustainability*

We are constantly working on a big project called “*Universal working conditions for the human being and our idea of a bella fabbrica*” – at the core of which lies the utmost attention paid to workplaces and working conditions (please see Section *Universal working conditions for human beings*); this project is part of our vision of Humanistic Capitalism and Human Sustainability, which includes environmental, economic, cultural, spiritual and moral sustainability.

A description, in Chairman Brunello Cucinelli’s own words, of the five souls of Human Sustainability and of the key concepts based on which they are implemented in the Group’s day-to-day business, is provided below.

## Environmental sustainability



«Every day, on my way to work, I drive through the scent of the fields, the smell of wood burning in the fireplaces, accompanied by the song of nightingales and the water flowing quietly in the Caina small stream. This serenity, this **moderation**, this providence of rural life appears to my soul as a lovely symbol of environmental sustainability. I sometimes think that all that we are doing today for a better environment, for the **reduction of global warming**, focusing on the **composition of materials**, the **removal of harmful ones**, on **landfills** and the **control of polluting emissions**, is in some ways like the ideal departure towards a world where **we go back to regenerating, reusing, repairing, recovering**, in other words **to using the gifts of Mother Earth according to the natural rule**, and this is something within everyone's reach, a conviction that has perhaps been influenced by the first part of my blissful life, spent in the countryside».



## Economic sustainability



*«At our company, everyone does the following: we don't clock in, but we all strictly observe the working hours; we don't want people to be online for business reasons after the end of the working day and on weekends; we want salaries to be slightly higher than average; we think that the lunch break should be as lovely as the lunch eaten with the family; we surround the workplaces with gardens and landscape, which are there for everyone to see thanks to large windows that make everything visible and present.*

*When we think of the business, we prefer a **gracious and constant development**, and this too is a lesson that comes from rural life, where fast accelerations and large harvests cannot become the rule because doing so would damage the great harmony of nature; nature teaches us never to be too afraid of painful events – which often teach us something, as Saint Augustine said – and to follow the regular pace of our action. A hail storm will never affect the whole countryside, but only part of it; a financial crisis cannot last that long, whatever its causes. And just like Ulysses said, it is enough to keep the rudder steady until the storm is over, beyond which there is always sunshine».*

## Cultural sustainability



*«That great part of human thought of all times that is philosophy offers us a scenario of thought often crowded with very different ideas, and there are few things on which there is substantial agreement: one of these is the **strong link between culture and the health of the soul**. In Solomeo we make sure that **culture is available to everyone**. It is our way of contributing to that physical and spiritual connection without which culture would remain an unexplored and useless island, and we don't like that. In Solomeo there is a Theatre, an Academy, a School of Contemporary High Craftsmanship and Arts and a Universal Library under restoration, all of which are freely open to everyone, precisely to encourage that positive close encounter igniting the spark that makes culture bear fruit and makes it sustainable with respect to the human soul».*



## Spiritual sustainability

«Almost every day, as I watch the expanse of the Project for Beauty unfold in the valley of Solomeo, I am as astonished and moved as the first time, and I immediately feel the **spiritual benefit** of such an experience. I like to think that there is a sustainability of matter and a **sustainability of spirit**. The former is the one we keep most under scrutiny, and rightly so, because to lack control of material things is not acceptable. But at the same time I believe that spiritual values, while sometimes appearing less immediately to the senses, are no less compelling or important for the health of the human person, and for this reason I consider their sustainability as vital as that of matter.

When I'm at work and from a window I see in the distance the beauty of an olive grove gracefully designed in the line of many arches chasing each other; or admire a hillock outlined by cypresses regularly placed at the right distance, or contemplate the gentle curves of the vineyard following an artistic idea, I think admiringly of music, which soars on the mathematical rule, and my mind goes to my esteemed Pythagoras, in whose opinion «number rules the universe». How many artists, men of letters and philosophers over time have not emphasised this point? From the time of Plato, through all the medieval scholastic philosophy, and then in the Enlightenment, up to idealism, positivism, existentialism and finally to the present day, the usefulness of contact with something beautiful, be it a painting, a book, or a landscape, is the seed from which the tree of **wisdom** grows, that wisdom that the human being cannot do without for their best life, just like my life, my soul and, I am sure, everyone's soul, improves when we are treated with **respect and benevolence**».



## Moral sustainability



«I think of a wonderful book dating back to the 15<sup>th</sup> century and titled “Praise to the honourable merchant” by Benedetto Cotrugli, one of those universal spirits whom I have always looked up to as a mentor; a small manuscript of vital importance where he states that everything should be bought and sold at the right price. Cotrugli was certainly a humanist merchant, perhaps the first one, strictly speaking, and in this sense, with respect to history, almost a pacifist revolutionary who, for this very reason, still has a lot to say to the present day, especially regarding business ethics, and who asserted «the willingness and desire to purchase things with honour and without offending the Lord and thy neighbour». His clear intent not to harm God or other people in any way seems touching and beautiful to me, and I’ve humbly tried to embrace this tenet in my daily business and in the care for Creation.

Still today, if we can be his moral heirs, we shall know that **production must have the right price and the right profit**. Not too many years ago, evading taxes could be considered by some as a smart action, and it sometimes sparked an imitative desire. Today this doesn’t happen anymore, things appear very different now. **Paying taxes is a value, a duty and at the same time an act of respect to the society we live in and to other people**. Just like profit, which must be harmonious and commensurate. How can excessive profit be justified? I crave none, and every single day I try to pay the **utmost attention to ensuring that earnings are in line with the morality of my entrepreneurial business and with the high quality of my product**. I’m convinced that such vision of the world is true to any human being and especially to **young people**, to whom we owe a lot and in whom we put our hope for a brighter future ahead of us. Today, with **technology**, everyone knows everything about everyone, and knowing that a company generates the right profit and distributes such benefit in a way that strikes the balance between profit and giving back creates an overall atmosphere of trust, esteem and serenity.»



## OUR IDEALS FOR LIFE AND WORK – OUR DECALOGUES

The five souls of Human Sustainability are associated with **life and work principles**, expressing the values contained in four Decalogues and based on which we built our idea of Humanistic Capitalism and Human Sustainability, which guide our daily lives and actions.

The Decalogues speak openly to all our key stakeholders; specifically to Mother Earth, our human resources and our esteemed partners.

### *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 fair profit based on ethics, dignity and morality, **making skilfully handcrafted products without harming Creation**, or at least by minimising our footprint as much as possible.*
- II. We strongly feel **responsible for the things we build on this planet that hosts us**. That is why we always design our factories by respecting the spirit of the place, renovating and restoring old pre-existing industrial facilities and preserving rather than further depleting the land.*
- III. Every **renovation plan of our factories** includes a landscape plan, an architectural plan, and a long-term maintenance plan. No human action is acceptable unless it is compatible with land regeneration.*
- IV. To **use the resources of Creation according to the ancient rules of nature** is a moral imperative. That is why responsible water use and reuse are at the centre of our life and work project. The same applies to other resources, as we utilise them with moderation and by paying utmost attention to climate change.*



- V. *Ancient civilisations worldwide worshipped Mother Earth as a primordial deity, each according to their own tradition. Its meaning and importance have not diminished over the centuries, and that is why **our crops and plantations** – olives, wine, wheat, fruit – are **cultivated naturally**, and their fruits are used naturally, to prepare the food that is served at the restaurant of our corporate dining hall.*
- VI. *Since day one, we have imagined **our cashmere items as products that would be exclusively made in our beautiful country that is Italy**, and that could somehow represent a legacy to be passed on. We wished them to be carefully handcrafted using only raw materials of the highest quality.*
- VII. *From our mothers we learned that the **art of repairing is a sign of the value of things**. John Ruskin used to say that we must necessarily accept the end of all things and that we must do our best to make them last longer. In this concept lies the gift of repairing, and the reason why we have an entire department dedicated to this activity.*
- VIII. *From tradition also stems our primary choice – which goes back to our Company's origins – of only **using natural fibres for our products and of employing them naturally**. This choice of ours, along with that of quality, enables us to do our share in preserving Creation.*
- IX. *We like to do our best to support **raw material producers, in order to ensure their fair moral and economic dignity**, and we make it a point to let our customers know that we constantly strive to make our products based on respect for all those who have contributed to their creation.*
- X. *Just like Pericles in Athens, we also have been taught to «respect the magistrates and to respect the law, and never forget that we must protect those who receive offense». We have also been taught to «**respect those unwritten laws that reside in the universal feeling of what is right and what is common sense**»..*

### *To Our Amiable Employees*



- I. We have always striven to create **well-maintained and welcoming workplaces** where workers could at any time raise their eyes to the sky above.*
- II. We **all** work **fair hours** and **share the same working time**; but nobody works on Saturday and Sunday.*
- III. We have always striven to grant **slightly higher than average wages to all our people, without exception.***
- IV. At our Company, we want to ensure **equal opportunities** for all, as we are fully aware of the value of our people's knowledge.*
- V. We have paid **utmost attention to promoting healthy, respect- and trust-based relationships** among our workers, whom we consider "**thinking souls**".*
- VI. We believe in the great **importance of culture** as a way to human improvement. That is why we amiably promote culture.*
- VII. We are aware of the fact that passing on knowledge fosters creativity and talent. That is why we set up the **School of Arts and Crafts** of Solomeo.*
- VIII. If our Company will last for centuries on end, as we hope, this will partly be the result of the **generational turnover** that we have always promoted over the past years.*
- IX. It is our habit to **meet on a regular basis during the year to discuss issues with our people**, in order to inform them of how the Company is evolving.*
- X. We never stop looking for the **genius** in others and when we find it, we make our best efforts to enhance it.*



### *To Our Esteemed Partners*

- I. We would like your **workplaces** to be **welcoming and amiable**.*
- II. It would be nice if your **relationship with your collaborators** continued to be **genuine and harmonious**.*
- III. We believe in the primary value of **fair wages, without exception**.*
- IV. We would like your collaborators to **work fair hours** when they work for our Company.*
- V. It would be amiable if you promoted **continuous generational turnover**, just like we do.*
- VI. We believe it would be nice if you always gave due consideration to **respect for the territory and land development**, in every aspect of your business.*
- VII. We fervently want to always keep a **loyal and true attitude** towards you.*
- VIII. We believe it would be amiable if you worked in **close collaboration**, with the **awareness of each other's full and mutual independence**, just like we do.*
- IX. We would be happy to continue to **support the planet together**, using the resources of Creation according to the ancient rules of nature.*
- X. We would like to **stay true to our traditional annual meetings for many years to come**, where we can discuss about the future and our plans, thus renewing the amiable relationship that has long bound us together.*



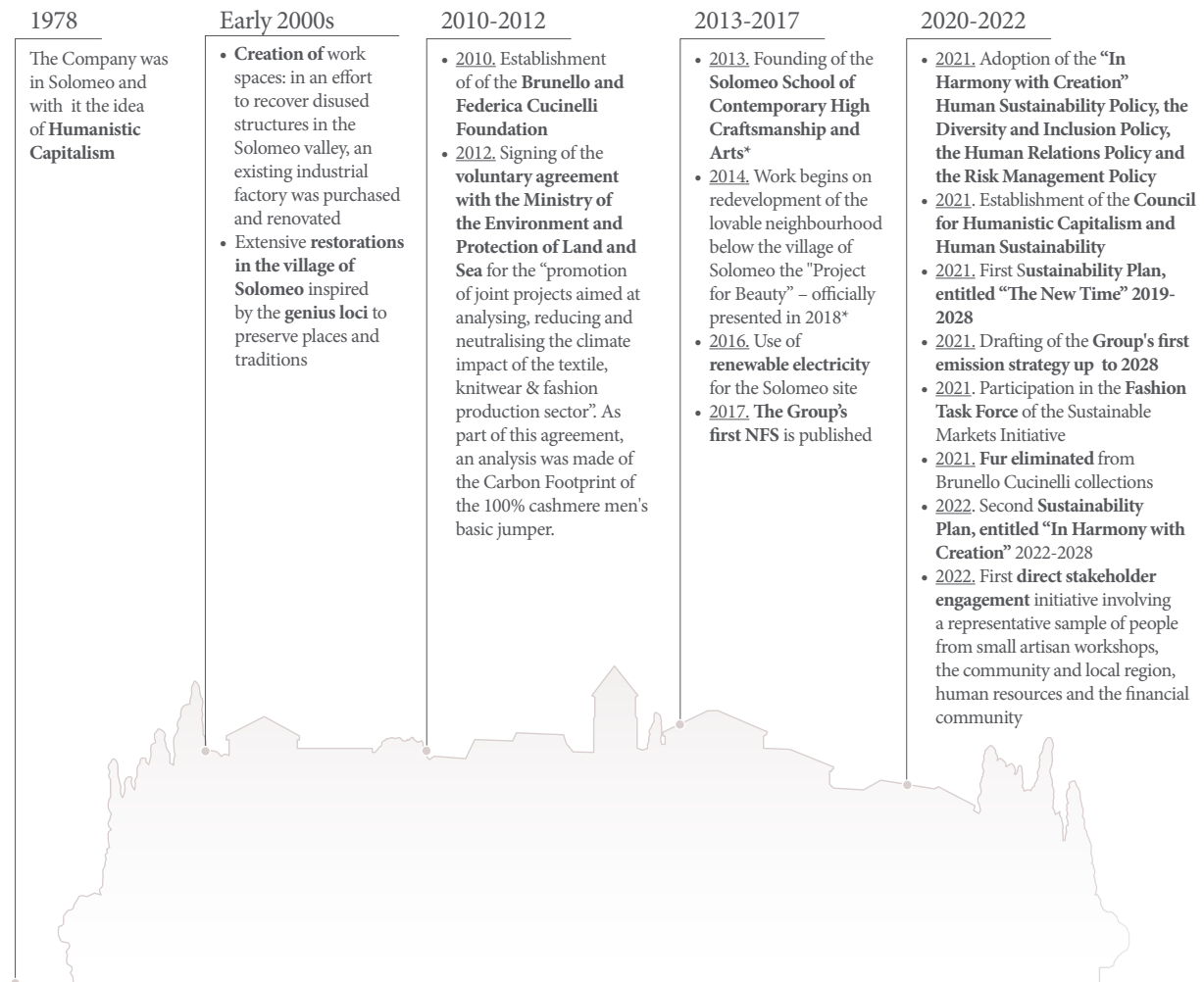
## RELATIONS WITH CREATION AND AMONG PEOPLE

Our idea of Human Sustainability has been defined and strengthened over the years through the numerous initiatives carried out with the ultimate aim of generating value not only for the Casa di Moda but also for the plurality of stakeholders we interact with.

All the initiatives carried out over time are inspired by our understanding of Human Sustainability from the point of view of its various facets, and therefore aimed at ensuring:

- Care for Creation and respect for our Mother Earth;
- The promotion and dissemination of access to culture and the promotion of local artistic and cultural beauty and traditions;
- The redevelopment of our community and surrounding areas according to the ideal of the “lovable neighbourhood”;
- The structuring of a system of corporate governance oriented towards compliance with the law, responsible conduct and the definition of the necessary attention to ensure that Human Sustainability is not only the value foundation of the Company but also a strategic framework in the short, medium and long term.



**Figure 2 - Our commitment to Human Sustainability over time**

\* Initiative organised with the support of the Brunello and Federica Cucinelli Foundation

The details of the initiatives carried out over the past year and illustrated in this NFS are discussed in more detail in the section *Human Sustainability: Initiatives in 2022*.



### *The topics that drive our commitment*

The identification and in-depth understanding of priority goals true to our idea of Humanistic Capitalism and Human Sustainability are processes that we consider to be closely connected to the identification of the most strategic Human Sustainability issues for our Company.

Thinking about the priority sustainability issues for the Casa di Moda means first of all taking into account its specific characteristics, the initiatives organised and under development, but also the demands of the stakeholders we deal with.

Therefore, in 2022 we also chose to update the materiality analysis, implementing the following improved and supplementary aspects for the first time:

- **Direct involvement of a key group of priority stakeholders**, including the financial community, small artisan workshops,<sup>7</sup> the community and the surrounding region and human resources (see the Section *Human Relations: dialogue with stakeholders*) for the purpose of assessing the strategic relevance of sustainability issues, something that was done with the involvement of the Group's Top Management until 2021. The selection was made in a manner consistent with what is defined in the Human Relations Policy and the strategic assessment made from the point of view of the dimensions of dependence and influence of the stakeholders from and on the company.
- Shift of the analysis from **“simple” materiality to “double materiality”**, thus not only assessing the strategic importance of individual potentially material topics but also investigating the relevance of their impacts – whether positive (opportunities) or negative (risks) – generated or potentially generated directly or indirectly by the Group on the environment, people and society as a whole (inside-out perspective, or “impact materiality”) or experienced or potentially experienced by the Group in terms of the effects produced on current and future cash flows (outside-in perspective, or “financial materiality”).
- **Matrix representation of the results of the analysis**, so as to make the level of materiality of the topics according to the Group and stakeholders even more immediately understandable and visible.

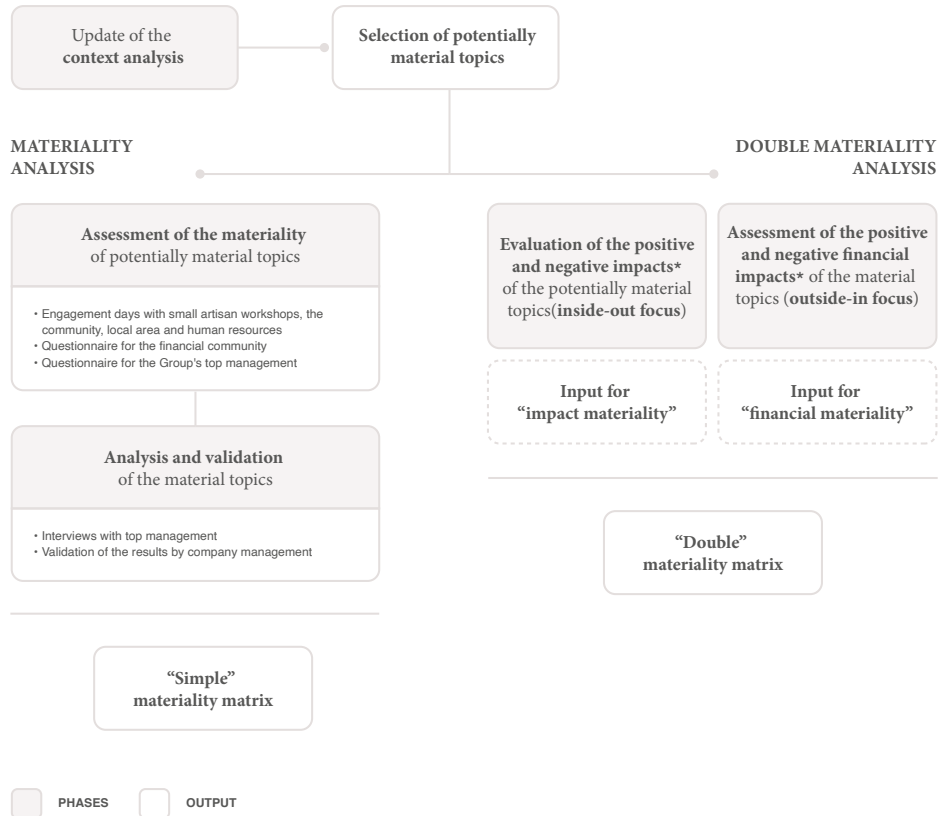
The steps involved in the materiality analysis and the tools used are summarised in the figure below (Figure 3).

Specifically, following an introductory analysis (focused on the in-depth assessment of the context for the purpose of identifying potentially material topics), the materiality analysis, in the dual guise of “simple” and “double materiality”, involved **more than 80 people** from the Group's Top Management and **125 people** from the sample of stakeholders selected (see the *Methodological Note* section for more details).

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<sup>7</sup> The term “façonisti” used in previous NFSs has been replaced with the term “small artisan workshops” in this document. The former term is retained only for the more technical aspects.

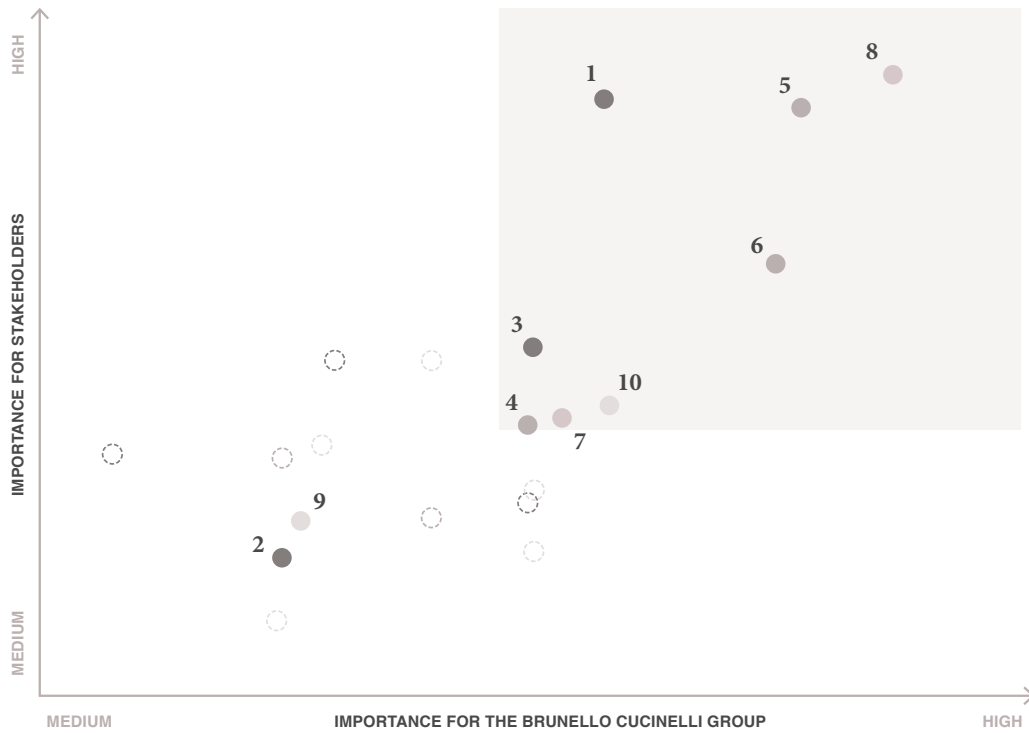
Figure 3 - The process followed for the materiality analysis



\* For the identification of risks related to potentially material topics, the 2022 Enterprise Risk Management study was taken as the first point of reference.

The topics that emerged as most relevant from the materiality analysis in the “simple” version, based on the joint judgement of the Group’s Top Management and the stakeholders involved, were grouped based on the elements of Human Sustainability and represented according to their degree of materiality in the matrix below (Figure 4).

Figure 4 – Group (“simple”) materiality matrix



**Environmental sustainability** ●

- 1 Procurement and management of raw materials
- 2 Combating climate change
- 3 Sustainable supply chain management

**Economic sustainability** ●

- 4 Sustainable growth and healthy profitability
- 5 Brand identity
- 6 Special and authentic relationship with the customer

**Cultural sustainability** ●

- 7 Support for local communities and the surrounding region
- 8 Quality and craftsmanship Made in Italy

**Moral sustainability** ●

- 9 Diversity, inclusion and equity
- 10 Protection of human rights and dignity of work

**Spiritual sustainability**

- 11 Dignity and beauty in the workplace\*

○ TOPICS BELOW THE MATERIALITY THRESHOLD

\* Topic added after the analysis was completed (therefore not included in the matrix), based on the CEOs' judgement.



The results were substantially consistent with the previous materiality analysis. Indeed, the topics ***Quality and craftsmanship Made in Italy*** and ***Brand identity*** achieved the highest relevance from the point of view of both the Group and the internal and external stakeholders interviewed.

The dialogue with stakeholders brought out issues additional to those listed in the matrix (Figure 4), which were suggested as aspects worthy of greater attention and of strategic importance to the Group. Specifically, the stakeholder categories involved mentioned – with varying degrees of frequency – topics relating to the environmental dimension, and above all to the cultural and moral aspects of Human Sustainability. Specific emphasis was in fact placed on the topic of the **impact on the Solomeo area** in terms of redevelopment and greater access and inclusion in the enjoyment of culture for the entire community, as well as to the **development of learning opportunities and the rediscovery of the value of artisanal trades**, thanks to the activities of the School of Contemporary High Craftsmanship and Arts in Solomeo.

From the perspective of human resource management, the issues of **individual well-being** and work/leisure balance were emphasised, increasing **training** opportunities and implementing **performance appraisal processes**.

**The constant attention to beauty in the workplace** emerged as a **central topic from the stakeholders' point of view**, unanimously mentioned by all directly engaged participants.

Further insights emerged during the sharing of the results of the materiality analysis with the company's management. In fact, the results of the materiality analysis were submitted for assessment and evaluation by the Company's Chief Executive Officers (CEOs), who, after having validated them, expressed their desire to include the two topics of *Combating Climate Change* and *Diversity, Inclusion and Equity* in the matrix even though they had not scored equal to or higher than the materiality threshold, but which are of strategic importance to the Group considering the initiatives organised and/or carried out in these areas over the last two years.

Moreover, observing the high frequency with which the subject *Dignity and Beauty in the Workplace* was mentioned by stakeholders (as an item added to the list of topics originally proposed to them) and the importance attributed to this issue by the Casa di Moda not only but especially in the past year, it was agreed to add this item to the material topics.

Even though they were not found to be material from the analysis performed and they are already monitored, we consider it appropriate to address the following additional issues within this NFS, in keeping with the provisions of the Decree: *Balance between give and take in relations with Creation* (including aspects relating to the environmental aspects of energy, emissions, water and waste); *Dignity and responsibility: attention to the development and well-being of human resources*; *Occupational health and safety*; *Ethics, integrity and anti-corruption*; *Human privacy*.

Depicted below is the link between the material topics and the possibility for the Group to contribute to the achievement of the SDGs either **directly**, i.e. those SDGs for which the Group's contribution derives directly from the actions implemented or supported, or **indirectly** through collaboration with actors in its value chain or as secondary effects generated from the implementation of its own activities and initiatives.

Figure 5 – Material topics and contribution to the SDGs

		DIRECT IMPACT	INDIRECT IMPACT	3	4	5	8	10	11	12	13	15	16
				Good health and well-being	Quality education	Gender equality	Decent work and economic growth	Reduced inequalities	Sustainable cities and communities	Responsible consumption and production	Climate action	Life on land	Peace, justice and strong institutions
ENVIRONMENTAL SUSTAINABILITY	Procurement and management of raw materials									☉	☉	☉	
	Combating climate change										☉	☉	
	Sustainable supply chain management					☉				☉	☉	☉	☉
ECONOMIC SUSTAINABILITY	Sustainable growth and healthy profitability					☉							
	Brand identity					☉							
	Special and authentic relationship with the customer								☉				
CULTURAL SUSTAINABILITY	Support for local communities and the surrounding region					☉		☉				☉	
	Quality and craftsmanship Made in Italy					☉			☉				☉
SPIRITUAL SUSTAINABILITY	Dignity and beauty in the workplace	☉				☉	☉						
MORAL SUSTAINABILITY	Diversity, inclusion and equity		☉	☉	☉	☉							
	Protection of human rights and dignity of work		☉	☉	☉	☉							

Both the stakeholders present at the engagement days dedicated to them – small artisan workshops, community and surrounding area, and human resources (see the *Human relations: dialogue with stakeholders* Section) – and some members of the company’s Top Management – those who had already been involved in the internal processes of updating the risk assessment analysis (see the Section *Risks and opportunities: identification, assessment and management along the value chain*) – also assessed the **relevance of the impacts, both positive (opportunities) and negative (risks)**, related to Human Sustainability issues, taking into account the dual perspective required by the “double materiality”. The members of top management involved were also asked to assess the likelihood of occurrence of impacts related to the topics that emerged as having a “simple” materiality.

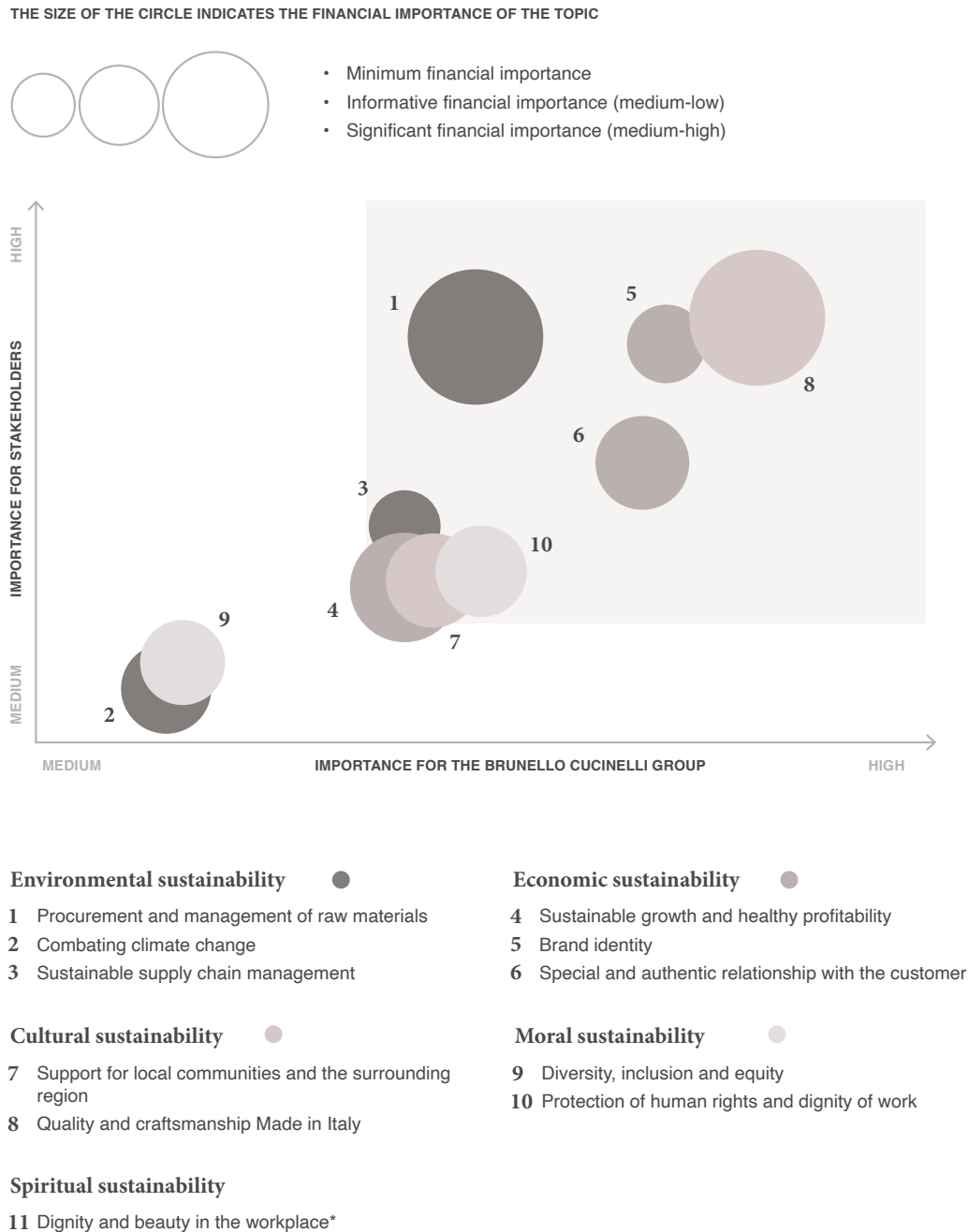


The identification of risks and opportunities was performed taking the Company's **Enterprise Risk Management (ERM)** (updated 2022) as the **main reference**, but also considering what emerged from the context analysis. The latter was performed prior to the development of the materiality analysis in order to map the Group's potential priority impacts, considering its industry and the most significant sustainability trends. A more in-depth description of the process of identifying impacts related to Human Sustainability issues can be found in the Methodological Note (see the *Addendum*).

The 10 material topics have a different impact in **terms of reputational repercussions and on the Group's operations**, with different potential to influence the Casa di Moda's financial performance.

As can be seen from Figure 6 below, the assessment made by the Company's CFO and Co-CFO – as persons with financial expertise – found that none of the material topics had a critical, i.e. above medium-high, level of impact.

Figure 6 - Material topics and their financial relevance



\* Topic added after the analysis was completed (therefore not included in the matrix), based on the CEOs' judgement.





Moreover, according to the questionnaire completed by some members of the financial community, the assessment of relevance expressed on individual issues by this group of stakeholders revealed a particularly significant judgement – the highest of the topics analysed – with respect to *Sustainable supply chain management* and *Quality and craftsmanship Made in Italy*. Based on the specific characteristics and interests of the financial community, it is possible to assume that the judgement expressed by these persons involved in the engagement activity was also influenced by the consideration of the financial impacts of the issues being assessed.

The Group's first “**double materiality**” **matrix** is also illustrated below (Figure 7), the x-axis representing the financial materiality – i.e. the impact that external events related to the areas of sustainability can have on the Group's cash flows – and the y-axis representing the impact materiality, or the impacts that the Group can have or contribute to on the external context through its relationships along the value chain.

In this representation, the material topics are ordered according to an assessment of the average significance of the impacts associated with them – both positive (opportunities) and negative (risks) – from the dual perspective described above. Details of the risks and opportunities related to the aforementioned issues and their level of significance are provided in the section *Risks and opportunities: identification, assessment and management along the value chain*.

Figure 7 - The Group's "double materiality" matrix



**Environmental sustainability** ●

- 1 Procurement and management of raw materials
- 2 Combating climate change
- 3 Sustainable supply chain management

**Cultural sustainability** ●

- 7 Support for local communities and the surrounding region
- 8 Quality and craftsmanship Made in Italy

**Spiritual sustainability**

- 11 Dignity and beauty in the workplace\*

**Economic sustainability** ●

- 4 Sustainable growth and healthy profitability
- 5 Brand identity
- 6 Special and authentic relationship with the customer

**Moral sustainability** ●

- 9 Diversity, inclusion and equity
- 10 Protection of human rights and dignity of work

\* Topic added after the analysis was completed (therefore not included in the matrix), based on the CEOs' judgement.



What emerges from the analysis is a greater concentration of the topics in the medium-level impact area, considering both perspectives. Conversely, the topics *Procurement and management of raw materials* and *Quality and craftsmanship Made in Italy* are more significant from the point of view of financial materiality, although below the “critical” level, while the topics *Support for local communities and the surrounding region* and *Diversity, inclusion and equity* obtained a higher rating from the point of view of impact materiality.

Underlying these results, it is interesting to note that the various stakeholders we involved during the direct engagement days discussed the significance of the risks and opportunities related to the issues under assessment from the perspective of impact materiality.



### Stakeholder perceptions of the Group's impacts

The discussions held with the stakeholders involved in the direct engagement activities organised in September and October, with particular reference to the assessment of the impacts related to potentially material topics according to the inside-out perspective, revealed a substantial alignment on both risks and opportunities, with some specificities related to the type of interest represented by the various stakeholders.

For example, in the case of **Community and Territory**, the participants assigned a high level of importance to the risks associated with the topic *Support for local communities and the surrounding region* if the support provided by the Casa di Moda to the local area was lacking or insufficient. At the same time, however, the opportunities for socio-economic development for the local region and communities related to the Group's commitment to them were recognised across the board.

On the other hand, from the point of view of **small artisan workshops**, the highest level of risk was associated with the topic of *Dignity and responsibility: attention to the development and well-being of human resources* with respect to the difficulty in finding new resources and specific skills in the market and attracting them: a situation that they recognise to be critical both for the Casa di Moda, but also and above all for their own businesses, where it is difficult to attract younger people. The risks related to the topic of *Ethics, integrity and anti-corruption* also received a high rating from the artisan workshops in terms of perceived level of seriousness, as any corrupt acts involving the Brunello Cucinelli Group could have direct negative consequences on their businesses. From the point of view of opportunities, on the other hand, both the ability of the Brunello Cucinelli brand to generate value for the local region in terms of development and promotion of local craftsmanship, and the possibility for the Casa di Moda to act as a forerunner and driving force in the sector with respect to actions consistent with the principles and logic of the circular economy are very significant for small artisan businesses.

Lastly, **human resources** assigned the highest level of risk to both the impacts related to the issue of *combating climate change*, recognising the consequences of a potential increase in the Group's direct and indirect CO<sub>2</sub> emissions, and the impacts that would derive from the Group's lack of attention to the development and well-being of its people, with a consequent worsening in the attraction of talent, retention and above all the motivation of the human resources already working in the Company. This would lead to a decrease in the quality of work. Also, from the point of view of positive impacts, the human resources involved deemed as particularly important the opportunities related to an increase in the Group's ability to support, train and develop the human resources already working in the Company, which could generate an increase in the motivation and productivity of the Group's people.



*The 2022-2028 Sustainability Plan, “In Harmony with Creation”*

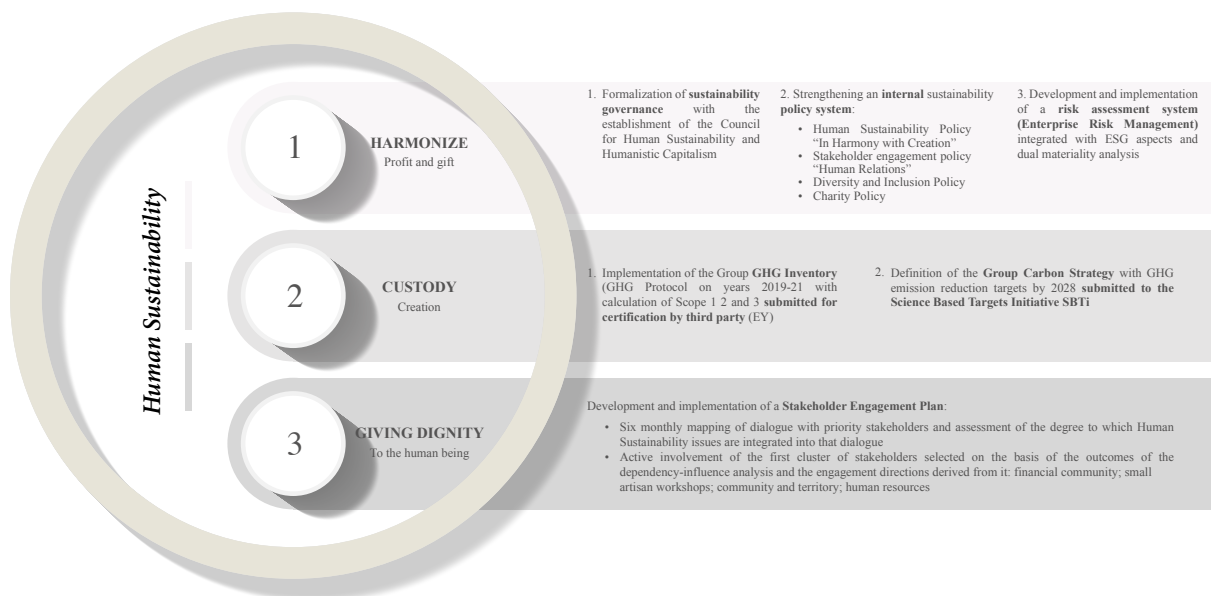


In March 2021, the Company’s Board of Directors approved the Group’s first Strategic Sustainability Plan, entitled “The New Time”, containing objectives of a qualitative nature in alignment with and in support of the 10-year 2019-2028 Business Plan.

The Plan has made it possible to formulate and formalise the Group’s objectives, employing themes such as **harmony with Creation, balance between profit and giving back**, and the **moral and economic dignity of the human being**, in continuity and coherence with the pillars of the "In Harmony with Creation" Human Sustainability Policy (see the *Governance of sustainability Section*).

Below, we summarise the results of the last two years with respect to the previous edition of the Sustainability Plan, “The New Time” (see Figure 8).

Figure 8 – The goals achieved through the commitments of the 2019-2028 Sustainability Plan, “The New Time”



During this financial year, we updated the Strategic Sustainability Plan through the **new 2022-2028 Sustainability Plan** of the Casa di Moda, entitled “**In Harmony with Creation**”, which was approved by the Board of Directors at its meeting on 6 December 2022 together with the Company’s Business Plan. This second edition allowed us to move from a purely qualitative Plan to a Strategic Sustainability Plan **built on the basis of short-, medium- and long-term qualitative and quantitative objectives and targets**.

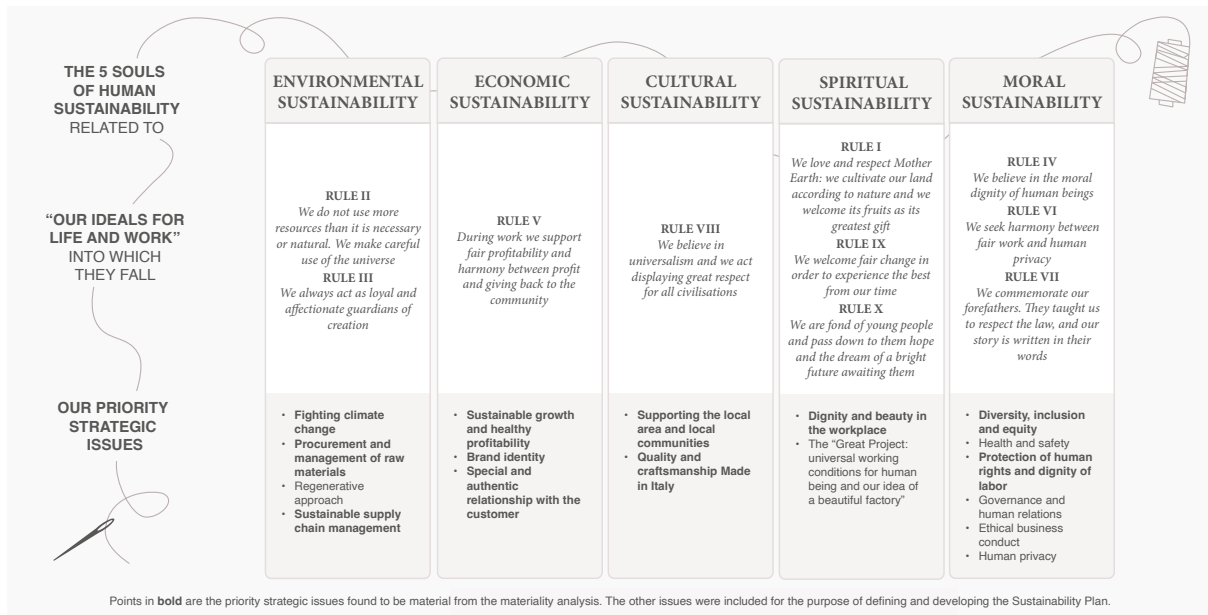
The purpose of the “In Harmony with Creation” Plan is to continue defining the **strategic objectives in the field of Human Sustainability**, taking into account the context the Casa di Moda operates in, the requests of the main stakeholders, the projects already under way in the various fields of Human Sustainability and the framework defined by the **United Nations 2030 Agenda** and the related **SDGs**.

The “**In Harmony with Creation**” 2022-2028 Sustainability Plan is organised into **five pillars** (see Figure 9) representing the five elements of Human Sustainability – environmental, economic, spiritual, cultural and moral – highlighting the **natural synergy between them**.

Each is linked to **one or more precepts of the Decalogue** entitled “**Our Ideals for Life and Work**” that define the ultimate goal that the Group sets itself with respect to each pillar and that we like to consider as the “**beacon that lights our way**” in achieving the objectives and qualitative-quantitative targets defined with a short-, medium- and long-term horizon.

Consistent with the Decalogue of “**Our Ideals for Life and Work**”, we have identified the **priority strategic issues** – also in alignment with the results of the **2022 materiality analysis** (see the Section *The topics that drive our commitment*) – through which we intend to respond to the main challenges that characterise the fashion and luxury sector today. The aim is thus to transform possible risk elements into new opportunities for our business, society and planet.

Figure 9 – The structure of the “In Harmony with Creation” 2022-2028 Sustainability Plan



Each pillar is accompanied by the SDGs we prioritise, in respect of which we feel we can make a – direct or indirect – significant contribution. Specifically:

- Environmental sustainability: SDGs 8, 12, 13, 15 and 16
- Economic sustainability: SDGs 8 and 12
- Cultural sustainability: SDGs 8, 11, 12, 15 and 16
- Spiritual sustainability: SDGs 3, 8 and 10
- Moral sustainability: SDGs 3, 4, 5, 8, 10 and 16

Achieving the goals of the Sustainability Plan will be the result of a **shared commitment** within the Group – of the corporate governing bodies for the definition of strategic guidelines and at the functional level for the implementation of the actions necessary to achieve the goals set – but also through constant interaction and collaboration with our main stakeholders.

Some of the main short-, medium- and long-term commitments are shown below (Figure 10).

**Figure 10 – Some of the commitments made in the new Sustainability Plan**

THE 5 ELEMENTS OF HUMAN SUSTAINABILITY	THE MAIN COMMITMENTS MADE
<b>Environmental sustainability</b>	Implementation of the multi-year plan for the reduction of direct (Scope 1) and indirect (Scope 2 and 3) CO <sub>2</sub> emissions, in accordance with the principles of the Science Based Targets Initiative (SBTi), envisaged in the Group's emission strategy
	Progressive replacement of the company car fleet with full-electric vehicles
	Mapping of the environmental impact of raw material suppliers using primary data
<b>Economic sustainability</b>	Construction of the new production plant near Solomeo according to the principles and guidelines of LEED® certification.
<b>Cultural sustainability</b>	Management training on product and raw material-related sustainability issues
<b>Spiritual sustainability</b>	Increase in the number of courses and participants at the School of Contemporary High Craftsmanship and Arts
<b>Moral sustainability</b>	Development of the third-party manufacturer "Beautification of workplaces project"
	Management training for young talent in the main areas of the company as part of the "Generational Pact"
<b>Moral sustainability</b>	Extension of direct stakeholder engagement to all Group stakeholders
	Extension of non-compulsory ergonomics and physiotherapy training to all functions considered potentially at risk

The Sustainability Plan is subject to **annual monitoring**, the outcomes of which are presented and discussed at the meeting of the Company's Board of Directors, after being evaluated by the Council for Human Sustainability and Humanistic Capitalism (see the *Sustainability governance* Section). We consider it crucial to share feedback both internally and externally in dialogue with our priority stakeholders. Therefore, the monitoring of the progress of the Plan will also be supported by the collection of input from the normal dialogue between the functions and their relevant stakeholders and the engagement days that will be organised.

On the other hand, the **update** of the Plan, in terms of the redefinition of relevant objectives and targets, will take place every **two years**, in alignment with the business plan.



### *Human Sustainability: key activities for 2022*

2022 was a year during which we were able to seize multiple opportunities in the different areas of Human Sustainability, turning them into projects and initiatives aimed at continuously improving our impact on the planet and people.



#### **Environmental sustainability:**

- Performance of the **Group's third inventory of Greenhouse Gas (GHG) emissions**, subject to third-party Limited Assurance, in order to measure direct and indirect CO<sub>2</sub>eq emissions – Scopes 1, 2 and 3;
- Submission of the Group's Carbon Strategy targets to the **Science Based Targets Initiative (SBTi)**;
- Completion of the **Climate Change 2022 CDP (Carbon Disclosure Project) Questionnaire**, earning a **B "Management"**;
- **Direct involvement of subsidiaries in America, Asia, Europe and the Middle East in the Group's emissions strategy** and the **expansion of the renewable energy supply** of offices/showrooms/boutiques worldwide;
- **Direct involvement of franchises and multibrand customers** in energy consumption mapping;
- **Increased engagement with small artisan workshops** to improve the annual collection of their energy consumption and related CO<sub>2</sub> emissions;
- Continuation of the project to **replace the car fleet** with vehicles with a lower environmental impact (full electric) and the installation of **electric charging stations** at the Solomeo site;
- Implementation of the Warehouse Management System (WMS) and Transportation Management System (TMS) software for greater **optimisation of logistics and distribution processes**;
- Development of the **construction project for the new production plant** near Solomeo, consistent with the principles and guidelines of **LEED® certification**;
- **Complete replacement of the plastic bags** used for packaging our products with organic, biomass-based bags;
- **100% of the cardboard** used for shipping packaging ("**flat-pack garments**") is **recycled**;
- Study and development of the "**Direct management of production waste disposal**" project in collaboration with the small artisan workshops involved in the cutting and full-cycle phases, with a view to launching by H1 2023;

- Strengthened engagement with the Supply Chain (Raw Material Suppliers) by distributing the “**Value: a virtuous circle of human sustainability**” self-assessment questionnaire aimed at mapping their state of maturity with respect to environmental and social issues;
- **Development of the “Supply Chain/Digital ID Mapping” project** aimed at assessing and measuring the real impacts of the supply chain through qualitative and quantitative assessments;
- Participation in the “**Himalayan Regenerative Fashion Living Lab**” project, as part of the Fashion Task Force of the Sustainable Markets Initiative founded by King Charles III of England.

**Economic sustainability:**

- **Solomeo Summer Experience** with customers and their families;
- **3,235 garments repaired** as part of the garment repair service offered to our customers.



**Cultural sustainability:**

- **Development of the project to measure the social impact generated** by activities organised in support of the local region through the use of the **Social Return on Investment (SROI)** evaluation framework;
- Approval of the **Charity Policy**.

**Spiritual sustainability:**

- Development of **Beautification of workplaces project** dedicated to the workshops of small artisan workshops.



**Moral sustainability:**

- **Diversity and Inclusion (D&I) training** via the Sympo platform;
- Continuation of the **Health & Safety Assessment project** at our foreign sites;
- Launch of **non-compulsory training in occupational health and safety** carried out on a personalised basis for specific functions involved in potentially risky activities;
- Launch of the worldwide **Compliance Data Protection project**;
- **Extension of the Enterprise Risk Management (ERM) Framework** by including the US subsidiary in the assessment and refining the integration of ESG risks;
- Approval of the new **“In Harmony with Creation” 2022-2028 Sustainability Plan**;
- Development of the **stakeholder relevance assessment** for the purpose of defining a stakeholder engagement plan, also aligned with the NFS reporting process;
- Organisation of **direct engagement initiatives with an initial cluster of priority stakeholders** (financial community, small artisan workshops, community and local region, human resources);
- Expansion of the materiality analysis process by shifting to **“double materiality”**.



## CHAPTER 1. ECONOMIC SUSTAINABILITY

### DURING WORK WE SUPPORT FAIR PROFITABILITY AND HARMONY BETWEEN PROFIT AND GIVING BACK TO THE COMMUNITY



**Economic sustainability** – *Allegory of Good Government* – detail (Prudence), Ambrogio Lorenzetti, c. 1285-1348, Siena, Scala Archives.

*GRI content index in the appendix*

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## THE BUSINESS MODEL AND THE VALUE CHAIN

Excellence, craftsmanship and expertise Made in Italy, exclusivity, lifestyle, contemporaneity and constant creative research are the pillars of the Company's identity and of our Casa di Moda.

From the sourcing of the highest quality raw materials to the continuous search for a balance between artisanal tradition and innovation, we develop our *prêt-à-porter* line, symbol of an authentic product Made in Italy and appreciated by our customers as an expression of a form of "*contemporary lifestyle*".

The **dignity of profit**, the **promotion of tradition and the identity of the local region**, and the **project for gracious, constant development and growth** are the values that distinguish the brand and inspire the production process of the products at every stage, as was also acknowledged during the ceremony at which the Chairman Brunello Cucinelli was awarded an Honorary Doctorate by La Sapienza University of Rome.



### Honorary Doctorate awarded to Brunello Cucinelli by La Sapienza University of Rome

In October 2022, Chairman Brunello Cucinelli was awarded the prestigious title of **Honorary Doctor in Management, Banking and Commodity Sciences** by La Sapienza University of Rome, “for having been able to combine an entrepreneurial success story with *respect for the vocation of the local region* and of *social values* giving life to a *new entrepreneurial humanism*”.<sup>8</sup>

The Chairman’s speech was introduced by the Rector, the Dean of the Faculty of Economics and the Director of the Department of Management, who emphasised the idea of work according to the ideals of Humanistic Capitalism and Human Sustainability as the founding pillar of the brand’s identity.

Their words stressed how the success of the Solomeo’s Casa di Moda is rooted in the conception of a **humanistic business model**, i.e. **not aimed exclusively at profit generation**, but also at the creation of a capitalism founded on the **centrality and development of the human being**.

Within the organisation, within which everyone is placed in a position to participate in the life of the Company and to contribute to common growth, the focus is the **common good** as the guide for the pursuit of prudent, courageous actions.

The brand was also recognised as the “standard bearer of Italian elegance, as a symbol of culture and tradition”.<sup>9</sup>

At the end of the year, we were also informed that Chairman Brunello Cucinelli had been awarded the prestigious “**Neiman Marcus Fashion Award for Distinguished Service in the field of Fashion**”<sup>10</sup> for the year 2023, which honours the people in the world who have most influenced Fashion. The award ceremony was held in Paris in March 2023, during Fashion Week. We are convinced that all this further increases the visibility and allure of our brand and our high-end fashion lines, which we feel are gaining more and more appreciation worldwide.

The development of Brunello Cucinelli branded clothing, accessories and lifestyle product collections involves multiple people both inside and outside of the Casa di Moda that contribute to the creation of the value deriving from the implementation of our business model, depicted below (see Figure 11).

The positive impact – in terms of value generation – created by the implementation of the business model has a twofold effect. On the one hand, elements of the external context related to the five elements of Human Sustainability can represent an opportunity and therefore a source of value for our Casa di Moda. On the other, the execution of the various phases of the business model and the relationships that are created along the value chain constitute a source of value for the external context, i.e. for Creation, for people and for the entire community, especially the local communities that host us in the various regions where we operate.

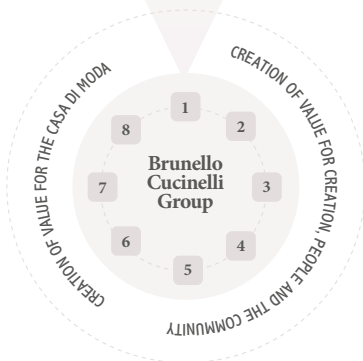
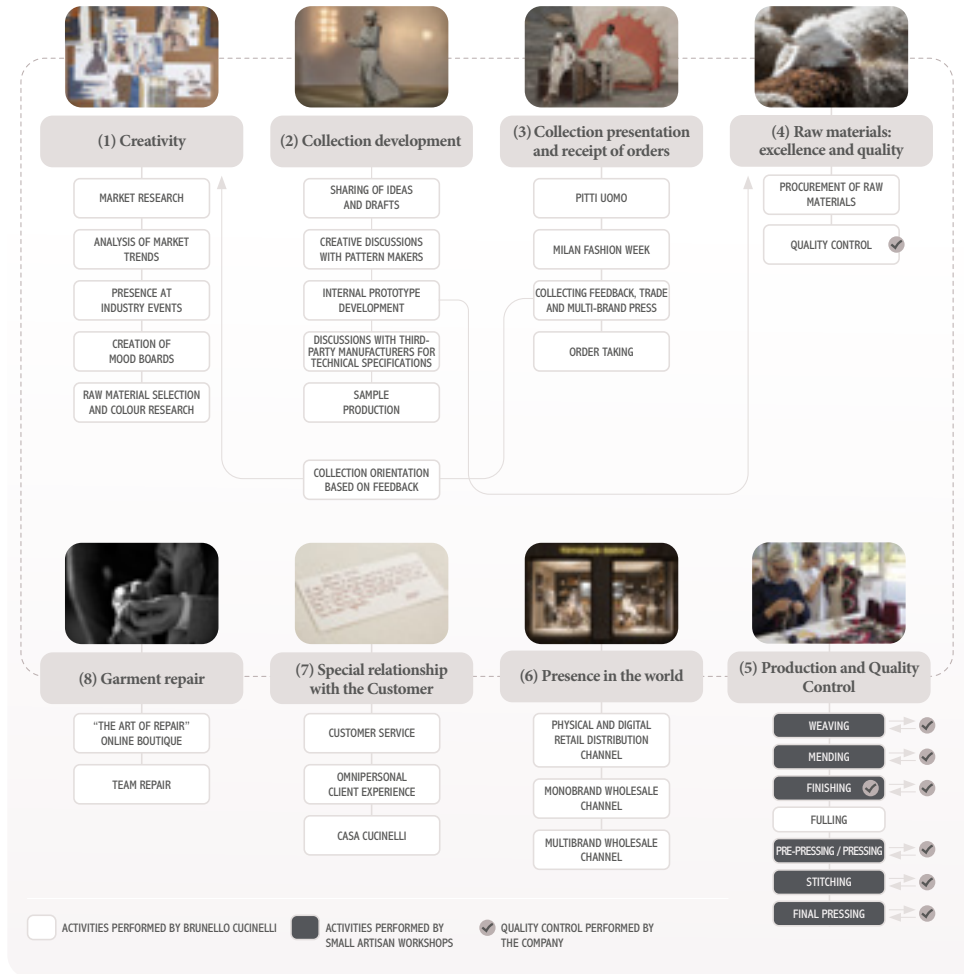
<sup>8</sup> Words of the Rector Antonella Polimeni, La Sapienza University of Rome.

<sup>9</sup> Address by the Dean of the Faculty of Economics Fabrizio D’Ascenzo, La Sapienza University of Rome.

<sup>10</sup> Established in 1938 by Carrie Marcus Neiman and Stanley Marcus.



Figure 11 - Our business model



- Environmental sustainability
- Economic sustainability
- Cultural sustainability
- Spiritual sustainability
- Moral sustainability



The development of the collections begins with the **creativity** phase (1),<sup>11</sup> which begins with the performance of market analyses and research into new trends by the staff of the Style and Design Office – a creative team of 60 people working on a daily basis with more than 100 tailors for the Men’s, Women’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 in accordance with quality and sustainability criteria.

Once approved by the Style and Design Office, the styles are sent to the in-house Prototype Department staffed by 100 highly specialised masters and technicians, highly specialised people who preserve and pass on knowledge, striving to combine innovation, creativity and manual skills. The presence of this department allows for a very high number of prototypes to be produced in-house. Note that, with regard to accessories, the development of prototypes is carried out by third-party artisan companies (small artisan workshops) to which the Company assigns the styles approved by it, in the case of leather accessories (shoes and bags) together with the leather samples and the colours to be used.

The validated prototypes constitute 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 (3) around the world 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 suppliers – mainly in Italy – who work closely with us in certain control phases is absolutely crucial (see Chapter 3).

This is followed by the **workmanship and production of handicrafts** (5) characterised by a very high component of manual labour, which we estimated on average 52%, processes that are carried out exclusively in Italy – mainly in Umbria and in selected production districts – in the workshops of small artisan enterprises that are of proven reliability and highly specialised, even in single processes (see Chapter 4).

The entire production process is characterised by **repeated, rigorous quality controls** (5) 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. In fact, this step is performed exclusively in-house by the Casa di Moda.

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<sup>11</sup> The numbers in brackets refer to the elements represented in Figure 11.





The **market presence** (6) both in the physical channel and in the digital world is achieved through exclusive distribution via the retail, wholesale and multibrand channels, concentrated in the high streets of major cities and resorts, consistent with the positioning in the highest luxury segment and the brand's refined, simple taste.

We always seek a **special relationship with the end customer** (7), centred on the brand experience and the sharing of the Company's values (see the section *Special, authentic relationship with the customer*).

The relationship with customers, for us "**friends of the brand**", 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 the section *Special, authentic relationship with the customer*).

## BRAND IDENTITY AND DISTINCTIVE TASTE

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 exclusive world and lifestyle of Brunello Cucinelli.

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

In fact, from the very beginning we chose not to tie the product's identity strictly to the logo – which is almost imperceptible on the actual product – but rather to a **distinctive taste**, seeking to convey it through combinations of materials, colours and shapes that immediately recall the inspiration of our local region. This is because, without renouncing what we believe to be a legitimate reference to our own history, symbolised by the 1391 coat of arms found in the heart of our beloved village of Solomeo, we feel it is right not to give the logo itself a prominent role, thus leaving the handcrafted apparel a kind of expressive freedom of its own in the name of uniqueness and exclusivity.

In fact, the brand is recognised all over the world through its distinctive connotation as the **highest expression of Made in Italy**, where traditional craftsmanship and innovation, creativity and style, quality of raw materials and product excellence are widely perceived and valued elements.

The brand's success is thus founded on the elements that distinguish its identity, that the brand has always remained faithful to: **superior craftsmanship and manual skills, exclusivity of product and positioning, and refined taste**. 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 brand's 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 always remain true to one of **absolute luxury** and no others.



We would therefore like for the progressive growth of new categories such as **lifestyle** 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, 2021 was the year of the Brunello Cucinelli & Oliver Peoples partnership, which was followed by the presentation of the first eyewear capsule with the Brunello Cucinelli and Oliver Peoples logo, made in Italy with a significant component of craftsmanship.

Consolidated by virtue of a **common vision, attention to the beauty, taste and elegance** of Italian style, and at the same time also of **human relations** based on mutual esteem and trust, the relationship continued well into 2022, culminating at the end of the year in the signing of an important **ten-year agreement with EssilorLuxottica**.

#### Together for the next decade

Born out of a **common inspiration stemming from culture and beauty** and a shared passion for **superior quality, the highest craftsmanship, refined aesthetics** and a **simple approach to luxury**, in November 2022 the Company consolidated its partnership with EssilorLuxottica through the signing of a **ten-year agreement** at Casa Cucinelli in Milan. This is an exclusive “Contemporary Licence” agreement concerning the **design, production and distribution of “Brunello Cucinelli” eyewear and sunglasses** that will bind the two companies for the next ten years, starting on 1 January 2023. The first collection will be released in Q1 2024.

We believe that the contemporaneity of this licence starts from the **development of the collections**, with our creative team collaborating step by step on the styling and creation of the prototypes, and then directly following all the stages related to **production** together with EssilorLuxottica, exclusively Made In Italy starting from the “bella fabbrica” in Agordo, as Cavalier Leonardo Del Vecchio liked to call it.

A key aspect of this “Contemporary Licence” is the critical and extreme collaboration in **distribution**, working together to identify the most exclusive spaces in which to present the eyewear collections, with a limited presence in our monobrand boutiques, in EssilorLuxottica’s most prestigious spaces and the most prominent independent opticians.

The core values of the brand and the lifestyle it embodies are further promoted by the Company’s **communications**, which have always focused on **conveying values** based on quality of life and a close relationship with the beauty of art and nature.

Even the **visual merchandising** – represented by a dynamic, cyclically renewed display that is attentive to the evolutions of the contemporary world – whether related to monobrand, multibrand or digital boutiques, is designed to emphasise the harmony that characterises Brunello Cucinelli’s offer, constantly animated by the innovation brought by the talents of our creative departments.

Our boutiques thus aspire to be perceived as places that are first and foremost hospitable and welcoming, where the store managers present themselves as true “hosts” and brand ambassadors, paying attention to all those details that contribute to a familiar, warm atmosphere. Even in the smallest boutiques, a space equipped with a bar and coffee service is always available to customers as a symbol of the attention dedicated to the relationship created over time with friends of the brand, and at the same time as an expression of a distinctly Italian lifestyle that celebrates the pleasure of spending time together with the offer of a coffee or a small refreshment as a sign of amiable cordiality.

The concepts of **hospitality** and **familiarity** that also characterise the brand's identity are replicated in "**Casa Cucinelli**", dedicated spaces that are now present in boutiques in Solomeo, Milan, Paris, London, New York, Tokyo and soon in Hong Kong, Shanghai and Dubai. These cosy spaces are designed to welcome and meet friends of the brand, fully expressing the lifestyle that sets us apart. These spaces are developed in **full harmony with the context and natural elements of the places where they are located**, to create an **authentic, balanced continuum between ethics and aesthetics, tradition and innovation, Italian style and local values**.



This type of space is called "Casa" or "Home" because it is aimed at recreating the **sense of warmth and familiarity** of a real home where the **value of time** and feelings of **friendship** and **kindness** permeate the atmosphere, recalling the experience of our lifestyle in Solomeo: **harmony of time, well-being of the spirit, pleasure of spending time together**. Inside one can find a **library** with texts in many different languages, the **kitchen** where traditional Italian flavours are blended, the large social **lounge** and the cosy **study** space: all the rooms of Casa Cucinelli represent **places of the soul**. The furnishings are made with great care, seeking the rarest and most valuable materials and the harmonious distribution of space. In such special places, one can find marble from the prestigious Carrara quarries, unique antiques reborn from a contemporary perspective, earthy finishes with Italian clays, authentic natural notes of Italian woods, travertine surfaces and burnished metals: all the elements recall Italian tradition, the value of time and a taste for exclusive quality.

Each Casa Cucinelli is therefore intended to host friends and collaborators, intimate events and social receptions just like in our home.

In these meeting spaces, where we try to convey the full expression of our lifestyle, we have had the pleasure and honour of receiving many friends of the brand over the course of the year, including customers, partners and journalists, as well as investors and financial analysts.



### *The story of the Casa di Moda and its values*

Our **advertising campaigns** are designed to have an evocative and not merely commercial value, focusing on cultural and philosophical themes, as also witnessed by the **“Be your Change” project** – where the initials of the words “Be” and “Change” recall those of our brand – launched in 2021 and further developed and expanded in 2022.

The project consists of a **series of video stories** featuring spokespeople who are recognised and acclaimed world-wide for their art and skills. 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, the future and change** are touched upon.

The episodes narrated in 2022 were also published in podcast form, through the **“Voice”** project, available in our online boutique and on major music platforms. The decision to use this new communication channel is based on the desire to recount and convey even more about the brand’s essence and the values it represents.

The video stories were then also used as content within our TikTok social account, which typically involves more direct and antithetical communications than other social networking platforms.

#### **“Be your Change”**

In 2022, we were able to involve four other great artistic personalities in the video stories of the “Be your Change” project: pianist **Alexander Romanovsky**, the young boxing talent **Ramla Ali**, the young entrepreneur and philanthropist **Wendy Yu**, and finally the poet **Yrsa Daley-Ward**.

The first video starring Alexander Romanovsky focuses on the importance of **learning to accept change** without setting aside the achievement of one’s dreams and aspirations.

The second, on the other hand, featuring Ramla Ali, discusses **change as a means of testing and getting to know oneself, of breaking down prejudices and overcoming fears and insecurities**.

In the third video, Wendy Yu talks about how change can be a **transformative force with a positive impact** on the entire community.

Finally, in the fourth video, Yrsa Daley-Ward explains how change, often understood as new and unknown, must be faced by relying on one’s intuition and listening to one’s deepest inner self because only then will it be possible to chart new pathways.

Again, in the **“Timeless Dream”** campaign, Brunello Cucinelli’s collections are presented as a dream of **garments that transcend time and seasons**, garments to be **handed down to future generations** not only intact, but full of new personal meanings, thus also recalling the important concept of **repair** (see the Section *The art of repair*).



Limited to a few editions per year, the *Thoughts on the contemporary world*<sup>12</sup> recount the values behind the brand and the everyday life of our time through the words of Chairman Brunello Cucinelli. In 2022, in particular, Chairman Brunello Cucinelli wished to address the sages of Humanity directly in a letter aimed at reminding them of their responsibility for the “*destiny of Creation*” and renewing their commitment to the **creation of a new social contract extended not to individuals, but to the entire community where all can be custodians of the beauty of Creation.**

Finally, the approach pursued on the web – both the Corporate website (dedicated to the philosophy and history of the brand) and the Online Boutique, which together received over 8 million visits in 2022 – is reflected in the work created by the “Humanist Artisans of the Web”. They are entrusted with the task of transposing the same level of care, quality and courtesy that has always characterised the Company based in Solomeo in the special relationship cultivated each day with its customers to the digital dimension, as a demonstration of a continuous, active sharing of its values. In fact, the online shopping experience has been designed and calibrated to achieve the same objectives that nurture the direct relationship between customers and advisors in the brick-and-mortar boutiques: humanity, attention and confidentiality are the same keywords underlying the interpersonal relationship created with the friends of the brand. For these reasons, the Online Boutique’s digital platform is constantly updated with new functions and new value, text and product content, in order to offer a browsing, sharing and, ultimately, buying experience that is always fresh, detailed, immediate and engaging.

## SPECIAL AND AUTHENTIC RELATIONSHIP WITH THE CUSTOMER

The relationship created over time with customers – for us considered “**friends of the brand**” and not mere consumers – starts from sharing the **human values** of the Company’s philosophy, as well as the taste associated with the brand.

A relationship we like to call “special”, human and harmonious, centred on an **approach aware of the uniqueness of each person** and characterised by **care, respect and integrity.**

In customer relations, the **Customer Relationship Management (CRM)** Office 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.

The function reports directly to the CEOs 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 idea of a customer focus. Particularly with regard to digital channels, collaboration with the Digital/E-commerce function is essential to ensure that today’s technologies are used gracefully at all times of interaction. A Data Protection Officer (DPO) is also essential to ensure the privacy and protection of customers’ personal data held by the Group.

The use of a dedicated management system allows the boutiques, CRM and Customer Care to have a unified, targeted version of the customer and ensure prompt global support.

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<sup>12</sup> More information can be found in the relevant section of the Corporate website: <https://www.brunellocucinelli.com/en/thoughts>



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 approach and tone of voice when contacting end customers worldwide.

In the last few years, other tools have also been put in place to enable immediate dialogue with the customer, such as the chat function on the website of our e-commerce boutique that offers the possibility for our customers to get in touch with us easily and the **instant messaging** channel via WhatsApp (for Italy) and WeChat (for China).

### *Dialogue at the heart of the omnipersonal client experience*

The **importance we attribute to people as a Company** has a natural continuation in the relationship with the customer, with whom the interaction 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”, intended to attract customers rather than push them towards the brand.

Our communication aims to speak to the hearts and minds of the people who come into contact with it (see the Section *Brand identity and distinctive taste*).

In fact, 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 through which the Group communicates its philosophy and corporate values and life in the village of Solomeo, the beating heart of the Casa di Moda.

Keeping pace with the development of technology, the Company continues to favour a **polite, measured and unobtrusive approach to communications** in order to protect everyone’s human privacy (see the *Human privacy* Section).

The customer’s discovery of the brand is further enriched in our sales areas in **prime locations**, where “friendly advisors” (i.e. the boutique staff) convey the brand’s values and philosophy through a polite and respectful attitude. Those working in our boutiques are in fact carefully trained in managing the various stages of customer relations, focusing on listening to the person and enhancing their identity (see the *Training and development* Section).

A **natural emotional connection** is thus created, allowing the focus to shift from the product to the **unique, special experience** that each customer has during the interaction with the brand and the Casa di Moda.

When in the boutique, as well as during all other social occasions, **hospitality** and **making people feel welcome** are the main traits of our approach to the friends of the brand. This is particularly true in the spaces of “**Casa Cucinelli**” in Solomeo and in various parts of the world (see the Section *Brand identity and distinctive taste*).

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



### *Solomeo experience*

The role that the **Umbrian region** and **traditions** play in the brand's identity is directly expressed in the relationship with customers.

Experiencing the brand in the village of Solomeo and in Umbria, for example through organised visits, allows us to **share our everyday life with friends of the brand**, conveying the **culture** and **values** we hold dear, and showing the way in which the artisanal creative process is carefully carried out. Indeed, by recounting what they are made of and how they are made, the garments take on a new light in the eyes of the visitors.

Living in Solomeo, directly in the village or spending time in "Casa Cucinelli", allows customers to fully grasp the value, taste and very essence of Brunello Cucinelli products.

While during the lockdowns of the COVID-19 pandemic our aim had originally been to bring Solomeo to the regions we operate in so that the experience could be enjoyed from a distance, in 2022 we were once again able to host friends of the brand in Solomeo as before. In fact, during the summer we organised the **Solomeo Summer Experience** dedicated to customers and their families.

#### **Solomeo Summer Experience**

Organised in July in Solomeo in conjunction with the Solomeo Renaissance Festival, the initiative was dedicated to the families of the brand's friends.

Around 30 people from all over the world including adults and children came to our village in Solomeo to take part in the experience. Specific activities were organised to entertain and get acquainted with the spirit of the Hamlet of Cashmere and Harmony so that people could experience the essence of the products inextricably linked to the places and values of Solomeo.

Indeed, the adults enjoyed a ride in a classic car around Lake Trasimeno, while the children were able to enjoy sports and recreational activities in the setting of the Solomeo Lay Oratory.

There were also many opportunities to meet all over the world throughout the year: from the organisation of cocktail events inside boutiques during fashion weeks, such as Pitti Uomo and Milan Fashion Week, and in the resorts where we have shops, to a gondola ride in Venice, golf tournaments – including one in Korea – in preparation for the Brunello Cucinelli Golf Cup to be held in Turin in 2023, and even a bocce tournament held in the United States.

In Athens, we then celebrated Brunello Cucinelli's 25 years in Greece by organising a very special dinner in the Acropolis Museum, also attended by Chairman Brunello Cucinelli.

In China, as part of the **celebration of the Year of Italian and Chinese Culture and Tourism**, some of the brand's friends took part in the initiative – destined to continue in 2023 – aimed at raising awareness of Italian art and culture thanks to the collaboration between the Bund One Art Museum in Shanghai and the Uffizi Gallery in Florence.



### The Uffizi Gallery in Shanghai

During the celebrations of the Year of Italian and Chinese Culture and Tourism, the Uffizi Gallery in Florence and the Bund One Art Museum in Shanghai entered into a collaboration, bringing the art collections held by the Italian gallery to China for the first time.

The first two exhibitions, “*Masterpieces of Self Portraits*” and “*100 Years of Modern Art*” on display in Shanghai between September 2022 and part of 2023 celebrate masterpieces from the Renaissance period, including Raphael’s *Self Portrait*, and works of art – oil paintings, sculptures and other art forms – created between the 16th and 21st centuries, totalling 50 and 57 works respectively on display in the two exhibitions.

We therefore organised guided tours for some customers, accompanying the invitations with an introductory message about the project from Brunello Cucinelli.

Starting in September, a number of two-hour private guided tours were organised for customers and their families to see the more than 30 selected masterpieces of the “*Masterpieces of Self Portraits*” exhibition.

The friends of the brand who took part appreciated not only the Casa di Moda’s willingness to spread the culture and values behind the brand, but also **its commitment to spreading humanistic knowledge, Italian culture and learning more about art.**

These activities will continue in 2023 until the end of the Exhibition.





### *The art of repair*

In fact, Brunello Cucinelli garments are presented to customers as “**timeless items**” thanks to the intrinsic quality of the materials and the work that goes into making them, which means that the product can be handed down generation to generation. Modern inspirations that give life to unique, timeless creations: handiworks that hold within them personal and special stories to be experienced, treasured and protected for the future.

As an integral part of our business model, in order to make our apparel truly “timeless handicrafts”, we provide all customers with an **exclusive free repair service**, offered worldwide and without any time constraint – even beyond the limits of legal warranty coverage provided by the Consumer Code – with the aim of continuing to **give dignity and longevity over time to Brunello Cucinelli garments** and to convey **the value and appeal of custodianship and reuse** to the brand’s friends, qualities that have always been at the foundation of the Solomeo-based Company’s philosophy.

Offering a dedicated garment repair service represents a further point of contact with the customer, with whom the relationship continues beyond the moment of buying the garments, and we are committed to ensuring a high standard of service at all times, even for online purchases.

For our Casa di Moda, repairing is a concept of ethical action: *“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”*. 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, *“imagine a place where conservation and change come together harmoniously, which can be the way to healthy, balanced and sustainable progress”*.

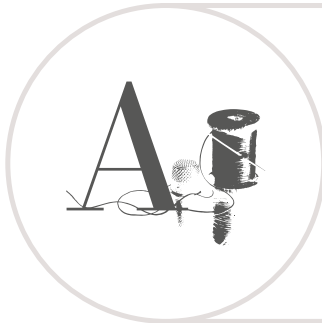
Repair, which in our value chain represents the last stage in the management of the handcrafted product, is therefore identified for us by the concept of care (see Figure 12).

*Figure 12 - Repairing is caring*



### 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.



We invite our customers to bring us their favourite items in need of refurbishment or reconditioning so that we can personally take care of them and give them a new life.

Overall, **3,235 garments** were repaired during the year, an increase of 8% compared to 2021.

## SUSTAINABLE GROWTH AND HEALTHY PROFITABILITY

One of the foundations of Humanistic Capitalism is the idea of a human dignity that is also economic dignity: a **gracious** and **humanly sustainable profit**, starting from its being naturally and harmoniously **commensurate with giving**.

By their nature, our handcrafted products are expensive but we trust that our customers, especially the younger ones, like to inquire about our Company's profits before buying a garment.

The ideal of gracious growth is thus expressed in **long-term development**, 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**, even more so 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 a business reality where **people are at the centre of the enterprise** and **work is a direct expression of human value**, profit thus becomes a means through which to achieve the higher end of true good and to **improve the lives of those who work**.

Being able to rely on a **solid production organisation** and a **short supply chain**, we believe we have been able to meet the **demand for luxury goods that exceeds supply**, while remaining **faithful to the principles and values that inspire us on a daily basis** and maintaining our natural vocation for growth.

During the two-year pandemic, the Company decided not to lay off anyone, totally preserving its production and distribution structures not only numerically but also maintaining its natural vocation for growth. We think that some production chains were interrupted due to a lack of components or labour, while production and deliveries made with extreme punctuality have represented a very high value for our Casa di Moda and we believe they will continue to contribute to our results in the near future.



This was also thanks to the strength and concreteness of our welfare system, which enabled production to be ready as soon as orders started up again. Indeed, Chairman Brunello Cucinelli commented as follows: “*Special kudos goes to our Italian welfare state, which, by allowing us during this pandemic period not to lay off any employees and supporting us in part financially, has enabled us to keep our production and business facilities at full strength. There is no doubt that in 2022 world demand for luxury products has exceeded supply, which for us as for many Italian companies, has brought great benefits. It will not be so easy to fully restore the world’s production facilities, and so we think that perhaps Italy could still benefit to some extent in 2023 as strongly as it has benefited in this past year*”.

In keeping with our culture, despite the difficulties of the period, we did not ask for discounts of any kind from our partners. We also maintained a solid inventory level, as is customary, to be ready when business started up again, and the surplus goods from the closed boutiques were allocated to the Brunello Cucinelli for Humanity project (see the Section *The community and local region*).

### ***Strategic choices and results in 2022***

2022, the year of **complete rebalancing** for our Casa di Moda, saw the achievement of important results thanks to the image that the brand represents in the world for its style, way of working and humanistic conception of business.

There are many elements that contribute to these results, especially the high level of craftsmanship incorporated in the product, an industrial dimension capable of creating unique handiwork, a planning and organisation that allows for punctual, efficient deliveries, the positioning in absolute luxury, and the continuous effort to strengthen the perception of our brand’s exclusivity.

We also believe that many customers have chosen us because of their appreciation for the authenticity of our product range and the value of our ideals of Humanistic Capitalism and Human Sustainability, in all its forms, which push us to offer a “**well-made**” **product**, the result of the best creativity and produced according to **ethical criteria** as well as designed to **last**.

In these 12 months in which the market has seen a significant increase in demand in the face of tight supply, the ability to continue to have fully operational production and sales facilities as well as to rely on short production chains has enabled us to respond rapidly to the growing demand for products of the highest quality and exclusive positioning. This demand, evident in all regions around the globe, rewarded our Casa di Moda and the entire Italian premium manufacturing sector.

In 2022 our boutiques once again became a meeting place for friends of the brand, where we have recreated a cosy, warm ambiance and an authentic, spontaneous hospitality that has always been an inspiring principle in the design of our sales spaces and a fundamental value for our Casa di Moda, with the desire to welcome customers and make them feel at home (see the Section *Brand identity and distinctive taste*).



We were extremely satisfied with the results achieved in the 10th year since our listing, with solid revenue growth of +29.1% in 2022 worldwide.

We believe that this result was made possible by a strong market demand throughout the year, particularly focused on very high-quality products, inspired by a “more simple” taste than in the recent past.

Furthermore, growth in 2022 was also driven by the **strengthening of our network of direct boutiques and wholesale partnerships**, and at the same time by the complementarity and synergy between the two channels, which allowed us to consider so many countries in the world as “domestic markets” and to “meet” demand directly both in large cities and in smaller towns and resorts.

Indeed, the physical **retail** network constitutes a vital and appealing form of exchange between Solomeo and the various cultures of the world. It represents the distribution channel through which the Group sells 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. During the course of the year, we made selected prestigious openings, for example in Palo Alto, other expansions and repositionings in important cities, and a constant renovation of all our showrooms.

There were **119 retail boutiques** as at 31 December 2022, compared to 114 in the previous year.

There are **42 hard shops** operated directly within Department Stores, a number that was unchanged from 31 December 2021.

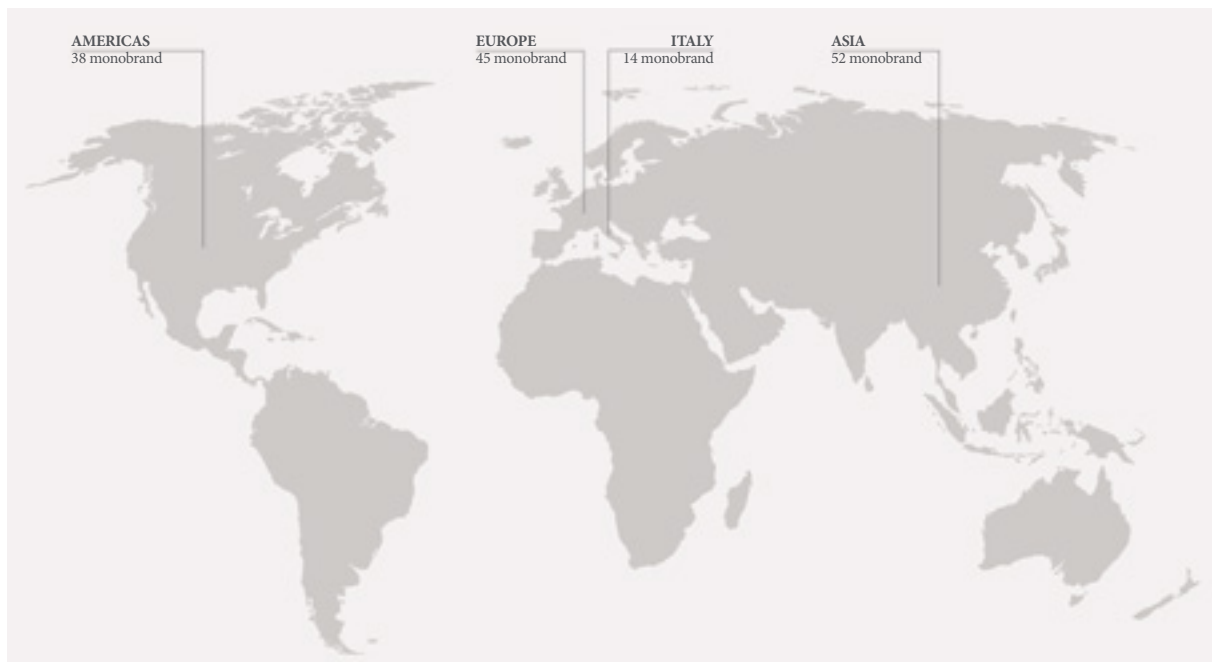
We also believe that our **boutiques network** is further strengthened by the 2022 openings in **Palo Alto** and expansions in **Cannes, San Francisco** and **Zurich**.

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**).

At 31 December 2022, there were 30 wholesale monobrand boutiques, unchanged from 31 December 2021. The wholesale channel, which experienced significant growth in turnover in 2022 and which we remain very confident in, thus continues to represent a healthy, valuable channel as well as a guarantee of the future of our brand, able to offer a significant contribution in keeping our collections fresh, modern and contemporary.

*Figure 13 – Retail and wholesale boutiques throughout the world (data as at 31.12.2022)*



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. Indeed, in 2022 the performance of such spaces in the United States was excellent, as was that of the most important Italian, European and Asian Specialty Stores.

We consider **Speciality Stores**, i.e. the boutiques dedicated to the brand within Department Stores, to be brand ambassadors that allow us to get in touch with new customers in environments of high value on a daily basis. Through these shops we are able to offer our products in many communities where we might not see the opportunity for a direct presence, thus protecting the brand's exclusivity.

Finally, the **digital channel**, always very important for the brand's image, continued its sustained growth at a more "harmonious" pace compared to the peaks of 2020 and 2021 when it was particularly busy in view of the restrictions on physical travel imposed by the global health emergency caused by the COVID-19 pandemic.

With regard to the **investments** made over the past year, our project to maintain the brand's superior image and desirability continued, striving to make sure that our Casa di Moda and "bella fabbrica" can always remain modern.



Specifically, commercial investments amounted to € 46.6 million, mainly for the opening of new boutiques and the renovation and expansion of existing points of sale, while also supporting the fitting out of the new “Casa Cucinelli” spaces and development in the wholesale channel.

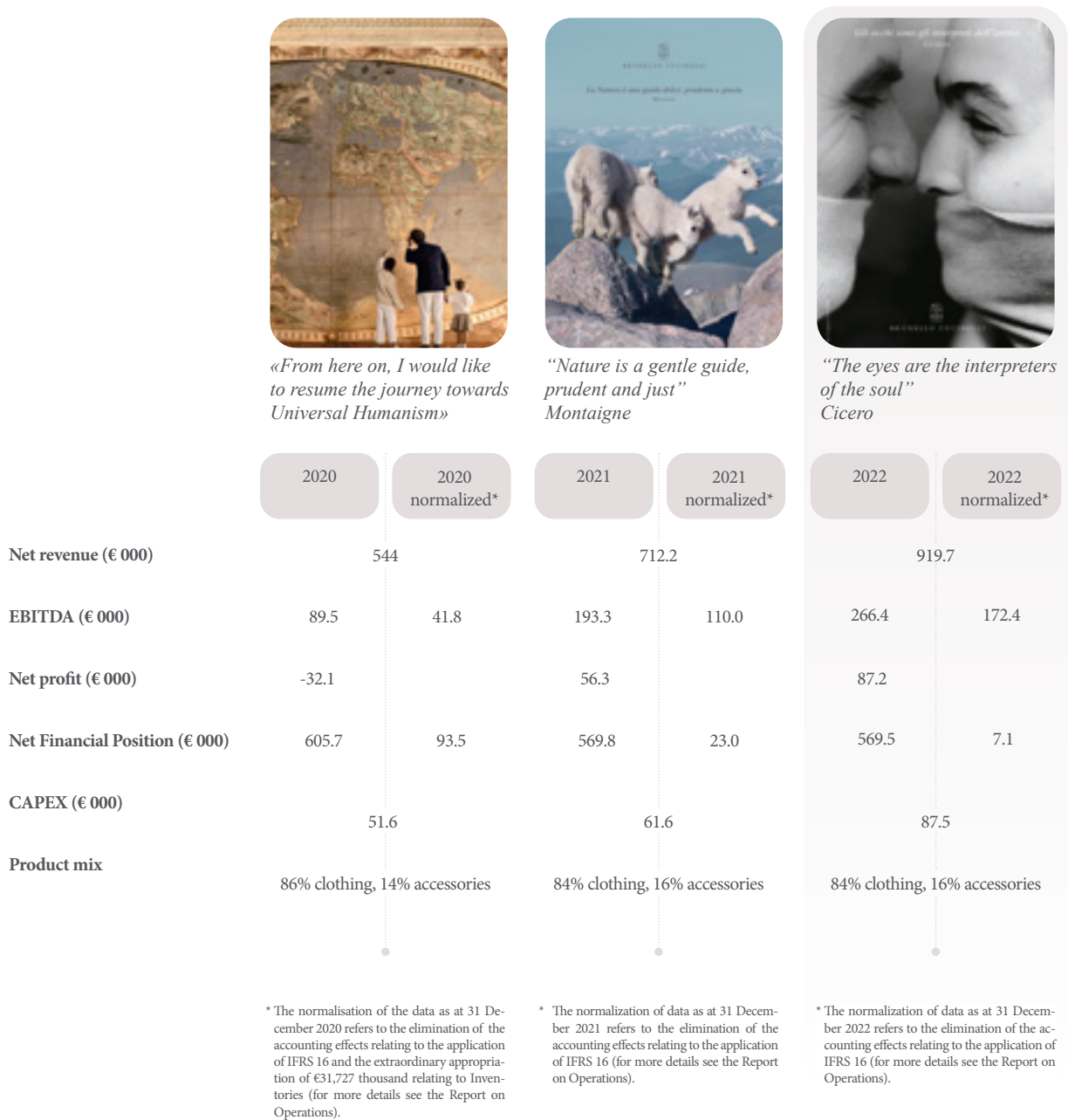
Further investments were made in the continuous renovation of some production facilities, in the evolution of logistical structures, and in ICT, in order to keep our web presence and our online boutique up to date. Indeed, in 2022 we **bought a large area on the outskirts of Solomeo** that will host the development of our factory in the years to come, our priority always being to consume as little land as possible (see the Section *Our attention to preserving the diversity of creation*).

In 2022, the Casa di Moda acquired a **43% share** of the prestigious **Lanificio Cariaggi**, which has always been one of the most important suppliers of cashmere yarn to our industry. We believe it is representative of those truly special, unique Italian garments of great quality, craftsmanship and creativity. The splendid industrial partnership was enriched by a long-standing human relationship between the Cariaggi and Caprai families, partners for over 50 years, and the Cucinelli family.

The decision to enter directly into the share capital was made in the summer of 2020 with the primary objective of supporting the Caprai family (which is in the process of selling its stake), a long-time partner of the Cariaggi family as well as of this excellent Italian company. This is the first time that our Casa di Moda has decided to enter the share capital of an external company that is part of our production chain. This is part of that great project to **support excellence Made in Italy** that we believe represents something important in the global luxury scene.

Overall, based on the growth achieved in 2022 and the expectations for the two years to follow, we believe we can **achieve a doubling of turnover in 2024 compared to 2018**, significantly ahead of schedule in terms of the 10-year plan that began in 2019 and contemplated reaching this target in 2028.

Figure 14 – Summary data







The creation of a fair profit goes hand in hand with the commitment to **adequately remunerate Company stakeholders**, making sure they share in the results achieved. The table below shows the economic value generated by the Casa di Moda over the last three years, with evidence of the components distributed to stakeholders and retained internally to guarantee and support the Company's evolution and growth.

**Table 1 – Economic value generated and distributed to stakeholders**

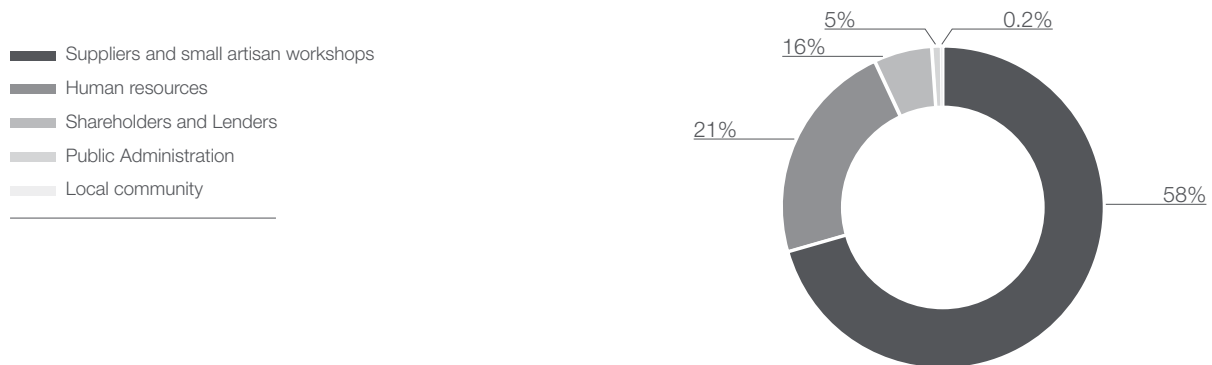
€/000	2020	2021	2022
Net revenues	544,013	712,179	919,708
Other operating revenues	2,772	10,054	1,947
Financial income	27,992	21,898	70,472
Other operating costs (Losses on receivables)	66	120	72
<b>Economic value generated</b>	<b>574,843</b>	<b>744,251</b>	<b>992,199</b>
Costs for raw materials and consumables	53,725	113,610	95,537
Cost of services	243,296	271,084	372,224
<b>Economic value distributed to suppliers</b>	<b>297,021</b>	<b>384,694</b>	<b>467,761</b>
Personnel costs	119,569	132,948	164,713
<b>Economic value distributed to human resources</b>	<b>119,569</b>	<b>132,948</b>	<b>164,713</b>
Dividends paid	0	28,560 <sup>13</sup>	44,200 <sup>14</sup>
Financial expense	46,956	34,908	80,917
<b>Economic value distributed to shareholders and lenders</b>	<b>46,956</b>	<b>63,468</b>	<b>125,117</b>
Income taxes	-1,713	7,731	36,762
Other operating costs (Taxes and duties)	3,479	4,478	5,397
<b>Economic value distributed to the Public Administration</b>	<b>1,766</b>	<b>12,209</b>	<b>42,159</b>
Investments for land and communities <sup>15</sup>	1,351	1,144	1,683
<b>Economic value distributed to the local community</b>	<b>1,351</b>	<b>1,144</b>	<b>1,683</b>
<b>Economic value distributed</b>	<b>466,663</b>	<b>594,463</b>	<b>801,433</b>
<b>Economic value retained</b> (economic value generated – economic value distributed)	<b>108,180</b>	<b>149,788</b>	<b>190,766</b>
<b>GRI 201-1 Direct economic value generated and distributed</b>			

13 The 2021 dividend was restated to ensure alignment with the value actually paid out. The associated values were modified accordingly.

14 The 2022 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.

15 This does not include investments made by the Foundation.

**Figure 15 – Distribution of the economic value generated in 2022 among the Group’s stakeholders**



The economic value generated in 2022 is approximately € 992 million (+33% compared to 2021): 81% of the value created was distributed to the Group’s stakeholders in the breakdown shown in Figure 15. The largest share was distributed to suppliers and other small artisan workshops (approximately € 468 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 € 165 million). Compared to the previous year, there was an increase in the economic value distributed by the Group to all stakeholders.

Instead, the remaining value generated (19%) was retained internally and dedicated to sustainable future growth.

Specifically, we are constantly working on the major project “**Universal working conditions for the human being and our idea of a bella fabbrica**”, convinced that a great deal of attention must always be paid to working places and conditions. Indeed, we would like the workplace to reflect the same economic and moral dignity that has been the foundation of the company since its inception.

We believe that **factories** in particular **should be beautiful**, where human beings who perform artisanal and manual work apply their skills. This is why we are developing a project that will launch in 2023 to support the beautification of the workplaces of small artisan workshops (see the Section *The value of craftsmanship and manual skills*).

The excellent results of 2022 are greatly satisfying, a sentiment accompanied by a melancholic mood with respect to the ongoing situation in Ukraine and the ensuing international tensions, which we could never have imagined in contemporary times and which, with immense faith in human responsibility, we hope will soon come to an end. As always, in keeping with the spirit that drives the work and life of Solomeo, each day we try to cultivate the hope that a new era of peace and dialogue between peoples will soon come.

The sanctioning measures adopted by the international community against Russia, as well as the countermeasures taken by that country, have led to a sharp increase in prices of raw materials and energy, as well as interruptions and turbulence in the operation of international trade chains, which at present have not impacted the Group’s profitability.



Of particular note are the following elements, which have enabled us to limit the impact of the conflict on our business:

- We do not purchase raw materials in Ukraine or Russia, and even in cases where raw materials originally come from abroad (like cashmere), the supply chain does not at any time pass through the territories affected by the conflict and therefore the supply network has not slowed;
- Production is carried out entirely in Italy;
- We were able to ensure the continuity of the business of our boutiques in Russia and the work of local human resources, without having to lay off anyone.

The development of the conflict is carefully and continuously monitored in order to promptly identify the consequences on the Group's current and future situation.

## CHAPTER 2. MORAL SUSTAINABILITY

**WE COMMEMORATE OUR FOREFATHERS. THEY TAUGHT US TO RESPECT THE LAW,  
AND OUR STORY IS WRITTEN IN THEIR WORDS**



Moral sustainability – *The Tribute Money – detail (Christ with the Apostles), Masaccio, 1401-1428, Florence, Scala Archives*

GRI content index in the appendix

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UNGC Ten Principles  
Principle I  
Principle X

## CORPORATE GOVERNANCE

As at 31 December 2022, the Brunello Cucinelli Group<sup>16</sup> consists of 30 companies<sup>17</sup>. For more than ten years, the Parent Company has been listed on the electronic stock market (Euronext Milan) organised and managed by Borsa Italiana S.p.A. and it complies with the Code of Corporate Governance for listed companies.

<sup>16</sup> The Brunello Cucinelli Group’s corporate organisation chart is reproduced in the 2022 Consolidated Financial Statements, available in the “General archive” section of the website <http://investor.brunellocucinelli.com/en>.

<sup>17</sup> Note that during the second half of 2022 the subsidiary Brunello Cucinelli Kuwait for Readymade and Novelty Clothes’ Retail WLL was established. The Parent Company directly holds 49% of the share capital of the company and by virtue of contractual agreements between shareholders acquired the management and *de facto* control thereof. The subsidiary directly manages the boutique in the prestigious The Avenues mall in Kuwait City, which opened to the public in January 2023. Furthermore, the liquidation process of the company Brunello Cucinelli Netherlands B.V. was completed in 2022.



### Ten years since listing

To celebrate the ten years since our listing in April 2012, we invited shareholders to gather with us for what we called “gratitude dinners”, beautiful moments of sharing and discussion on very important topics, as Chairman Brunello Cucinelli had the opportunity to comment: *“We are honoured to have been able to share with you from the very beginning the idea of **putting, first and foremost, the dignity of the human being at the centre of our financial projects**; thank you from the bottom of our hearts for believing, then as now, in the **core values of Humanistic Capitalism and Human Sustainability** that have always guided our enterprise”*.

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 system<sup>18</sup> defines the operating environment within which to pursue gracious, long-term growth objectives.

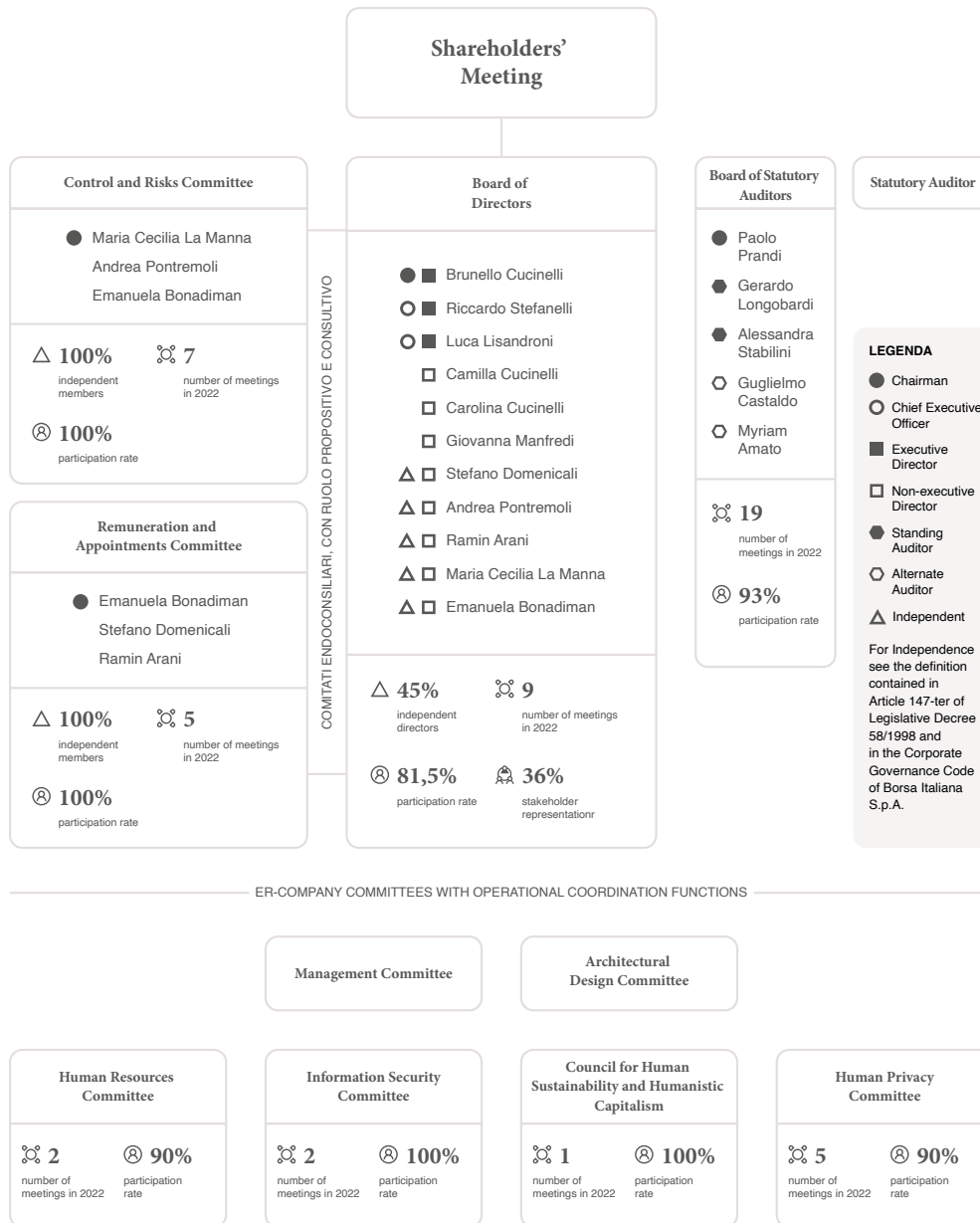
Specifically, it conforms to the so-called “traditional model” and its composition is divided into the following bodies, detailed below in figure 16:

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

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<sup>18</sup> For further details on Corporate Governance, please see the Report on Corporate Governance and Ownership Structure for the year 2022, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>.

Figure 16 – The corporate governance structure<sup>19</sup>



19 The participation rate of the Board of Directors, the Audit and Risks Committee and the Remuneration and Appointments Committee also takes into account the participation of Director Anna Chiara Svelto, limited to the period of 2022 in which she held that office.



The Company's management is entrusted to the BoD, currently composed of 11 members - following the resignation of the independent, non-executive Director Anna Chiara Svelto in May 2022 for personal reasons- whose term of office began with the appointment by the Shareholders' Meeting of 21 May 2020. The BoD 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 **slate 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 Board as at 31 December 2022.<sup>20</sup>

**Table 2 – Composition of the Board of Directors as at 31 December 2022**

<b>Board Members</b>	<b>11</b>
<b>&lt; 30 years</b>	<b>0</b>
of which men	0
of which women	0
<b>30 ≤ x ≤ 50 years</b>	<b>4</b>
of which men	2
of which women	2
<b>&gt; 50 years</b>	<b>7</b>
of which men	4
of which women	3
<b>GRI 405-1 Diversity of governance bodies and employees</b>	

**Table 3 – Changes in board characteristics over the last two terms of office**

	2019 (end of previous term of office)	2022 <sup>21</sup>
Total BoD members	11	11
Percentage of female directors	36%	45%
Average age	49	46
Nationalities represented	2	2
Independence rate	36%	45%
Renewal rate	-	58%

<sup>20</sup> 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 2022 Corporate Governance and Ownership Structure Report.

<sup>21</sup> The figures in the table refer to the composition of the Board of Directors as at 31 December 2022. Taking into consideration the composition of the Board of Directors at the date of appointment, the independence rate and the percentage of female Directors would be 50%.

**Table 4 – Offices held by the Directors**

Board Members	Offices held
Brunello Cucinelli	Executive Chairman and Creative Director
Riccardo Stefanelli	CEO
Luca Lisandrone	CEO
Camilla Cucinelli	Co-head of the Women's Style Office
Carolina Cucinelli	Co-Chair and Co-Creative Director
Giovanna Manfredi	Creative Director Women's Style Office
Andrea Pontremoli	Member of the Control and Risks Committee
Emanuela Bonadiman	Chairwoman of the Remuneration and Appointments Committee
Maria Cecilia La Manna	Chairwoman of the Control and Risks Committee
Ramin Arani	Member of the Remuneration and Appointments Committee and <i>lead independent director</i>
Stefano Domenicali	Member of the Remuneration and Appointments Committee

**GRI 2-9 Governance structure and composition**

Among other things, 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, aimed at the realisation of the coordination, supervision and strategic direction of the Company and the Group. The Chairman is joined by Director Carolina Cucinelli, who serves as **Co-Chair and Co-Creative Director**.

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

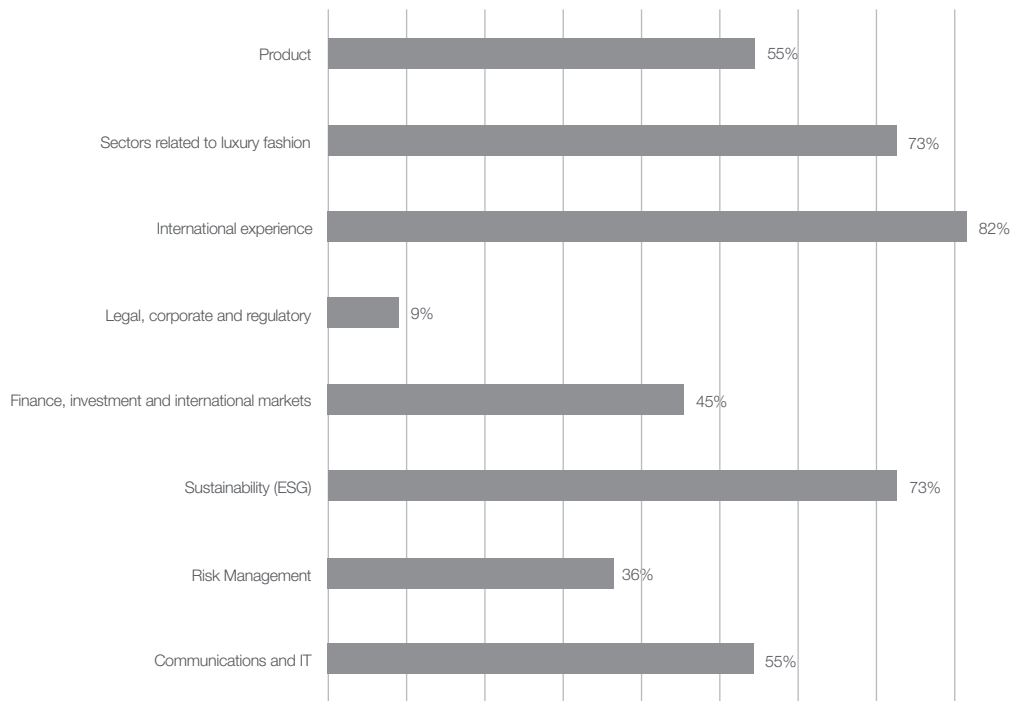
The members of the Board of Directors currently include managers of the Company and Independent Directors with many years of experience and expertise in the fashion and luxury sector or in listed companies.

The chart below summarises in aggregate the areas of responsibility of the Company's Directors.<sup>22</sup>

<sup>22</sup> 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>



**Figure 17 – Areas of responsibility of members of the BoD**



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

Specifically, through preliminary analysis, the **Control and Risk Committee (CRC)** supports the assessments and decisions of the BoD concerning the Internal Control and Risk Management System (ICRMS) and financial and sustainability issues.

At least on the occasion of the BoD's approval of the annual and semi-annual financial reports, the Committee must report to the Board on its activities, and specifically its opinion on the adequacy of the ICRMS.<sup>23</sup>

Moreover, together with the Financial Reporting Officer, it assists the BoD in preparing and approving the company's accounting documents, notably assessing the correct application of the accounting principles.

<sup>23</sup> 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 2022, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>



The **Remuneration and Appointments Committee**<sup>24</sup> is a body that offers counsel and proposals with the main task of assisting the Board in drawing up the remuneration policy, and has a three-year term.

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

- Periodic assessment of the adequacy, overall consistency and practical application – for which it is responsible, together with the BoD – of the policy for the remuneration of the Directors and Top Management, with particular reference to the effective achievement of the performance objectives, 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 Remuneration Policy<sup>25</sup>

On 27 April 2022, the Shareholders' Meeting approved the remuneration policy applicable to the financial years 2022, 2023 and 2024 (the "Remuneration Policy").

The principle underlying the Company's Remuneration Policy is that of **fair remuneration**, commensurate with the commitment required of Directors, executives with strategic responsibilities and the members of the Board of Statutory Auditors.

The aim of the Remuneration Policy is to be able to attract, retain and motivate people in our Casa di Moda with specific skills and professional qualities, allowing for the Company's successful management and long-term competitiveness.

In fact, 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 graceful growth and creating value in the long term. For the Chairman of the Board of Directors, non-executive Directors and Statutory Auditors, the remuneration provided is exclusively fixed.

For the definition of the **variable components** envisaged for the CEOs, the Remuneration Policy distinguishes between short-term variable components (generally targets with an annual horizon) linked to the achievement of short-term performance objectives, including of a non-economic nature (i.e. ESG), and consisting (predominantly) of a cash remuneration, and medium- to long-term components linked to the achievement of medium- to long-term performance targets (at least 24 months), to be determined within specific ranges.

<sup>24</sup> 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 2022, available at the following link: <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>

<sup>25</sup> No independent expert was involved in the preparation of the Issuer's Remuneration Policy.



The variable remuneration envisaged for the CEOs is pegged 50% to financial performance criteria – in terms of turnover and EBITDA – and the remaining 50% to **objectives relating to Human Sustainability issues**, to ensure the achievement of the objectives and initiatives defined in the “In harmony with Creation” Sustainability Plan (see the Section *Relations with Creation and among people*)<sup>26</sup>.

For 2022, in accordance with the provisions of the current Remuneration Policy, the objectives related to the areas of Human Sustainability concerned the update of the Sustainability Plan, the completion of the 2021 GHG Inventory, the preparation of the 2021 CDP Questionnaire, the submission of the SBTi targets, the Group-wide Health & Safety Assessment and the implementation of the “Regenerative Agriculture Himalaya” project.

The Remuneration Policy also introduced the “**2022-2024 Stock Grant Plan**” as a further remuneration instrument, a remuneration plan based on the allocation of Brunello Cucinelli ordinary shares without consideration to the beneficiaries identified in the plan, subject to verification of the achievement of certain performance objectives. The aforementioned plan introduced a medium-long term variable remuneration component alongside the short-term variable component (MBO) starting in 2022. By approving the Plan, the Company intends to ensure the involvement and incentivisation of its beneficiaries, to ensure their continuation within the Group and to align their interests with those of the Company and the shareholders, recognising the fundamental importance of the activity performed by these persons and the contribution they make to the creation of value for the Company<sup>27</sup>.

Details concerning the remuneration policies for human resources are instead given in Chapter 5 (see the *Training and development* Section).

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, 2 women and 3 men of different ages, joined by other managers who act as advisors-listeners. It generally meets twice a year and performs an essential function in defining the guidelines and principles relating to the management and professional development of the Human Resources, with particular regard to listening to the requests received by the Human Resources Department for the continuous improvement of the well-being of the people employed by the group.

26 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 most recent version of the Remuneration Policy was approved by the Shareholders’ Meeting on 27 April 2022.

27 For further details on the 2022-2024 Stock Grant Plan, see the notice prepared pursuant to Article 84-bis of Consob Resolution no. 11971/99 and the other documentation made available by the Company at <http://investor.brunellocucinelli.com/en>, in the section dedicated to the 2022 Shareholders’ Meeting.



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 **Human Privacy Committee** – consisting of managers and heads of the functions mainly involved in the processing of personal data, including Human Resources, CRM, Legal, IT Security – has decision-making powers in the area of personal data protection and is a direct expression of the Company as Data Controller in accordance with current law. With respect to the aforementioned Committee, as in general in the company's organisation, the DPO represents an advisory and control body with respect to the Data Controller, reporting directly to the CEOs. This committee meets periodically to address issues and projects with data protection implications and whenever a decision-making intervention in the area of data protection/privacy is required.

The **Council for Human Sustainability and Humanistic Capitalism**, set up with the aim of integrating the sustainability of business operations in the definition of strategies, including based on an analysis of the materiality of the factors that may affect the generation of value in the long term, has investigative functions of a propositional and advisory nature in the evaluation and decision-making processes concerning sustainability issues (see the *Sustainability governance* Section).

The Company's internal control is entrusted to the **Board of Statutory Auditors**, which was appointed by the Ordinary Shareholders' Meeting of 21 May 2020 and whose term of office will end with the approval of the Company's financial statements as at 31 December 2022.



### ***Governance of sustainability***

The establishment of the **Council for Human Sustainability and Humanistic Capitalism** in 2020 was an important milestone in formalising the management of sustainability in the Group and the continued and increasing consideration of the environmental and social impacts generated as a key element in the strategic planning and execution of the Casa di Moda's activities.

The Council takes the form of a **steering committee with a mixed composition** of 11 members – among which Chairman Brunello Cucinelli, six directors (including the two CEOs) and four employees/managers of the Company – and is chaired by the Chairman of the Company, Brunello Cucinelli.

**Table 5 – Composition of the Council for Human Sustainability and Humanistic Capitalism**

Members of the Council for Human Sustainability and Humanistic Capitalism, by age group and gender in 2022	
<b>&lt; 30 years</b>	<b>0</b>
of which men	0
of which women	0
<b>30 ≤ x ≤ 50</b>	<b>6</b>
of which men	4
of which women	2
<b>&gt; 50 years</b>	<b>5</b>
of which men	4
of which women	1
<b>Total</b>	<b>11</b>

**GRI 2-9 Governance structure and composition**

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.

Specifically, the Council is responsible for bringing to the attention of the Board of Directors and the Board Committees policies based on principles of Human Sustainability and sustainable success that take into account, in particular, ethics, 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 Sustainability Plan.

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

In particular, over the last two years, the Board has been actively involved in the definition of the Group Climate Strategy, the targets of which were submitted to SBTi (see the *Combating climate change* section).



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 collaboration 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.

Within the scope of the implementation of the Sustainability Plan, it coordinates and monitors the progress of the objectives and targets set by the Plan, in consultation with the corporate functions directly involved.

The ultimate responsibility for strategic decisions and sustainability initiatives lies with the BoD. Indeed, the BoD plays a role in **defining and guiding the strategic guidelines**, which are then spelled out in the Sustainability Plan, as well as in formally approving the objectives and targets contained therein. This also concerns the Group's climate priorities and the supervision of the defined targets: in fact, both CEOs actively participate in the working tables set up internally with the aim of defining the specific actions of the Climate Strategy, collaborating in the definition of initiatives to reduce direct and indirect CO<sub>2</sub> emissions.

The two CEOs are also directly involved in supervising and updating the Human Sustainability Policy in order to ensure the correct application of the principles enshrined therein.

Finally, with regard to sustainability reporting, the Board of Directors is responsible for working with the Board of Statutory Auditors to verify and approve the contents of the NFS and the underlying analyses, with particular regard to the materiality analysis.

### ***The “In Harmony with Creation” Human Sustainability Policy***

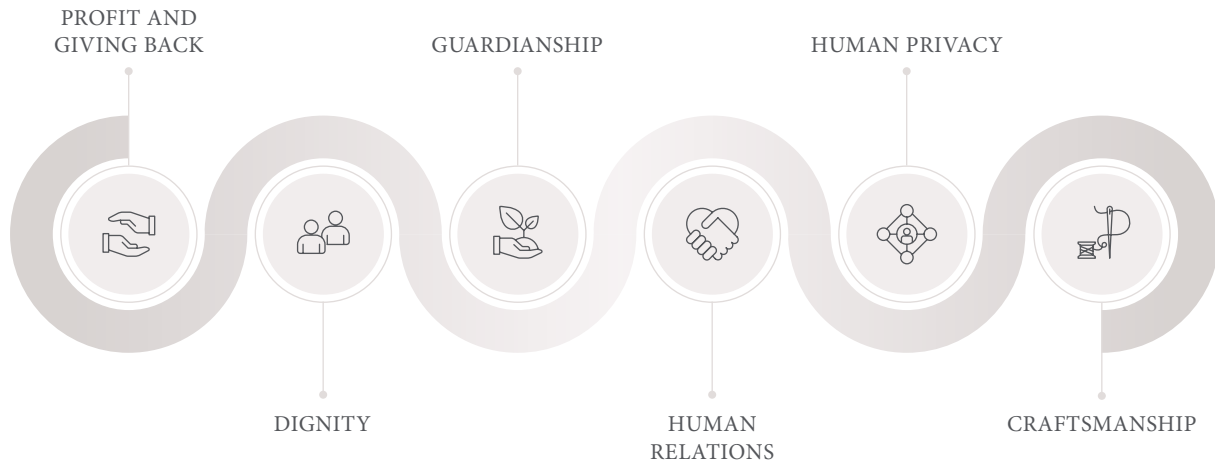
We see Human Sustainability as an attitude of care and custodianship that does not end in the development and promotion of a culture of human dignity, but extends to every aspect of living in harmony with Creation, trying not to harm it or at least committing to do the least possible damage.

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 of Human Sustainability – adopted by the Board of Directors on 11 March 2021 – are translated into commitments described according to a structure with **six “pillars”**<sup>28</sup>.

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<sup>28</sup> For more information on the “In Harmony with Creation” Human Sustainability Policy, see the 2020 edition of the NFS, which can be found in the “General Archive” section of the Investor Relations website.

**Figure 18 – Pillars of the “In Harmony with Creation” Human Sustainability Policy**



By adopting the Policy, the Company intended to incorporate the distinctive principles of the philosophy that inspires the entire Group and to give formal structure to the practices already in use in the Company.

Through the dissemination of the Policy, both internally and externally in the relationship with our partners, we hope to share the culture and values cultivated therein and that support our way of doing business.

## HUMAN RELATIONS: DIALOGUE WITH STAKEHOLDERS

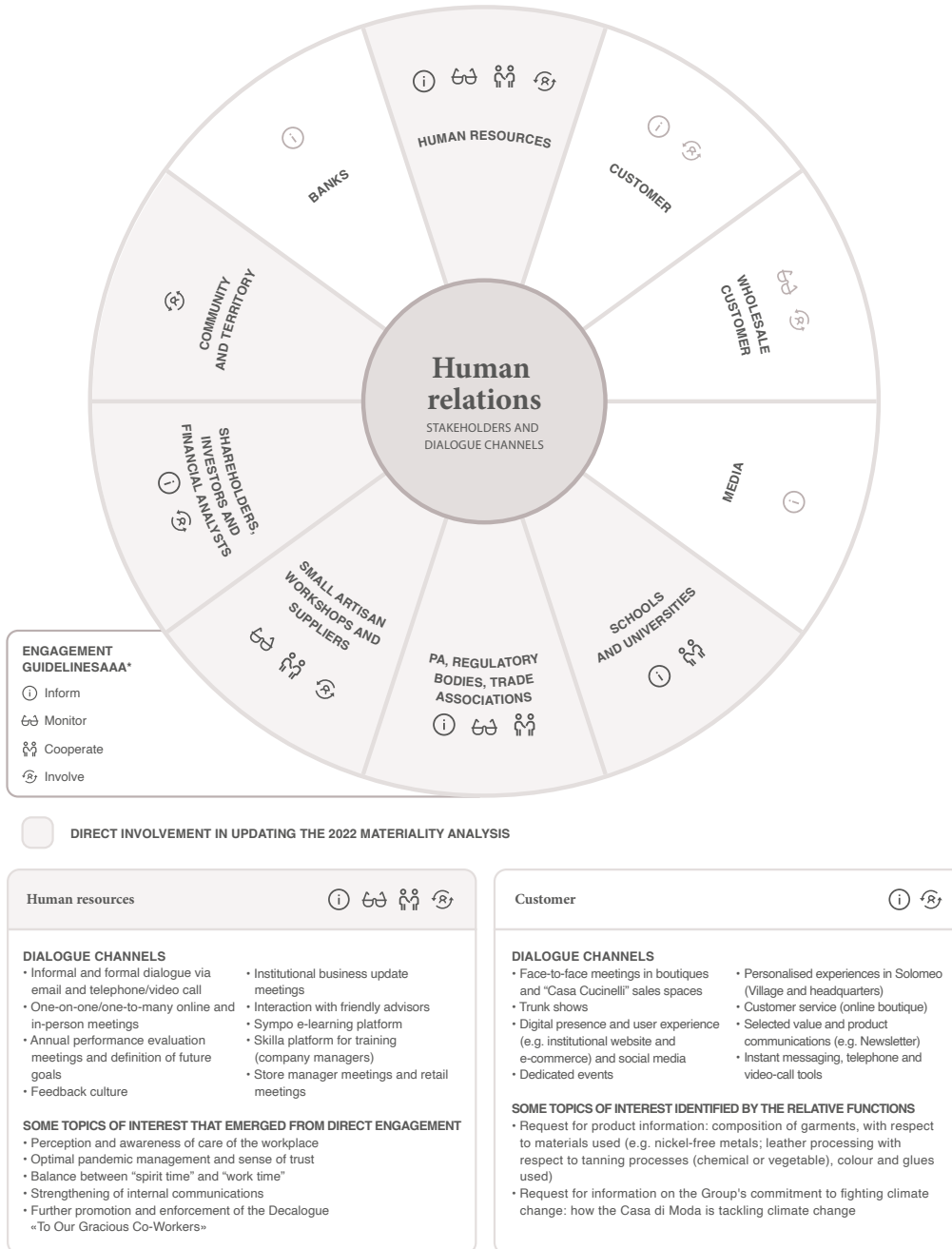
In managing our relationship with our stakeholders, we want them to be kept **up to date on the Group’s commitment, strategy and human sustainability activities**, in order also to **gather their feedback** in an increasingly conscious and ambitious manner.

This objective lies at the heart of the Human Relations Policy, approved by the Board of Directors in March 2021 and published on the Investor Relations website<sup>29</sup>, as well as the engagement activities launched over the past year in accordance with the Stakeholder Engagement Plan, the natural operational continuation of the principles enshrined in the Policy.

The wide variety of stakeholder categories (see Figure 19) that we interact with requires us to use tools and channels of dialogue that take into account the specificities and interests of each type. 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.



<sup>29</sup> The Policy is available in the “Documents” section of the “Corporate Governance” page of the Company’s Investor Relations website, at the following link: <http://investor.brunellocucinelli.com/en/services/archive/governance/documents>.

Figure 19 – Our stakeholders and channels of dialogue



\* The engagement guidelines were defined based on the analysis performed with the involvement of the Group's top management




**Wholesale customer**  

**DIALOGUE CHANNELS**

- Value and training meetings
- Pitti Uomo
- Milano Fashion Week
- Multibrand order collection and sharing of feedback with their managers
- Sympo e-learning platform
- Visits to Solomeo to share philosophy and values
- Roadshows (digital) with multibrand owners and their managers
- Phone/email/video-conference




**SOME TOPICS OF INTEREST IDENTIFIED BY THE RELATIVE FUNCTIONS**  
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

**Media**  
(local, national and international) 

**DIALOGUE CHANNELS**

- Dialogue by telephone/email
- Informal discussions
- Formal discussions
- Press releases



**SOME TOPICS OF INTEREST IDENTIFIED BY THE RELATIVE FUNCTIONS**  
Support for requests for quantitative checks; update on business performance and initiatives implemented/under design (e.g. presentation of the Universal Library of Solomeo project)

**PA, Regulatory Bodies, Trade associations**   

**DIALOGUE CHANNELS**

- Meetings with local government representatives
- Company visits
- Meetings with representatives of trade associations
- Telephone/email


**SOME TOPICS OF INTEREST IDENTIFIED BY THE RELATIVE FUNCTIONS**  
Authorisations/supervision related to business operations

**Schools and universities**  

**DIALOGUE CHANNELS**

- School of Arts and Crafts
- Training internships and company visits
- Collaboration with "Confindustria Umbria Training Systems"
- Open days at universities
- Presentations at schools and universities
- Telephone/email

**SOME TOPICS OF INTEREST IDENTIFIED BY THE RELATIVE FUNCTIONS**  
Organisation of internships; career days; existing training programmes; development of new training or work placement projects




**Community and territory** 

**DIALOGUE CHANNELS**

- Planning and carrying out local actions to preserve its beauty and give it value over time
- Initiatives of the Brunello and Federica Cucinelli Foundation
- Organisation of events to bring art to the local area and allow the public to experience it in a direct, engaging way
- Meetings with representatives of associations

**SOME TOPICS OF INTEREST THAT EMERGED FROM DIRECT ENGAGEMENT**

- Reliance on the role of the Casa di Moda in the region
- Extension of the perimeter of suburban redevelopment
- Social inclusion
- Creation of more frequent opportunities for exchange between the various local actors



**Small artisan workshops and suppliers**   

**DIALOGUE CHANNELS**

- Constant support with a dedicated team
- Company visits
- Annual meeting to share results and expectations (annual convention with small artisan workshops, digitally during the Covid-19 pandemic)
- Individual or collective meetings
- Supply chain programme
- Biannual telephone interview for annual performance evaluation and third-party manufacturer satisfaction analysis

**SOME TOPICS OF INTEREST THAT EMERGED FROM DIRECT ENGAGEMENT**  
**Small artisan workshops:**

- Care of the workplace and the pursuit of beauty
- Transparency, dialogue and respect for the human relationship with the Casa di Moda
- Need for training of qualified personnel both locally and nationally
- Structural shortage of artisans


**Financial community**  
(shareholders, investors and financial analysts)  

**DIALOGUE CHANNELS**

- Dialogue by phone/email and video call
- Visits to Solomeo
- Shareholders' meeting
- Institutional website and Investor Relations
- Interviews
- Press releases of results and conference calls (increased in 2022)
- Price-sensitive communications and information
- Roadshows
- Fashion Week (Milan) and Pitti (Florence)
- Group meetings
- Dedicated events
- Store visits (also Casa Cucinelli)
- Gratitude dinners

**SOME TOPICS OF INTEREST THAT EMERGED FROM DIRECT ENGAGEMENT**

- Greater involvement of the supply chain in the Fashion House's Human Sustainability process
- Increased diversity in the BoD and top management
- Circular economy and reuse of raw materials
- Transparency and traceability of the products

**Banks** 

**DIALOGUE CHANNELS**

- Press releases
- In-person meetings with management on a quarterly basis with specialists on various topics
- Meeting in Solomeo (organised for 30 years) in November with all bank managers (in 2021 online)
- One-to-one meetings and Hubs

**SOME TOPICS OF INTEREST IDENTIFIED BY THE RELATIVE FUNCTIONS**  
Strategic and relationship aspects; banking operations (management of bank accounts, banking conditions, credit lines, financing and ordinary operations); WellMakers platform; Welfare Hub platform



### *The Human Relations Policy*

The Human Relations Policy was drafted with the aim of sharing internally 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.

Based on a strategic and disciplined approach to the relationship with each stakeholder category, the Policy calls upon the functions responsible for dialogue to ensure that the interactions with the relevant stakeholders and the channels put in place or yet to be implemented guarantee an increasing coverage of Human Sustainability issues.

Specifically, the principles that we believe must guide the interactions with all our stakeholders are as follows:

- **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.

### *The Stakeholder Engagement Plan and dialogue channels*

In order to make the Human Relations Policy fully operational, we formalised a Stakeholder Engagement Plan defined on the basis of the criteria of **influence** and **dependence** of the stakeholders on and by the Company.

The Plan has the following objectives:

- Promote **strategic, continuous stakeholder engagement**;
- Identify possible **areas for improvement** of the engagement initiatives already carried out by the relevant functions;
- Plan the best solutions in terms of **engagement initiatives** that are **aligned and responsive to the particular characteristics of each stakeholder category** and the underlying objectives of the individual activity;
- Provide a mechanism for **evaluating the opportunities for engagement** that have arisen.

The analysis performed for the development of the Plan – a detailed assessment had been made in 2021 in order to better understand the existing stakeholder engagement activities within our Group, involving the relevant managers – allowed us to classify our stakeholders according to **four strategic relevance guidelines** based on the assessment of the influence and dependence criteria outlined by management for each stakeholder.

Each vector is identified by a line of interaction across dialogue channels that are used to strengthen the dialogue between the Group and its stakeholders, depending on the willingness, availability and level of maturity of the stakeholder to receive/give information and be involved in the activities of the Casa di Moda.



Consequently, we have developed tools to support the monitoring of stakeholder engagement by each function, with the aim of mapping the activities carried out, the results achieved, and assessing the effectiveness of the engagement by each function on a semi-annual basis. The results of this half-yearly summary are then shared in aggregate with the Council for Human Sustainability and Humanistic Capitalism in order to inform top management of the main requests expressed by stakeholders, of the occasions on which the dialogue focused on topics related to the five elements of Human Sustainability, and of any critical issues reported by the stakeholders engaged.

### *Stakeholders' involvement*

In keeping with the provisions of the Human Relations Policy and the strategic assessment performed from the point of view of stakeholder dependence and influence dimensions, the Company decided to launch the first **direct engagement activities** with its stakeholders, starting in 2022 with the involvement of the following categories: the **financial community** (9 representatives), **small artisan workshops** (15 workshops), **community and territory** (17 representatives of local municipalities, institutes, universities and associations), and **human resources** (59 employees of the Solomeo office, representative of the various offices and selected in a balanced manner in terms of age and gender).

The involvement of the financial community took place through a **questionnaire** circulated to the various institutions. For stakeholders representing the local region, human resources and artisan workshops, **engagement days** were specifically organised **for discussions** and arranged in a manner suited to the needs of each category, using various focus group tools. These include in particular the techniques of the *World Café* – a method that relies on the power of informal conversations between participants – and *LEGO Serious Play*<sup>®</sup>, a facilitation method based on “serious play” through which it is possible to foster the development of creative thinking and increase the sense of collaboration by engaging participants in an interactive, fun and reflective manner.

*Figure 20 – Some examples of the outputs of the engagement days. Stakeholder engagement was organised through focus groups moderated using specific facilitation techniques – and LEGO Serious Play® – aimed at eliciting creative thinking and active discussion among participants.*



A sewing machine to represent the **nobility and dignity of manual labour**



The **generational transition** in the company



The **care of the company's green areas and the local area**: initiatives to reduce emissions (e.g. the use of electric vans)



Knowing how to handle complex situations, such as the **Covid-19 pandemic**



The **Monument to Human Dignity**



The objectives underpinning the engagement activities organised between September and October 2022 were first and foremost consistent with the principles enshrined in the Human Relations Policy as a source of inspiration for dialogue with stakeholders. More specifically, the engagement of the aforementioned categories had the following purposes:

- Continuously **strengthen** the **dialogue** and the **relationship** established over time with stakeholders;
- **Actively listen to stakeholders' expectations, demands and suggestions** regarding the Group's actions carried out under the five elements of Human Sustainability;
- **Involve** stakeholders **directly** in updating the **materiality analysis** for the purpose of the Group's 2022 NFS (see the *Addendum* for more technical details).

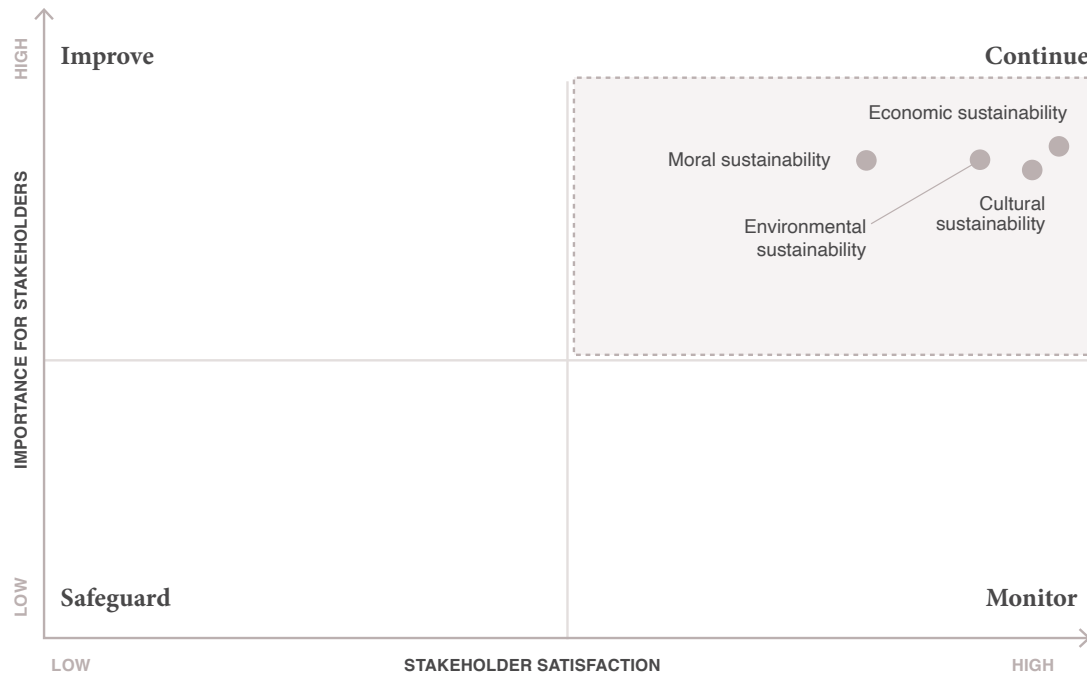
Specifically, the stakeholders involved were asked to convey their level of satisfaction with the initiatives, actions and projects that the Group has implemented or is developing with respect to the five Human Sustainability elements, offering points for reflection and improvement in order to optimise their promotion as much as possible.

These opinions and their related arguments were then compared with the average level of relevance assigned by the various stakeholders to the issues belonging to the five elements of Human Sustainability.

This resulted in a stakeholder relevance-satisfaction matrix that over time will help us define the ways in which we can strengthen our commitment and meet the expectations of our priority stakeholders. According to the matrix (see Figure 21) the **highest rating was associated with Economic Sustainability**, referring mainly to brand identity and commitment to gracious growth and healthy profitability, with the aggregate ratings expressed by stakeholders placing the perception of the Group's commitment to the five elements of Human Sustainability within the top right quadrant, which expresses the highest level of satisfaction and priority attributed by our stakeholders.

While spotlighting **specific aspects for improvement** – with particular regard to Moral Sustainability – the stakeholders thus indicated that we should **continue along the current path** in the various areas of Human Sustainability. The results of what was expressed by the financial community through the questionnaire and by the other stakeholders during the engagement days were shared with top management in a session specifically dedicated to the CEOs and during the meeting of the Council for Human Sustainability and Humanistic Capitalism.

Figure 21 – The stakeholder relevance-satisfaction matrix



Overall, the engagement activities showed very active participation and a strong consistency of perception and satisfaction on the part of the participants. Engagement did not end at the end of these activities, but continued by sending all participants summary feedback on the main outcomes of the discussions they took part in. Moreover, several inputs were received from stakeholders – especially from small artisan workshops, the community and the local region – about the possibility of working together with our Casa di Moda to help achieve the goals underlying Human Sustainability.

Our goal for the coming year is to extend these opportunities for direct discussion to the remaining categories of stakeholders we often interact with, as well as to continue to strengthen the sharing and communication with all stakeholders of the ways in which our commitment to Human Sustainability is defined and the actions we take to reduce negative impacts and increase the benefit we can bring to the environment, people and society as a whole.



## RISKS AND OPPORTUNITIES: IDENTIFICATION, ASSESSMENT AND MANAGEMENT ALONG THE VALUE CHAIN

The **prevention** and **management of risks** that could jeopardise the achievement of the Group's objectives and business continuity, and the clear **identification of opportunities** that can contribute to our project of gracious, healthy growth are a **strategic priority** for us.

Therefore, the Company has implemented an **ERM model** within its Internal Control and Risk Management System ("ICRMS"). The ERM model was developed taking into account the overall impact of the identified risks ("enterprise-wide" risk assessment). From 2022, the scope of the assessment was extended to the Group's North American subsidiaries so that in the coming years it might be further extended to the entire Group, depending on the relevance of the various markets it operates in.

The objective of the model is to define the key elements underpinning the identification, understanding, prevention and management of risks relevant to the organisation, with particular regard also to those related to Human Sustainability issues.

Specifically, the ERM model adopted 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 identifying risks, proactive and consistent with the value system of the Casa di Moda, with particular reference to the Four Decalogues. Special attention was paid to risks with possible implications for Human Sustainability issues;
- **Identification, prioritisation and management of the main risks** ("Top Risks");
- **Alignment with best practices** in risk assessment and management;
- **Adaptability of the model** to the evolution of the internal and external context.

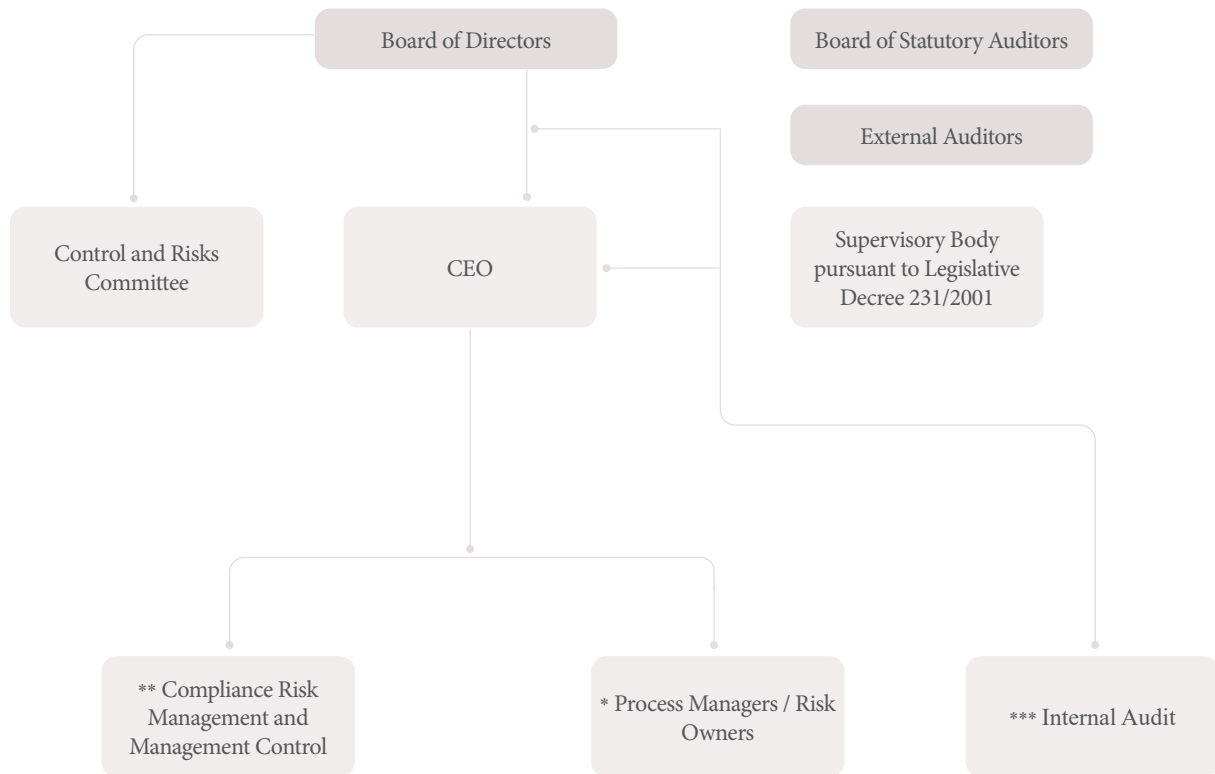
The "ERM Guidelines" approved by the Board of Directors in December 2021 among other things define responsibilities concerning the identification, analysis, assessment, management and monitoring of risks.

In fact, the ICRMS envisages the oversight and interaction of various corporate bodies and subjects, as summarised below (see Figure 22), in alignment with the latest updates to Borsa Italiana's Corporate Governance Code, which incorporate the new "three lines" model<sup>30</sup> underlying the ICRMS's governance.

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<sup>30</sup> "Three Lines Model" instead of the previous "Three Lines of Defense".

**Figure 22 – The corporate bodies and functions involved in the Internal Control and Risk Management System (ICRMS)**



Legend

- \* First line
- \*\* Second line
- \*\*\* Third line

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 Board defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements that may be relevant for sustainable success. The BoD also approves the ERM Guidelines, the Audit Plan and, on at least a half-yearly basis, receives information on risks and the results of the IA Function's activities. It also gives its assessment of the ICRMS every six months, after consulting the CRC.

The Company's CEOs are responsible for identifying the main corporate risks and implementing the guidelines defined by the BoD.





The CRC supports the BoD's assessments and decisions regarding the ICRMS, as recommended by the Corporate Governance Code, which the Company has adopted. Specifically, the CRC:

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

The Head of the IA function is hierarchically under the BoD and reports to the CEOs, the CRC, the BoD and the Board of Statutory Auditors.




















Lastly, the Board of Statutory Auditors has an internal supervisory power over the effectiveness of the system, which is flanked by the **Supervisory Body**, whose task is to oversee the operation of and compliance with the “Organisation, Management and Control Model” adopted by the Company pursuant to Italian Legislative Decree no. 231/2001 (“231 Model”) and to ensure that it is updated.




At a technical level, the methodology underlying the ERM is based on allows us to obtain a complete representation of risk exposures and their prioritisation. Risks are first of all assessed at the “inherent” level by the function point persons involved for their area of interest (i.e. without taking into account the adoption of prevention and mitigation measures), based on probability and impact. Then, the “residual” risk assessment is calculated through the application of a risk reduction factor derived from the evaluation of existing control measures.

These assessments are conducted using 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 at work, environment and especially the effects of climate change, stakeholder relations through the reputational dimension). Furthermore, the CEOs have the opportunity to incorporate a top-down view of identified risks.

The risks identified and assessed are then compared with the “risk appetite” and “risk tolerance” levels predetermined by the Board of Directors, with the support of the CEOs, for each risk category and subcategory considered in the risk model defined within the ERM (see Figure 23). It is understood that all elements of the model are subject to periodic updating to incorporate changes in the internal and external context.

**Figure 23 – Risk categories and subcategories in the risk model**

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/manufacturers/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/manufacturers/raw materials) 	Macroeconomic and socio-political changes 
			Processes and procedures		External unlawful acts 

ESG dimensions:  Environmental  Social  Governance

Specifically, in 2022 the risk assessment campaign relating to the Parent Company was updated and the **first risk assessment was made of the North American Hub**. To do this, a **training workshop** was held in order to provide North American co-workers with a level of knowledge needed to participate in the risk assessment. A total of 25 risk owners were involved in order to identify and assess the risk scenarios and mitigation measures in place for each of the organisational units under review.

The analysis performed in 2022 revealed a total of **155 risks** (111 in 2021), of which 24 related to the North American Hub. The risks were assessed and prioritised, and then represented in a Heat Map<sup>31</sup>: about 84% of the inherent risks are considered of a low or medium level. Thanks to the existing controls, most of these risks are low in terms of residual risk. Moreover, five risks were identified that were not aligned with the risk appetite defined by the BoD, albeit within tolerance limits.

About 40% of the risks identified have environmental, social and governance implications, with a total of **61 ESG risks identified** (47 in 2021).

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.



Confirming the integration of the multiple internal processes, the inherent risks that emerged from the 2022 ERM update, where related to ESG issues and considered material (see the *Methodological note* section, *The path towards dual materiality*), were used to define the negative impacts (risks) associated with potentially relevant issues to be submitted as part of the “**double materiality**” analysis both to stakeholders with respect to the inside-out perspective of impact materiality and to the CFO and Co-CFO with respect to the outside-in perspective of financial materiality. These risks were further expanded, again for the purposes of the “double materiality” analysis, with the addition of other elements of risk arising from what was mapped and reported in the previous NFS and the updated context analysis performed in 2022<sup>32</sup>. These same sources were also used to identify opportunities to bring to the attention of stakeholders involved in engagement activities, Group Top Management and the CFO and Co-CFO for the assessment of positive impacts related to potentially relevant issues.

Below (see Table 6) are the results that emerged in terms of negative impacts (risks) and positive impacts (opportunities) related to Human Sustainability issues from the double materiality assessment, analysing the dual perspectives of impact materiality<sup>33</sup> and financial materiality<sup>34</sup>. Note that some of the risks reported for impact materiality also have relevance for the business (outside-in perspective), considering the potential reputational impacts and the effects on the Group’s financial cash flows (e.g. impacts for risks of a sanctioning nature or risks of lower revenues).

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32 These latter sources of risk were also assessed by the Group’s Top Management, with specific reference to those who had already been previously identified as Risk Owners under ERM 2022. For the inherent risks that emerged from the ERM 2022 analysis, on the other hand, the assessments made by the Risk Owners when updating the risk assessment were taken into account.

33 Note that the assessment of impact materiality considered both the material topics and the topics that did not emerge as material in 2022 but were discussed in the NFS in accordance with the information requirements provided by Italian Legislative Decree no. 254/2016.

34 Note that only material topics were considered for the assessment of financial impacts.



**Table 6 – The risks and opportunities in the “double materiality” analysis**

**LEGEND**

LEVELS OF IMPACT MATERIALITY	
<b>Minimum</b>	Minimum level of impact on the external environment (almost zero risks and opportunities)
<b>Informative</b>	Low level of impact on the external environment (low relevance of risks and opportunities)
<b>Important</b>	Notable level of impact on the external environment (average relevance of risks and opportunities)
<b>Significant</b>	High level of impact on the external environment (high relevance of risks and opportunities)
<b>Critical</b>	Maximum level of impact on the external environment (maximum relevance of risks and opportunities)
LEVELS OF FINANCIAL MATERIALITY	
<b>Minimum</b>	Minimal impact on the Group's business and cash flows (near-zero risks and opportunities)
<b>Informative</b>	Low level of impact on business and cash flows (low relevance of risks and opportunities)
<b>Important</b>	Notable level of impact on business and cash flows (average relevance of risks and opportunities)
<b>Significant</b>	High level of impact on business and cash flows (high relevance of risks and opportunities)
<b>Critical</b>	Maximum level of impact on business and cash flows (maximum relevance of risks and opportunities)

Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>
<b>Environmental Sustainability</b>				
<b>Procurement and management of raw materials</b>	<b>Risk:</b> Choice of materials and/or shipping solutions perceived as not being in line with the principles of environmental sustainability	Informative	<b>Risk:</b> Difficulties in the medium-to-long term related to the procurement of strategic raw materials	Significant
	<b>Risk:</b> Choice of materials for Men's/Women's collections perceived as not being in line with the principles of environmental sustainability	Informative		
	<b>Opportunity:</b> Increased animal welfare by strengthening the relationship with raw material suppliers and the adoption of specific control and verification tools	Significant	<b>Risk:</b> The development of norms or standards limiting animal exploitation for the production of raw materials or the imposition of import/export limits	
	<b>Opportunity:</b> Reduction of the environmental impact generated along the Group's value chain through the use of replacement materials, seeking out alternatives during garment design	Informative	<b>Opportunity:</b> Development and dissemination on the market of replacement materials capable of ensuring the same quality of the final product, thus guaranteeing resource diversification and the adoption of innovative and more sustainable solutions	

<sup>35</sup> The assessments in the column are aligned with the EFRAG Guidelines for conducting double materiality (Draft ESRS 1 Double materiality conceptual guidelines for standard-setting).



Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>	
<b>Combating climate change</b>	<b>Risk:</b> Failure to achieve the strategic objectives defined in the Group's emission trajectory up to 2028	Minimum	<b>Risk:</b> Disruption of business continuity (e.g. warehouse operations/business support activities) due to extreme natural events		
	<b>Risk:</b> Increased direct and indirect CO <sub>2</sub> emissions along the Group's value chain (e.g. as a result of increased energy consumption by the Group, the choice of raw materials with a higher environmental impact, the use of more polluting methods of transport and logistics, and in connection with the use of the garments and over-consumption thereof) and failure to implement climate change adaptation and mitigation initiatives/measures	Informative	<b>Risk:</b> Reduced availability of raw materials compared to business needs as a result of climate change		
	<b>Opportunity:</b> Reduction of the impact of emissions through the progressive adoption of production technologies with reduced emissions impact (e.g. energy efficiency initiatives)	Critical	<b>Risk:</b> Unavailability/malfunctions of ICT systems/data networks due to natural/accidental events		
		<b>Opportunity:</b> Contribution to combating climate change through the implementation of climate change mitigation and adaptation measures	Important	<b>Risk:</b> Legislative or regulatory developments in climate change and lack of corporate climate governance/strategy	Informative
				<b>Risk:</b> Rising average temperatures and changes in customer purchasing behaviour	
				<b>Opportunity:</b> Reduction of the environmental footprint, to contribute to the mitigation of climate change	
<b>Sustainable supply chain management</b>	<b>Risk:</b> Suppliers/artisans not complying with the Group's value system, with respect to social and environmental sustainability	Important	<b>Risk:</b> Blockage or partial/temporary suspension of critical supplies	Informative	
	<b>Opportunity:</b> 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"	Critical	<b>Opportunity:</b> Strengthened partnerships with suppliers, primarily those of raw materials		



Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>
Balance between giving and taking in relationships with Creation	<b>Risk:</b> Water pollution due to inadequate management of laundry discharges	Significant		
	<b>Risk:</b> Soil/water pollution linked to inadequate waste management	Informative		
	<b>Opportunity:</b> More efficient use of water through the implementation of initiatives to improve the Group's consumption in both water-stressed and non-stressed areas	Significant		
	<b>Opportunity:</b> Reduction or elimination of the use of hazardous chemicals in production processes through increased collaboration with raw material suppliers, together with the adoption of control and verification tools	Critical		
<b>Economic Sustainability</b>				
Sustainable growth and healthy profitability	<b>Risk:</b> Failure to disclose relevant information to the market (e.g. governance changes)	Minimum	<b>Risk:</b> Disputes of the tax authorities concerning ordinary transactions (e.g. VAT/tax credit offsetting/transfer pricing) or concerning extraordinary transactions (e.g. purchase of a business, mergers, demergers)	Important
	<b>Risk:</b> Occurrence of negative social and environmental consequences arising from the pursuit of the Company's growth objectives	Minimum	<b>Risk:</b> Presence of Brunello Cucinelli garments inside unauthorised stores (i.e. parallel sales)	
	<b>Opportunity:</b> Benefits for the economy and society from defining a corporate growth strategy based on sustainability principles	Critical	<b>Risk:</b> Counterfeiting (e.g. eyewear line) <b>Opportunity:</b> Ability to guarantee the legality of sales channels as a sign of exclusivity of distribution	
Brand identity	<b>Risk:</b> Lack/reduced dissemination of environmental and social sustainability principles within the Group	Informative	<b>Risk:</b> The compromising of the Group's reputation due to external factors, such as prejudicial information concerning partners, customer complaints, fake news, industry events, etc.	Informative
	<b>Risk:</b> Statements/communications by the Group that are not in line with the corporate values and mission	Minimum	<b>Risk:</b> Infringement of the Group's intellectual property by third parties	
	<b>Opportunity:</b> Exclusivity and brand allure as an opportunity to develop/promote local quality and craftsmanship	Critical	<b>Risk:</b> Compromise of the uniqueness/recipe of the collection for causes attributable to suppliers (e.g. sale of the same fabric by the supplier to several customers) <b>Opportunity:</b> External perception of the brand as a positive example of adoption of key sustainability principles and consequent value generation	



Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>
<b>Special and authentic relationship with the customer</b>	<b>Risk:</b> Customer experience within the Concession channel below Group standards (especially in the “hybrid” model where the staff is not from Brunello Cucinelli)	Minimum	<b>Risk:</b> Changes in customers’ purchasing behaviour in connection with their specific needs related to environmental protection and combating climate change	Informative
	<b>Opportunities:</b> Ability to identify needs and trends and respond concretely	Critical	<b>Risk:</b> Litigation with customers/ associations (i.e. class action)	
	<b>Opportunity:</b> Constant, continuous strengthening of the relationship of trust with the customer over time	Critical	<b>Opportunity:</b> Increased customer orientation in favour of the sustainable use of resources and products	
<b>Cultural Sustainability</b>				
<b>Support for local communities and the surrounding region</b>	<b>Risk:</b> Lack of/scarce support by the Group for local communities	Informative	<b>Risk:</b> Perception by external stakeholders of a lack of/ incomplete support by the Group for local communities	Informative
	<b>Opportunity:</b> Support for the redevelopment of the region and the promotion of the local artistic and cultural heritage	Critical	<b>Opportunity:</b> Development of partnerships with local actors	
	<b>Opportunity:</b> Promotion of the moral and economic dignity of local communities	Critical		
<b>Quality and craftsmanship Made in Italy</b>	<b>Risk:</b> Failure to develop the artisanal skills needed for the business	Minimo	<b>Risk:</b> Difficulty of artisan workshops to attract new resources and consequent shortage of skilled workers	Important
	<b>Opportunity:</b> Job creation and development of the local economy, promoting the local heritage and artisan skills	Critical	<b>Opportunity:</b> Promote and strengthen the School of Contemporary High Craftsmanship and Arts	



Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>
<b>Moral Sustainability</b>				
<b>Diversity, inclusion and equity</b>	<b>Risk:</b> Perception by employees of a lack of/low dissemination within the Company of the values of diversity and inclusion	Informative	<b>Risk:</b> Perception by employees and external stakeholders of a lack of/reduced dissemination within the Company of the values of diversity and inclusion	Informative
	<b>Risk:</b> Communications campaign not in line with the needs/characteristics of the markets the Group operates in	Important	<b>Opportunity:</b> Internal and external perception of a respectful and inclusive corporate climate of diversity	
	<b>Opportunity:</b> Promotion of diversity at Brunello Cucinelli	Critical	<b>Opportunity:</b> Internal and external perception of a respectful and inclusive corporate climate of diversity	
	<b>Opportunity:</b> Opportunities for the surrounding region to preserve local skills and abilities through the promotion of intergenerational differences between the Group's human resources and between the workers of the artisan workshops the Group works with	Critical	<b>Opportunity:</b> Internal and external perception of a respectful and inclusive corporate climate of diversity	
<b>Protection of human rights and dignity of work</b>	<b>Risk:</b> Forced labour and child labour	Minimum	<b>Risk:</b> Non-compliance with fair labour practices, such as forced labour, child labour, by supplier companies or by artisan workshops	Informative
	<b>Risk:</b> Unfair labour practices (e.g. inadequate remuneration; failure to guarantee the right to collective bargaining)	Informative	<b>Opportunity:</b> Support of and collaboration with artisan workshops on the importance of the dignity of work and the care of workplaces	
	<b>Opportunity:</b> Strengthening of the protection of fundamental human and labour rights through an increased focus on personnel aspects in the supply chain, in keeping with the principles underlying the Group's philosophy	Critical	<b>Opportunity:</b> Promotion and protection of the work/life balance of employees	
Dignity and responsibility: focus on the development and well-being of human resources	<b>Risk:</b> Difficulties in finding specific resources and/or skills in the market or attracting them, mainly related to the increasing market demand for flexibility	Critical		
	<b>Risk:</b> Risk of loss of key skills/know-how	Critical		
	<b>Risk:</b> Level of internal skills/know-how not aligned with the organisation's needs, which can be traced back to the training phase (core business)	Informative		
	<b>Opportunity:</b> Strengthening of the Group's capacity to support, train and develop its existing human resources	Critical		





Material topics (in bold) and topics in alignment with Italian Legislative Decree no. 254/2016	Impacts (inside-out perspective)	Impact materiality (impacts on the external context) <sup>35</sup>	Impacts (outside-in perspective)	Financial materiality (impacts on the Group) <sup>35</sup>
Occupational health and safety	<b>Risk:</b> Injuries of employees while working and/or of suppliers/contractors due to interference (i.e. risks specific to the location where the work is carried out and/or related to the contractor's activity)	Informative		
	<b>Risk:</b> Occurrence of work-related ill health	Informative		
	<b>Opportunity:</b> Reduction of exposure to occupational accidents/diseases through constant awareness-raising of employees/suppliers/contractors	Critical		
	<b>Opportunity:</b> Study and implementation of company processes capable of further reducing the risk of occupational accidents and illnesses	Critical		
Ethics, integrity and anti-corruption	<b>Risk:</b> Suppliers/contractors not complying with the Group's Code of Ethics	Informative		
	<b>Risk:</b> Incidents of active or passive corruption within the Group	Important		
	<b>Opportunity:</b> Raising employees' awareness of proper conduct and developing an ethical corporate culture based on the values of legality, fairness and honesty	Critical		
Human privacy	<b>Risk:</b> Risk of inability by the Group to meet requests from data subjects or failure to meet legal deadlines (e.g. deletion, access to data, rectification of data, withdrawal of consent)	Important		
	<b>Risk:</b> Risk of compromising the confidentiality/integrity/availability of personal data due to internal or external factors (e.g. data processors handling data owned by Brunello Cucinelli)	Significant		
	<b>Opportunity:</b> Harmonisation of the personal data management model within the Group, taking the highest legal standards in force to date as a reference	Critical		
	<b>Opportunity:</b> Sharing the principles underlying the concept of "human privacy" with the Group's suppliers and small artisan workshops	Critical		

Table 7 below offers a focus on risks and opportunities related to climate change, with evidence of how these impacts – actual and potential – have a capacity to influence the Company’s business strategy and financial cash flows.

The main risks identified are those arising from environmental damage attributable to the organisation’s operations and/or from inefficient resource management or risks arising from the occurrence of natural events (like earthquakes and floods) and/or related to climate change, both in terms of **physical risks**, i.e. more frequent extreme weather events or gradual climate change, and in terms of **transition risks**, i.e. related to the transition to a low-carbon economy and the resulting government policies.

The Group’s current exposure to the consequences of climate change is limited.

*Table 7 – Risks, opportunities and financial implications of climate change*

Risk (financial materiality)	Type of risk	Potential financial/ strategic implications	Management approach/ investments made
Disruption of business continuity (e.g. warehouse operations/business support activities) due to extreme natural events	Physical	<p>The occurrence of extreme natural events – the probability of which is amplified by climate change – may result in damage to the Group’s operational structures. This is particularly relevant in the case of flooding at the warehouse in Solomeo.</p> <p>This risk can therefore seriously jeopardise the continuity of the company’s business and thus significantly affect both revenues (reduction due to damage to products stored in the warehouse) and the higher investments required to renew production facilities and logistics structures following the damage caused by extreme natural events.</p>	<ul style="list-style-type: none"> <li>• Installation of a bulkhead system in case of flooding and training of personnel to make them capable of coping with such an eventuality.</li> <li>• Continuous factory presence.</li> <li>• Organisation of products in the warehouse in order to prevent damage in the event of flooding.</li> <li>• Preparation of written procedures for emergency actions.</li> </ul>
Reduced availability of raw materials compared to business needs as a result of climate change	Physical Regulatory	<p>Increased direct costs for the purchase of raw materials as a result of sourcing more sustainable materials to replace virgin raw materials (e.g. packaging materials such as virgin plastic). Capital expenditures are also set to rise, as large investments may also be needed to implement a system for recovering and reusing scrap.</p>	<p>Orientation of purchases of virgin raw materials towards recycled materials (plastic and cardboard substitution initiatives already implemented) and evaluation of the opportunity to develop recovery/re-use initiatives of production scraps with the aim of reintroducing scrap into the production cycle (limited to packaging) as recycled materials, in full compliance with the principles of circularity.</p>
Unavailability/malfunctions of ICT systems/ data networks due to natural/accidental events	Physical	<p>The occurrence of natural events – the probability of which is amplified by climate change – can lead to damage to the Group’s operational structures and also to problems in terms of unavailability and/or malfunctioning of ICT systems or data networks.</p> <p>This could therefore have a direct negative impact on the Group’s business continuity.</p>	<ul style="list-style-type: none"> <li>• Physical protection measures (e.g. alarms, fire and flood protection systems, smoke detection system, etc.).</li> <li>• Consolidation of business continuity in ICT.</li> <li>• Definition of Disaster Recovery plans by the ICT Department.</li> <li>• Development of a Disaster Recovery manual currently in progress.</li> </ul>



Legislative or regulatory developments in climate change and lack of corporate climate governance/strategy	Regulatory	<p>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.</p> <p>In this sense, the European Green Deal and the approach of new climate laws could profoundly influence future day-to-day operations. For example, from an operational point of view, new electrical installations may be needed to replace natural gas consumption for both heating and production.</p> <p>Furthermore, the financial community is increasingly interested in understanding the sustainability performance of companies (with a focus on climate change). As a result, requests to disclose and improve sustainability performance are steadily increasing. Therefore, in the event of non-disclosure, the Company may suffer a negative impact in terms of reputation and access to investments.</p> <p>The same effect would occur if the Group did not achieve the publicly declared targets set out in the Sustainability Plan, with particular reference to its climate strategy.</p> <p>At the same time, non-alignment with current and future climate laws could lead to an increase in indirect costs, as well as a possible emergence of sanction risks.</p>	<ul style="list-style-type: none"> <li>• Replacement of natural gas used for production and heating with electricity where possible.</li> <li>• Definition of the Group's emission trajectory up to 2028.</li> </ul>
Rising average temperatures and changes in customer purchasing behaviour	Physical	<p>Possible changes in customers' purchasing behaviour following a significant increase in average temperatures in certain regions, especially cashmere garments, may result in a potential economic loss due to lower sales.</p> <p>At the same time, increased awareness of sustainability issues on the part of customers can generate the same effect on company revenues with respect to customer preferences for other brands offering more sustainable products.</p> <p>Specifically, this risk was considered during the process of defining the Group's carbon strategy.</p>	<p>The Group's clothing range encompasses total looks for women, men and children, and is therefore not only centred on cashmere, although this is the brand's iconic raw material.</p> <p>Moreover, the Group continues to monitor customer preferences and compare itself with peers and competitors.</p>



Opportunità (materialità finanziaria)	Tipologia di opportunità	Implicazioni finanziarie/ strategiche potenziali	Modalità di gestione/ investimenti sostenuti
Reduction of the environmental footprint, to contribute to the mitigation of climate change	Other (Strategic)	<p>The implementation of the necessary measures and actions to reduce the Group's carbon and environmental footprint could lead to an increase in revenues as a result of the change in the purchasing behaviour of customers who are becoming increasingly aware of sustainability issues and demand more information from the Company about its responsible commitment to combating climate change.</p> <p>At the same time, the Company could obtain greater opportunities for access to credit/investment as a result of the disclosure of information regarding its climate strategy and its commitment to reducing emissions and its overall environmental impact given the growing interest of the financial community not only in the economic performance of the Casa di Moda, but also in the safeguards put in place in the area of Human Sustainability.</p>	Definition of the Group's emission trajectory up to 2028.
Geographical diversification in the supply of strategic raw materials to mitigate climate change risk	Other (Strategic)	<p>Climate-related issues could lead the Group to seize the opportunity in terms of geographical diversification of supplies of strategic raw materials (e.g. cashmere currently sourced mainly from Inner Mongolia).</p> <p>Note that the availability of cashmere is subject to several factors that are inevitably outside the Brunello Cucinelli Group's sphere of control and some of which are not easily predictable. For example, climatic conditions in the regions where the raw cashmere comes from, changes in goat farming policies in producing countries or goat diseases and epidemics could affect the availability of cashmere and consequently its price.</p> <p>Through the implementation of a diversification strategy, the Company may thus be able to mitigate the risk of the occurrence of climate change effects that may directly affect the natural habitat of the goats from which cashmere is derived.</p>	At present, the Company has not yet planned to implement a procurement diversification strategy.
Reduction in the use of hazardous substances (e.g. adherence to ZDHC) to contribute to climate change mitigation and at the same time offer more value to customers	Regulatory Other (Strategic)	<p>Aware of the growing international restrictions on the use of chemicals considered potentially harmful to both human health and the environment, the Group considers it necessary to take action to reduce their use, especially by the raw material suppliers it works with.</p> <p>For this reason, in addition to the actions already taken, the Company has set itself the goal of establishing a structure for periodic and preventive controls of raw materials from the point of view of the chemical substances used in them.</p>	<ul style="list-style-type: none"> <li>• Develop and share the Restricted Substance List (RSL) with raw material suppliers.</li> <li>• Eliminate perchloroethylene by replacing the dry-cleaning machines – used in the internal laundry department at the Solomeo site – with hydrocarbon machines.</li> </ul>

**GRI 201-2 Financial implications and other risks and opportunities due to climate change**



In light of the relevance of ESG risks within our overall risk profile, in the medium term we will seek to continue to **expand the group's ERM model in order to better support the assessment of risks related to Human Sustainability issues**, including through an increased focus on vertical analysis of ESG risks.

## ETHICAL BUSINESS MANAGEMENT

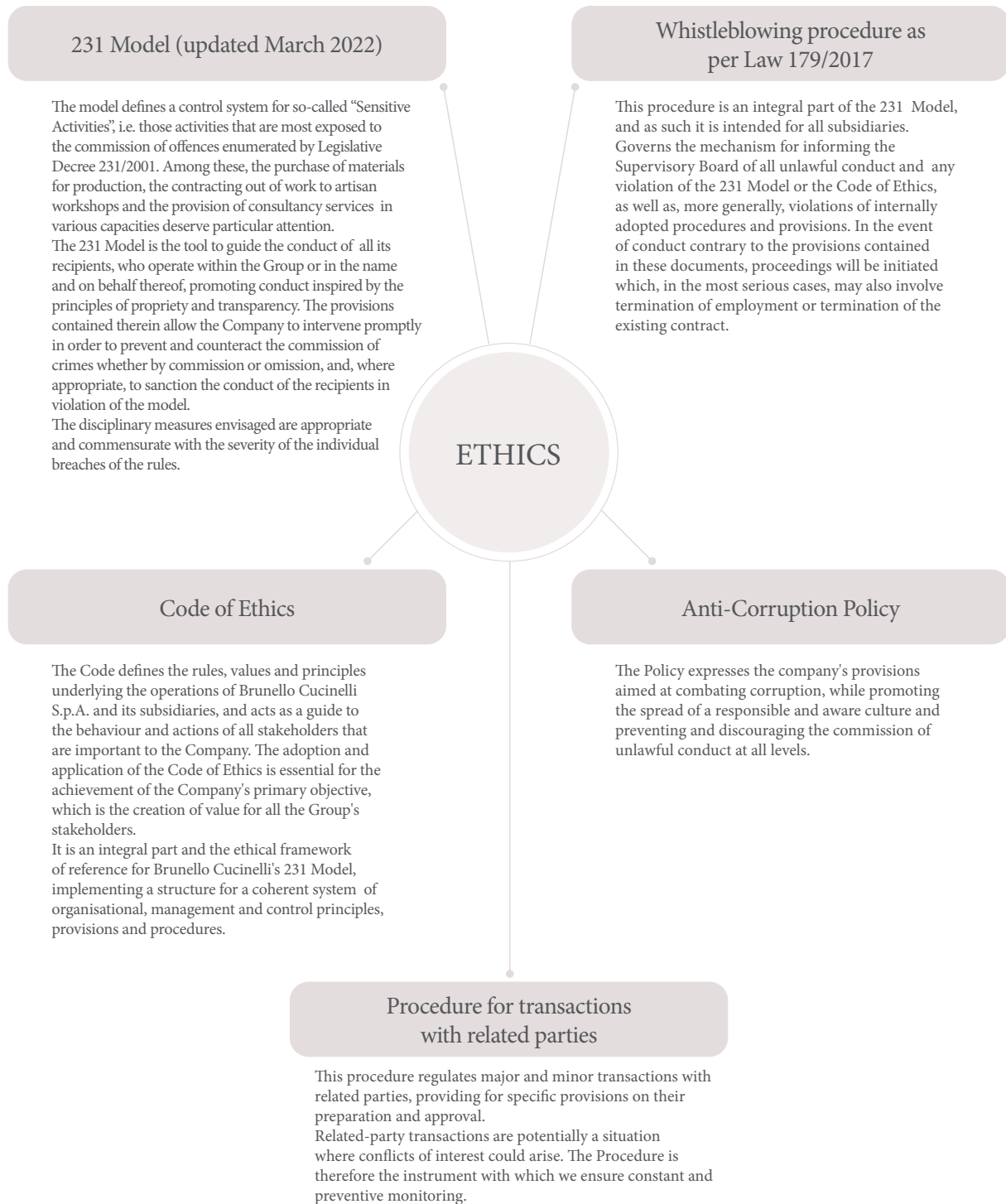
Compliance with the law, honesty, transparency, propriety and good faith guide all our actions, as well as the definition of our objectives to contribute to the creation of sustainable development.

In order to ensure the correct application of these principles and ethical business management, over time the Group has equipped itself with various tools, including the 231 Model, the Code of Ethics, the Anti-Corruption Policy, the Whistleblowing Procedure (pursuant to Italian Law no. 179/2017), the Procedure for Transactions with Related Parties, the Internal Dealing Procedure<sup>36</sup> and the Procedure for the Management of Inside Information<sup>37</sup> (see Figure 24).

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<sup>36</sup> Last revision made in 2017.

<sup>37</sup> Last revision made in 2017.

**Figure 24 – Tools supporting ethical business management**



The SB<sup>38</sup> – pursuant to Italian Legislative Decree no. 231/2001 – has the task of supervising the operation of and compliance with the 231 Model and ensuring that it is updated.

The Whistleblowing Procedure<sup>39</sup> details the processes that guarantees the possibility for all recipients of the Procedure, 231 Model and the Code of Ethics to report any complaints about improper conduct conflicting with the principles and provisions contained in these documents.

Reports may be made anonymously or by name, the latter being recommended in order to allow a more effective and efficient investigation where necessary, always ensuring the complete protection of the whistleblower or of anyone cooperating with the investigation against any acts of retaliation.

The channels made available for reporting are as follows:

- **email** or **PEC certified email** addressed to the SB<sup>40</sup>;
- **Letter** sent to the postal address of the Company’s registered office;
- **Whistleblowing application** accessible from the “Compliance” section of the Group’s intranet and managed in an encrypted and confidential manner by a third party;
- **Registered letter** sent in a sealed envelope to an independent company appointed by the Company, which will replicate the report in the Whistleblowing application.

The party tasked with receiving and examining these reports is the Supervisory Body, which has jurisdiction over the entire Group, and which is required to perform a prompt, thorough investigation in compliance with the applicable law and the principles of fairness, impartiality and confidentiality vis-à-vis all the parties involved.

The BoD is made aware of all those actions and/or facts that can be abstractly qualified as critical, through:

- Whistleblowing reporting channels under Italian Legislative Decree no. 231/2001. Note that in 2022, as in the previous year, no reports were received that were deemed relevant pursuant to Italian Legislative Decree no. 231/2001.
- Information flows from the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001 to the BoD (which in 2022 did not report any significant critical issues pursuant to Italian Legislative Decree no. 231/2001).
- Information flows from the IA Function to the Control and Risk Committee and the BoD.

Further critical issues may be communicated to the highest governing body by the CEOs (competent for the establishment and maintenance of the ICRMS, as per the Corporate Governance Code), as well as through other information flows coming, directly or indirectly from other corporate functions (e.g. Workshop and Supplier Information Function, Financial Reporting Officer, DPO, functional delegates of employers).

Within the Group, 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, the Company ensures proper disclosure of the contents and principles expressed in the aforementioned instruments.

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38 The SB currently in office will end its term at the Shareholders’ Meeting called to approve the Company’s Financial Statements as at 31.12.2022, and consequently will be renewed. This will be detailed in the Group’s 2023 NFS.

39 Note that the document will be subject to revision to ensure proper alignment with Directive EU 2019/1937 on the protection of whistleblowers once transposed into Italian law.

40 To the following email address: [organismodivigilanza.brunellocucinelli@pec.it](mailto:organismodivigilanza.brunellocucinelli@pec.it).



Specifically, the **communication and training relating to the 231 Model** are diversified according to the recipients they are addressed to and are based on principles of completeness, clarity, accessibility and continuity 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. In 2022 as in previous years, all members of the BoD as well as all employees of the Group were the recipients of communications on the subject through the distribution of relevant documents.

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. These occasions also allow for an in-depth examination of the impact of the relevant regulations on the company's business. Note that no specific courses on the topics covered by the 231 Model or anti-corruption were held in 2022.

The Company's objective is to also communicate the contents and principles of the Model to persons who, while not bound by employment relationships, work – even only occasionally – to achieve the objectives of the Casa di Moda by virtue of other contractual relationships.

For example, with regard to small artisan workshops, the Company also engages in “moral suasion” by insisting, when necessary, on the importance of the principles and values underpinning the Group's operations, which must therefore also be an inspiration for the conduct and actions of the Company's strategic partners.

In 2022 as in previous years, no instances of active or passive corruption were ascertained within the Group or in its dealings with third parties, or any other cases of violation of the principles and provisions contained in the Code of Ethics.





### *The Group's approach to taxation*

Paying taxes is a value, a duty and at the same time an act of respect towards the society we are a part of, towards our neighbours. The same is true for profit, which must be harmoniously commensurate.

The following box provides an in-depth look at the Group's taxation and tax strategy.

#### **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 nation.

**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, specialised in 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 implementation of this international procedure have been submitted, and to date the two companies in question continue to exchange information with their respective tax authorities in order to finalise the aforementioned agreement.

Lastly, note that over the years for transactions deemed to be of a significant nature by top management the Parent Company has submitted applications to the competent tax authorities in order to receive a prior assessment.

The aforementioned tax risk management approaches were evaluated during the risk assessments conducted within the ERM 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 2020-2022 is provided below.<sup>41</sup>

**Table 8 – Tax information for 2020-2022**

(€ 000)	Italy			Europe			Americas			Asia			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Assets other than cash and cash equivalents	53,011	31,837	48,304	5,700	8,567	2,177	14,396	25,420	23,262	8,522	8,799	4,772	81,628	74,623	78,515
Revenues from intra-group transactions	224,120	243,465	374,871	1,503	1,462	2,155	1,693	3,302	3,316	8,139	8,638	10,966	235,455	256,867	391,308
Income tax paid	7,229	3,607	26,867	490	648	233	755	2,690	2,568	633	835	1,606	9,107	7,781	31,275
Employees (FTE)	1,108.8	1,138.2	1,224.8	284.0	282.5	282.4	263.3	287.0	332.3	388.6	452.5	468.9	2,044.7	2,160.2	2,308.4

**GRI 207-4 Country-by-Country Reporting**

<sup>41</sup> For further information, see the Report on Operations of the Board of Directors.

**The protection of universal human rights**

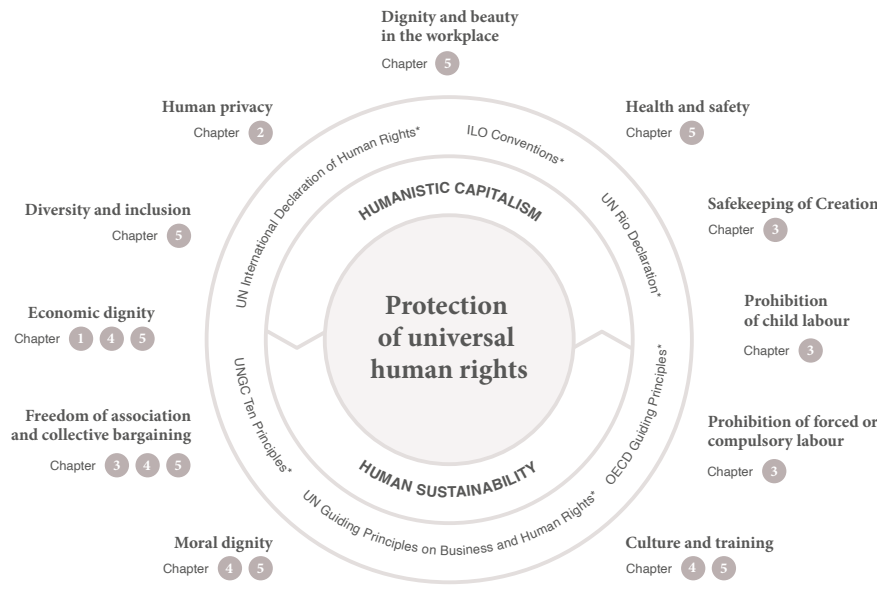
The protection of and respect for human rights inspires the Casa di Moda’s entire value chain, from the management of human resources to the organisation of the production process, the attention to human relations with small artisanal companies, and even the unique relationship we share with our friends of the brand.

We look at universal human rights from a **holistic and inclusive approach**, thus encompassing all the rights enshrined in the 1948 UN **Universal Declaration of Human Rights**, the **International Labour Organisation Conventions**, especially Convention 111 on Discrimination, and the **1992 Rio Declaration**, with specific reference to the right of human beings to a healthy and productive life in harmony with nature.

We act in accordance with the United Nations Guiding Principles on Business and Human Rights, the OECD Guiding Principles and the Ten Principles of the United Nations Global Compact (UNGC), with particular regard to the six principles related to the protection of human rights.

The following figure details the safeguards put in place by the Group for the protection of the universal rights of the human being, with respect to which we are committed to ensuring a just and attentive protection and promotion, also as part of our great project called “*Universal working conditions for the human being and our idea of a bella fabbrica*”.

**Figure 25 – 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)



## HUMAN PRIVACY

We consider human privacy to be a **genuine, discreet approach to communication and the use of personal data** underpinning all interactions with both our human resources and customers. In fact, our desire is to build a relationship of esteem and trust that is based not so much on the quantity of data and information collected and conveyed, but rather on their quality, from the collection of customer data in boutiques, on the website or during events, to purchases at boutiques or via e-commerce, to communications, and up to after-sales service.

In compliance with European legislation on the protection of personal data, the Company has taken appropriate measures to minimise exposure to risks arising from any non-compliance with current laws or related to the compromising of such data as a result of loss, theft, destruction and alteration of the information collected.

Indeed, the figure of the DPO has been designated internally at 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 DPO was also entrusted with the central coordination of privacy-related activities carried out by the various Group companies.

The establishment of the Human Privacy Committee made it possible to improve the Company's organisational structure at the privacy level and to better define the role of the DPO and the relations with the CEOs and other corporate functions according to a complete independence of the position with respect to other functions and with respect to decision-making activities, and at the same time the guarantee of greater involvement of the Offices with decision-making powers with respect to the issues in question. The DPO has both a listening and advisory role in the Human Rights Committee on specific agenda items.

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.

The same approach is adopted for the processing of the personal data (including the "special" data) of human resources, acting in compliance with governmental and local regulations and in accordance with the GDPR<sup>42</sup> and the provisions and recommendations of the Personal Data Protection Authority, guaranteeing respect for the inviolable rights of individuals, such as the **right to privacy** and the **right to non-discrimination**.

Pursuant to Articles 13 and 14 of the GDPR, the Company's **Privacy Policy** is made known to customers via publication on the company website, on the e-commerce site and is contained in the digital customer card, as well as in other company notices (i.e. with respect to suppliers and third parties). Specifically, through the **digital customer card** 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. The digitisation of the data collection and management process, carried out through a cloud-based system by means of a special IT management system, allows the company to guarantee its customers better management of their data, and consequently greater protection.

Thanks to the controls in place, we can state that in 2022, as in previous years, the Company received no complaints from its customers about violations of current regulations.

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<sup>42</sup> EU Regulation 2016/679, General Data Protection Regulation, or GDPR.



Moreover, with specific regard to the relations between the Company and its suppliers, where necessary Brunello Cucinelli shares its privacy management model with these partners, providing them with its own instructions and checklists if they process personal data on its behalf.

The Company's desire to extend its oversight to the other regions where it is active has been achieved with the development of the “**Compliance Data Protection Worldwide**” project aimed at implementing a plan to comply with the GDPR and related local regulations of the Group's companies, started in 2022. This will help achieve a Group privacy compliance standard aligned with the GDPR model, the most advanced at an international level to date.

More specifically, the adaptation project has three levels of action:

- **Adaptation:** audits/assessments of Group companies starting in October 2022 by specialised local consultants, mostly coordinated centrally by the Italian external consultant with the support of the DPO. The resulting gap analysis aims to provide the Company with detailed reports on the individual entities analysed. Based on this analysis, specific remediation plans will be defined;
- **Awareness:** using e-learning – through the “Sympto” platform – based on the “legal design” model, aimed at involving the employees of boutiques all over the world and the staff functions working in close contact with them in an operational training programme customised for the operational reality of the boutiques. This training, with compulsory attendance, was delivered in 9 languages, thus ensuring full participation;
- **Localisation of the Brunello Cucinelli S.p.A. privacy management model:** through the extension of the Company's privacy management model that is currently compliant with the GDPR standard to the various EU and non-EU territories, with any necessary adaptations.

The implementation of the adaptation phase was carried out with the support of checklists prepared by the external consultant and managed centrally by that same consultant with the support of the DPO. The related activities were carried out in the field by the external consultant's local correspondents with the involvement of local point persons in the various regions (including Regional Managers, Area Managers and Functional Managers), since there were no dedicated data protection resources at the local level.

In 2022, assessments were carried out in the following countries where the Group has operations: Germany, Belgium, Spain, Austria, Switzerland, China, the United States, Canada, Greece and the United Kingdom. These will be followed by an assessment in France in 2023, with the remaining areas – including Japan, Russia, Macao, Taiwan, Singapore, Hong Kong and Dubai – being evaluated at the end of the year.

With regard to the second prong dedicated to training, note that the provision of compulsory GDPR training for the Retail area continued in 2022.

The organisation of induction sessions with new CRM resources also continued, and one-on-one or group interviews were held with corporate offices (CRM, Customer Care, Digital Marketing, E-commerce, IT) deemed strategic in the handling of customers' personal data.

For the near future, it is the Company's objective to define a training programme on this subject dedicated to the Corporate area and therefore specific to the human resources working in the offices.

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, suppliers 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 data protection compliance.

In terms of cyber security, note that corporate devices are protected by Endpoint Detection and Response (EDR) and Network Detection and Response (NDR) software, and specific solutions are also used for mobile security. Moreover, the logs of all server systems, security appliances and networking equipment are collected by a SIEM system, which is continuously manned (without interruption) by an external Security Operation Centre (SOC).

The use of personal devices within the company is also governed by a “Bring Your Own Device” (BYOD) procedure. A “**Cyber Security Awareness**” course (conducted in Italian, English, French, Chinese and Japanese) is available on the company’s e-learning platform (Sympto).

In spite of the security measures put in place, during the year in question the Company notified<sup>43</sup> the Privacy Authority of **two personal data breaches** which occurred following computer security incidents involving the breach of the company email of an employee at Brunello Cucinelli S.p.A. and of another employee at the US subsidiary. No customers or employees have to date reported suffering any particular consequences in connection with the aforementioned incidents.

In any case, the Company has put in place all organisational and technical measures to remedy the situation, as well as carried out all necessary steps to protect the persons concerned and has also identified further measures for an ever greater protection of its systems.



<sup>43</sup> Note that both reported breaches were acknowledged by the Privacy Authority, which then performs its own investigations and checks independently. In the coming months it may therefore inform the Company of its own conclusions (e.g. dismissal, request for clarifications, verifications, etc.), which are currently neither known nor foreseeable. As at the date of this NFS, no communications on this subject have been received from the Authority.



### CHAPTER 3. ENVIRONMENTAL SUSTAINABILITY – WE ALWAYS ACT AS LOYAL GUARDIANS OF CREATION



Environmental sustainability – *Stories of St. Francis: Preaching to the Birds*, Giotto, 1266-1336, Assisi, Scala Archives

GRI content index in the appendix

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**UNGC Ten Principles**

- Principle I
- Principle II
- Principle III
- Principle IV
- Principle V
- Principle VII
- Principle VIII
- Principle IX



In the full knowledge that “harmonious is sustainable”, each day we act guided by the **will to do no harm to Creation**, or trying to do as little as possible.

Care for the environment and the surrounding region is a key element in our Company’s philosophy, which, true to the values of Humanistic Capitalism and Human Sustainability, 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, 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 **ensure that new generations live in a world that is better than the one we live in today**.

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

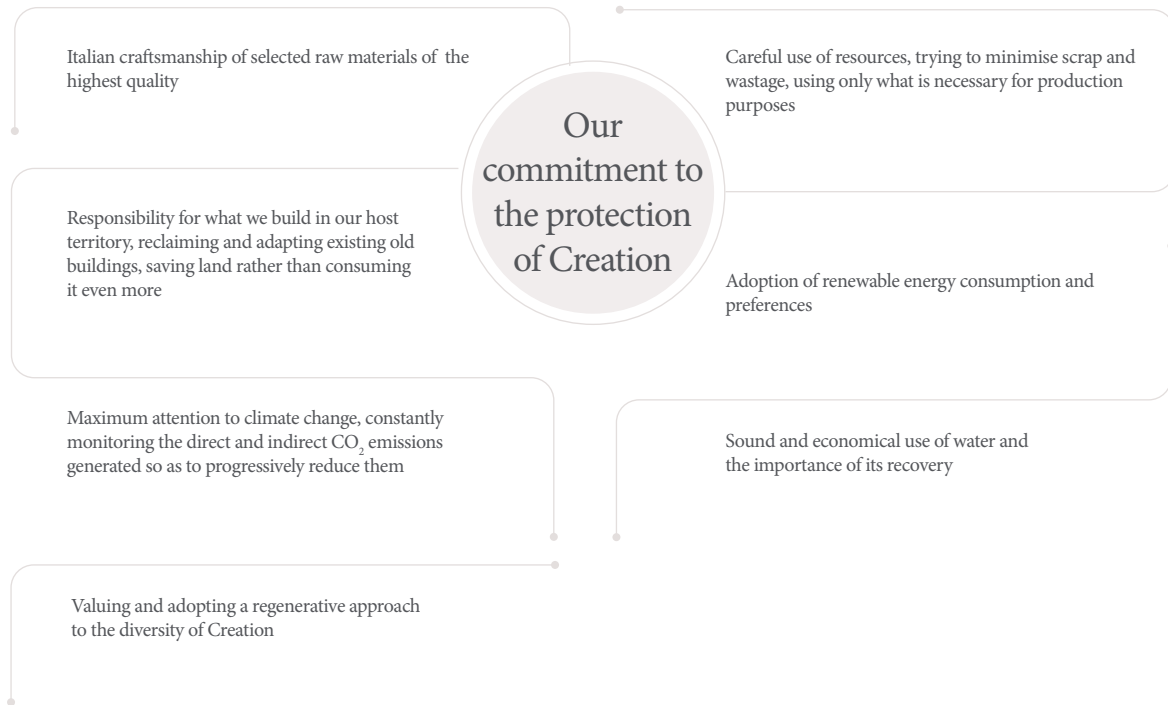
The Company operates in compliance with the main national and international environmental regulations, including violations of environmental regulations among the alleged offences envisaged by the Group’s 231 Model. With regard to this last point, we prepare protocols and controls aimed specifically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

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.

Therefore, our commitment to ensure a balance between giving and taking in our relations with Creation is expressed in the attention items shown in Figure 26.



*Figure 26 – The elements underlying our commitment to the protection of Creation*



In the Company's organisation, the management of the environmental aspects concerning the operating sites is the responsibility of the **Facility Management 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.

We become aware of the impacts we can have directly (through our direct actions) and those we can contribute to indirectly (along the entire value chain).

First and foremost are our **direct environmental impacts**:

- Energy consumption from the operation of offices, production departments, including product quality control, and receiving and storage warehouses;
- Energy consumption associated with the operation of depots, the shipment of finished products, as well as the activity of the boutiques managed by the Company with regard to distribution and storage at the shops;
- The consumption of fuel by Group-owned vehicles used for the travel necessary to transport the garments between the artisan workshops and the Company;
- Water withdrawals and discharges of the laundry department located at the Solomeo headquarters;
- Waste directly generated by the Company's operations.



The following **indirect environmental impacts** are also relevant:

- The impacts associated with the raw materials procurement phase;
- Energy and water consumption related to the work done by external production facilities;
- Scrap produced by the small artisan workshops;
- Energy consumption of franchises and multibrand customers;
- Impacts related to logistics and distribution (outbound);
- The use of the products by wholesale and end customers.

The very model and nature of the Casa di Moda business means that much of the Group's environmental impacts are indirect in nature. For this reason, we are committed to raising the awareness of all our main stakeholders with regard to issues concerning the impact generated even indirectly by our business on Creation, and we share with each of them the core values we believe in.

This chapter therefore presents the current and potential significant direct and indirect environmental impacts along the Group's value chain.

## COMBATING CLIMATE CHANGE

Our unique, indispensable **production model requires superior manual skill and craftsmanship**, which in itself contemplates **low emissions**.

Awareness of current environmental trends and the commitment to fight climate change makes the monitoring, management, and definition of emission reduction targets central to the Group, orienting the strategic choices and actions that will be implemented over the next few years according to an “**emissions approach**” and no longer a “consumption approach”.

In compliance with the scientific standards defined by the **Science Based Target Initiative (SBTi)**, the definition of our **Carbon Strategy** has allowed us to identify specific reduction targets for direct emissions (Scope 1) and indirect emissions (Scope 2 and 3) generated by the Group in order to be able to contribute to the goal of keeping global warming at 1.5°C as defined by the Paris Agreement in 2015.

Taking 2019 emissions as a baseline, and considering that the 2020 figures were influenced by the effects of the 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<sup>44</sup>, this will result in a 60% reduction in GHG emissions by 2028.

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<sup>44</sup> The Gross Margin was used as the calculation parameter, assuming a constant margin.



Furthermore, we performed a “business-as-usual” scenario analysis that allowed us to study our emission trajectory in the hypothesis of growth without any emission reduction actions compared to the hypotheses of growth together with the reduction actions identified in order to achieve the defined targets.

Following the approval by the Council for Human Sustainability and Humanistic Capitalism in December last year of the plan to reduce greenhouse gas (GHG) emissions by 2022, the Company **submitted its targets for reducing its direct and indirect greenhouse gas emissions to the SBTi**. The targets developed by the Brunello Cucinelli Group are currently being validated<sup>45</sup>, with formal recognition expected in early 2023.

See Chapter 2 for a more in-depth discussion of the governance system implemented by the Group with regard to the climate issue and the identification of risks and opportunities related to climate change that may have significant financial implications or an impact on the business.

In alignment with the requirements of Regulation EU 2020/852 and its Delegated Acts<sup>46</sup>, the Group has expressed its adoption of the European Taxonomy. More information can be found in the *Addendum* to this document.

## OUR FOCUS ON PRESERVING THE DIVERSITY OF CREATION

Our understanding of environmental sustainability is expressed first and foremost in the **conscious protection of the invaluable common good that is our planet**, with all the richness of its **biodiversity**, and also with a focus on the **greatest possible respect for natural resources and cycles**, as well as on the responsible use of the lovely fruits that come from our Mother Earth.

In this regard, we are committed to reducing land consumption as much as possible and to ensuring that all our building projects are carried out according to the principle of **respecting the land we occupy and developing the surrounding area** according to the ideal of “**pleasant suburbs**”.

In fact, the real estate choices made by the Company are always attentive and oriented towards the **reclamation of land and the recovery of pre-existing buildings** in total respect of the local natural and urban surroundings, enacting building solutions that reflect the *genius loci* and that are aesthetically consistent with the context.

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.

Specifically, with regard to the construction of the new company building (production plant) near Solomeo in a built-up and abandoned area, our goal is to remove spaces from the risk of landscape degradation, thus proposing an important redevelopment not only of the building but also of the surrounding area.

The study conducted in the previous year assuming the new building had been built on undeveloped land allowed us to **quantify the benefit of our choice in terms of preserving CO<sub>2</sub> absorption capacity** over a 20-year period. In fact, if we had used land that was 50% cultivated and the remaining 50% forested (total 80,000 m<sup>2</sup>), the lost

<sup>45</sup> The validation process started on 13 October 2022 and has an expected duration of 60 days.

<sup>46</sup> Commission Delegated Regulation (EU) 2021/2139 *et seq.*



absorption capacity would have been about 4,311 tCO<sub>2</sub>eq, whereas if we had used land that was 100% forested (total 80,000 m<sup>2</sup>) the lost absorption capacity would have been about 5,915 tCO<sub>2</sub>eq.

### The large area on the outskirts of Solomeo for the development of our factory

In H1 2022 the Company finalised the purchase of a large 8-hectare area in the immediate vicinity of Solomeo where the new production hub of the Casa di Moda will be built: the building conversion plan envisages a construction area of up to about 40,000 square metres (plus related services and outdoor spaces).

Through this project ample space will be made available for our Casa di Moda, in a location that is extraordinarily close to the Solomeo factory, in order to allow for the company's growth in the years to come, as needed, "for the next 50 years".

The following site remediation activities were completed in 2022:

- Removal and disposal of approximately 15,200 m<sup>2</sup> of materials containing asbestos residues in both the roofing and the flooring;
- Removal and disposal of fuel tanks (a total of 3 underground tanks and 12,000 kg of liquids contained within);
- Removal and disposal of hazardous waste, paint, lubricants, fibrous materials, timber and other materials (a total of approximately 22,800 kg of waste);
- Investigation of the presence of possible pollutants in the subsoil and groundwater;
- Demolition of the buildings, during which it was possible to recover 16,000 tonnes of concrete from the foundations and floors for reuse on the construction site for the substructure<sup>47</sup>;
- Works in the outdoor areas for the disposal of existing waste (e.g. plastic, discarded tyres, discarded office equipment).

Other works concluded during the year include the perimeter fencing of the area, the shaping of the embankments, the installation of drainage culverts for Fosso Rigo and the filling in of the entire site lot.

The company's new production centre will also be built in accordance with the criteria required to obtain **LEED®-Leadership in Energy and Environmental Design certification**<sup>48</sup>, paying particular attention to the adoption of a careful approach to the **materials used**, the **use of renewable energy** (photovoltaics), **people's well-being**, the **quality of working conditions inside** the building, and the **environmental and landscape redevelopment of the area**.

Works are expected to be completed in 2025.

<sup>47</sup> Subject to mobile campaign communication.

<sup>48</sup> LEED® is a voluntary certification programme that can be applied to any type of building (both commercial and residential) and concerns the application of construction methodologies oriented towards sustainability, so that the building's performance over its entire life cycle, from design to construction, can be based on efficiency indicators both from an environmental point of view and in terms of the well-being of the people living/working inside.



Furthermore, the parks in and around our Solomeo location contribute to the **preservation and continuous renewal of local biodiversity**.

Specifically, the “Replanting” project has been under way since 2010 and is still in progress, involving the replanting and progressive replacement of different types of trees and plants on an ongoing basis in the region surrounding the Solomeo area (currently 181,577 plants).

The plant census performed with regard to both the company green area and the surrounding park<sup>49</sup> shows that the following species have been planted:

- **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.

None of the plants surveyed were found to be exposed to high vulnerability thanks to the analysis performed using the International Union for Conservation of Nature (IUCN) Red List database. **In fact, all the plants present were found to be among the species of “least concern” according to the IUCN.**

Finally, as part of the **Sustainable Markets Initiative - Fashion Task Force** (see Chapter 4), the Brunello Cucinelli Casa di Moda has committed to contribute to the ambitious “**Himalaya Regenerative Fashion Living Lab**” project aimed at the regeneration of degraded landscapes and the recovery of traditional craftsmanship skills in some areas of the Western and Eastern Himalayas, addressing the global challenges linked to climate change and biodiversity loss in order to support the local cashmere, cotton and silk economies.

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49 Not owned by Brunello Cucinelli S.p.A.



### Himalaya Regenerative Fashion Living Lab

In March 2022, the Casa di Moda joined and made a financial commitment to support the “**Himalayan Regenerative Fashion Living Lab**” project developed as a result of a partnership between the Sustainable Markets Initiative (SMI) Fashion Task Force and the Circular Bioeconomy Alliance (CBA).

The partnership aims to develop a new programme for the creation of regenerative fashion living lab, to demonstrate the potential of this industry in the transition to an inclusive, climate-friendly and nature-positive pathway, while creating sustainable value chains.

At the heart of it all is, once again, the fundamental value of a **humanely sustainable environment** in an attempt to help small local communities in parts of the Himalayas to prosper while preserving nature, in the name of protecting biodiversity.

With this goal in mind, the project will address the regeneration of degraded landscapes and encourage the recovery of traditional artisanal and textile skills in the target areas, thus having a positive impact on local economies and addressing global challenges related to climate change and biodiversity loss.

This project is a perfect fit with our Casa di Moda, first because there is a desire to **revive** the **traditional craftsmanship** rooted in one of the noblest and most beautiful lands in the Himalayas but in a contemporary manner, and also because such a project is designed to benefit **future generations**.

Specifically, the Himalayan Regenerative Fashion Living Lab project contributes to redeveloping degraded landscapes in two different areas of India:

- The first project is situated in the eastern Himalayas, in the **province of Assam**, and consists of restoring forests with multiple species of endemic trees planted in deforested areas to regenerate the soil and the forest cover that populated them only a few decades ago, and developing agroforestry by training local farmers to include trees as an integral component of their agriculture through the creation of agroforestry systems. A pilot project will also aim to identify the potential developments of a long-term silk and cotton value chain. The goal of planting 1 million trees was reached in 2022, 300,000 of which were financed by the Casa di Moda;
- The second project is located in the Western Himalayas, in **the Ladakh region**, and aims to develop the cashmere value chain. It focuses on Kharnak in Hemis National Park, where it seeks to engage local communities to sustainably improve local production and help them address the consequences of climate change in their daily farming practices. A consultation is currently under way to discuss the project’s organisation with the various stakeholders, with a view to implementing a first pilot project in spring 2023.

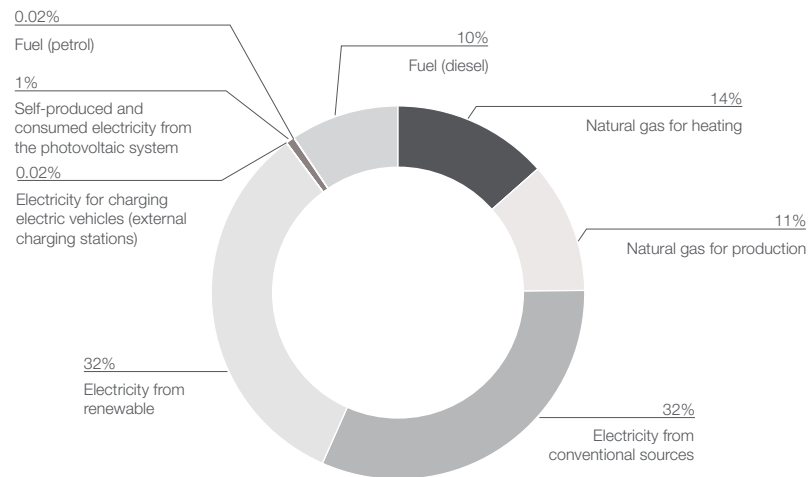
These projects are implemented according to CBA’s Living Labs concept, which uses a landscape restoration project as a starting point to catalyse the development of circular bio-economy value chains while restoring local biodiversity and livelihoods. They are the beginning of a journey towards more resilient communities and landscapes.

## IMPACTS ON ENVIRONMENTAL MATRICES

### Energy

In recent years, the Group has been working towards the progressive electrification of its consumption. The composition of the worldwide **energy mix** follows.

**Figure 27 – Group energy mix in 2022**



#### Detail legend

##### Natural gas for heating

Used only in the absence of electricity as far as Italy is concerned, for boutiques in Russia, where it is still difficult to envisage a substitution of gas by electricity, and boutiques in the USA, Canada (a reduction of about 59% in 2022 in North America compared to 2021) and Japan.

##### Natural gas for production

Used for production and non-heating purposes in the laundry department at the Solomeo site and at the artisan workshop Pinturicchio S.r.l. At present, the transition to renewable energy sources in this area would be difficult, as some machinery used in production processes (specifically for steam production) can only be powered by natural gas and its replacement is complex.

##### Electricity from conventional sources

For the lighting and air conditioning of the spaces in the various sites (offices and boutiques) both in Europe and elsewhere where there are no active renewable energy supply contracts.

##### Electricity from renewable sources (in Italy and partly in Europe)

Used for the operation of the company's facilities, the lighting and air conditioning of the spaces in the various sites (offices and boutiques), as well as for the operation of the charging stations in Solomeo for full electric company vehicles.

##### Electricity for charging full-electric company vehicles

Via external charging stations.

##### Self-generated electricity from the photovoltaic system installed at the Solomeo site

The power of the plant is 160 KW. The electrical energy produced is fed into the cabin and then consumed by the company. In 2022, 0.01% of the electricity produced in this manner was injected into the grid.

##### Fuel (petrol)

per l'uso, in Italia, dei veicoli di proprietà aziendale non ancora sostituiti con mezzi funzionanti a motore full electric.

##### Fuel (diesel)

For the use of the company fleet in Italy that has not yet been replaced with full-electric vehicles.



The table below summarises the energy consumption for the last three years, highlighting the different energy sources used.

**Table 9 – Energy consumption (GJ)**

Energy source	2020	2021 <sup>50</sup>	2022
<b>Natural gas</b>	<b>21,152</b>	<b>18,148</b>	<b>19,053</b>
<b>Electricity<sup>51</sup></b>	<b>36,712</b>	<b>43,271</b>	<b>48,867</b>
Of which from renewable sources	19,008	21,654	24,241
<b>Self-generated electricity from renewable sources (photovoltaic plant in Solomeo)</b>	<b>0</b>	<b>537<sup>52</sup></b>	<b>576</b>
Of which self-consumed	0	536.52	575.71
Of which sold/injected to the grid	0	0.13	0.04
<b>Company car fleet with combustion engine<sup>53</sup></b>	<b>7,488</b>	<b>7,264</b>	<b>7,289</b>
Petrol	1	0	16
Diesel	7,470	7,264	7,273
Methane	17	0	0
<b>Total energy consumption</b>	<b>65,351</b>	<b>69,220</b>	<b>75,785</b>
<b>Energy intensity<sup>54</sup> (GJ/€)</b>	<b>0.12</b>	<b>0.10</b>	<b>0.08</b>
<b>GRI 302-1 Energy consumption within the organisation</b>			
<b>GRI 302-3 Energy intensity</b>			

The Group's energy consumption in the year increased by 9% compared to the previous year, a very moderate increase compared to the growth of the company's business (+29.1% revenue from sales and production in 2022 compared to 2021). Energy intensity consequently decreased to 0.08 (0.10 in 2021). The increase in energy consumption was mainly dictated by the positive changes in the consumption of electricity (+13% compared to 2021, also as a consequence of the decision to prioritise the use of this energy source for heating), of renewable electricity produced (from the photovoltaic plant at the Solomeo headquarters) and consumed (+7% compared to 2021) and of natural gas (+5% compared to 2021). There was also a slight increase (+0.3%) in fuel consumption compared to 2021.

50 Note that the figures for natural gas, renewable electricity and fuel (diesel) consumption for 2021 have been restated following an adjustment made in the calculation methods that had previously included some inaccuracies.

51 The figure for 2022 includes the value of electricity consumption for the recharging of electric company vehicles, both through the recharging stations at the Solomeo site and through external recharging points.

52 In 2022, it was possible to collect data on self-produced electricity from renewable sources (photovoltaic plant operating at the Solomeo site since January 2021), specifying the portion consumed by the company and the component fed back into the grid, information that was previously unavailable. As a result of this updated information, the total value of energy consumption in 2021 also changed.

53 Note that the figures do not include company cars for both personal and company use. The figures refer to 70 diesel-powered vehicles (68 of Brunello Cucinelli S.p.A., 1 of Max Vannucci S.r.l., 1 of Pinturicchio S.r.l.) and 1 petrol-powered vehicle.

54 Energy intensity is calculated as the ratio of total energy consumption 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.





We are aware that achieving the targets of our climate strategy is directly related to the **implementation of initiatives to reduce the environmental impacts directly and indirectly generated along our value chain, especially with regard to energy consumption.**

In fact, the Group has embarked on a **programme of gradual transition to the procurement of electricity from renewable energy sources**, which for the most part will be completed in Italy in 2021. Also in Italy, in some buildings – offices, boutiques and showrooms – it was possible to adopt the latest generation of LED lighting in order to make their consumption even more efficient.

We are also committed to improving energy efficiency in the other regions where the Group has operations. In this regard, in 2022 the Company held **specialty organised meetings involving the local General Managers of the subsidiaries in Europe, Asia, the United States and the Middle East** to perform an in-depth review of the Group's climate strategy so as to ensure universal alignment with the company's objectives and targets.

In the **Europe Region**, we have taken action in several locations to switch to providers offering electricity from renewable sources, including Monaco (Monte Carlo), Austria and the UK, all converted to 100% green energy.

With regard to the **Non-Europe Region**, there are some specificities that make the energy transition process more complex. These include China, where the presence of the state monopoly of energy supply allows for limited choices, Japan, where there is a limited availability of renewable energy at the national level, which is predominantly supplied by nuclear energy, and finally Russia, where heating is almost exclusively managed through district heating based on the use of natural gas.

The initiatives implemented during the year resulted in a **renewable electricity consumption percentage of 50% of the total electricity consumed worldwide** (as in 2021)<sup>55</sup>.

We are also working with **small artisan workshops** to assist them in the **process of improving their energy mix**, supporting them should they decide to move towards a transition to renewable energy sources.

With **franchise and multibrand customers**, we have also strengthened our collaboration in order to **map their energy consumption** from conventional and certified renewable sources (more information in the section on *Emissions*).

With regard to the electrification process of the company car fleet, the Casa di Moda has made the following plans:

- Gradual replacement of company vehicles with electric vehicles;
- Design and commissioning of the internal charging infrastructure;
- Integration of planning and budgeting systems within company software;
- Training of staff in the use of electric vehicles and navigation software.

Regarding the replacement of the company car fleet (Solomeo), out of a total of 74 vehicles<sup>56</sup> (of which 23 cars belonging to the civil fleet and 51 trucks belonging to the industrial fleet), 32% are **full electric vehicles**. Of the total number of full electric vehicles, 17% are in the civil fleet and 83% are in the industrial fleet.

<sup>55</sup> The share of self-produced and self-consumed electricity from photovoltaics is also included in the percentage calculation.

<sup>56</sup> Company cars for personal and company use are also considered.



Also during the year, the number of electric recharging stations installed at the Solomeo site increased from the previous three to a total of 22, covering 99% of the energy needs of electric vehicles (including any employees' cars). Electricity consumption associated with the recharging of vehicles at the recharging points installed in Solomeo is included in the total electricity consumed at Solomeo.<sup>57</sup>

Moreover, “**Power Cruise Control**” **navigation software** can make vehicle routes more efficient based on parameters such as recharging time, routes to be travelled and battery autonomy.

As part of this activity, training of all company personnel with access to electric vehicles was essential. Specifically, training includes the use of navigation software at various levels:

- At the route planning stage, thanks to integration with the company's management information systems.
- In the operational phase of the trip, thanks to real-time control of the energy available compared to the initial trip forecast, including the various scheduled stops.

### *Emissions*

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 local artisan 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 2022 only one recharge of R410A was made.

**Indirect emissions (Scope 2)**, on the other hand, derive from the Company's consumption of electricity at its operating sites and boutiques.

The table below shows the trend in direct (Scope 1) and indirect (Scope 2) emissions generated by the Group over the 2020-2022 three-year period. With regard to 2022, an increase can be seen in both emission categories as a result of the higher energy consumption in the year: total direct and indirect (Scope 2 location based) emissions were 6,328 tCO<sub>2</sub>eq (5,701 tCO<sub>2</sub>eq in 2021). Nevertheless, the emission intensity remained constant with regard to direct emissions (Scope 1) and decreased by 17% in the case of location-based Scope 2 emissions and by 25% in the case of market-based Scope 2 emissions.

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<sup>57</sup> Note that recharging at external recharging points was lower than the internal recharging (in 2022 about 13 GJ).

**Table 10 – Direct (Scope 1) and indirect (Scope 2) GHG emissions (tCO<sub>2</sub>eq)**

Type of emissions	2020	2021 <sup>58</sup>	2022
<b>Direct emissions (Scope 1)</b>	<b>1,740</b>	<b>1,595<sup>59</sup></b>	<b>1,639<sup>60</sup></b>
Intensity direct emissions <sup>61</sup> Scope 1	0.003	0.002	0.002
<b>Indirect emissions (Scope 2)</b>			
Location-based	3,642	4,105	4,688
Intensity indirect emissions (Scope 2) location-based	0.007	0.006	0.005
Market-based	1,851	2,551	2,955
Intensity indirect emissions (Scope 2) market-based	0.003	0.004	0.003
<b>Total Scope 1 and Scope 2 emissions (location-based)</b>	<b>5,382</b>	<b>5,701</b>	<b>6,328</b>
<b>Intensity of Scope 1 and Scope 2 emissions (location-based)</b>	<b>0.010</b>	<b>0.008</b>	<b>0.007</b>
<b>Total Scope 1 and Scope 2 emissions (market-based)</b>	<b>3,591</b>	<b>4,147</b>	<b>4,595</b>
<b>Intensity of Scope 1 and Scope 2 emissions (market-based)</b>	<b>0.007</b>	<b>0.006</b>	<b>0.005</b>
<b>GRI 305-1 Direct (Scope 1) GHG emissions</b>			
<b>GRI 305-2 Indirect (Scope 2) GHG emissions</b>			
<b>GRI 305-4 GHG emissions intensity</b>			

In 2022, with regard to the year 2021, we continued to inventory GHG emissions – **subject to Limited Assurance by a third party** – generated indirectly by the Company’s operations (**Scope 3**), which are the most significant for the Group, in total amounting to **64,592 tCO<sub>2</sub>eq** (equal to 96.4% of the Group’s total GHG emissions).

Le emissioni indirette di Scope 3 sono aumentate del 2% nel 2021 rispetto al 2020.

The emission sources analysed are as follows (see Figure 28):

- The **purchase and processing of raw materials** (73.5% of total Scope 3 emissions, 2021), which also includes energy and gas consumption by small artisan workshops. In 2022, primary data collection continued through the direct involvement of these enterprises, with a total of **297 artisan workshops surveyed using a questionnaire** aimed at mapping energy sources and associated consumption. The responses received, amounting to 87% of the sample analysed (78% in the previous initiative carried out in 2021) and equivalent to 96.6% of the value of the turnover, allowed us to prioritise the engagement activity based on the analysis of the nature and quantity of the emissions generated, dividing the population of small artisan workshops into three priority classes: High, Medium and Low.

It was also possible to start **mapping the use of gas** used by some of the workshops.

For **livestock management** (for wool, cashmere, leather, etc.) and **cultivation** (e.g. cotton) of raw materials, as in the previous year the relevant data were included according to a conservative approach based on SBTi recommendations, which assign all related emissions to the Company;

<sup>58</sup> Note that the 2021 figures have been restated as a result of changes in the 2021 energy consumption values.

<sup>59</sup> This figure includes 38.25 tCO<sub>2</sub>eq of refrigerant gases (R410A and R407C).

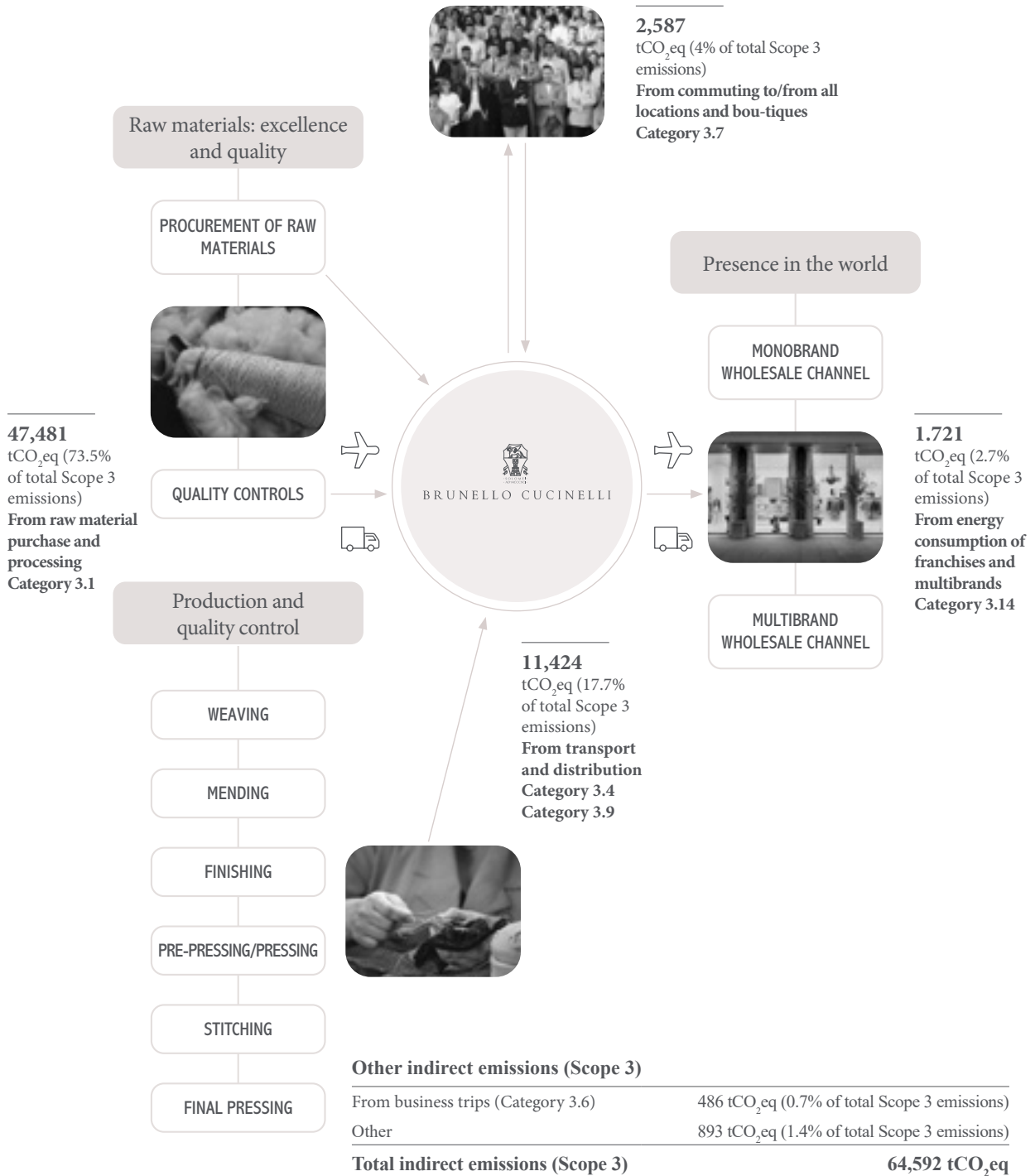
<sup>60</sup> This figure includes 24.01 tCO<sub>2</sub>eq of refrigerant gases (R410A).

<sup>61</sup> 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.



- **Transport and distribution operations** (upstream and downstream logistics) account for 17.7% of total Scope 3 emissions;
- **Employee commuting** accounts for 4% of the total Scope 3 emissions generated;
- **Energy consumption of franchises and multibrand shops** (2.7% of total Scope 3 emissions). These data were collected by **mapping the electricity consumption** of this type of customer, with an explicit request to indicate – by means of a questionnaire distributed both in 2021 and 2022 – whether they have opted for renewable energy supply or planned to do so. In total, during the two years under review the questionnaire was sent to 205 customers, resulting in a response rate of 35.6% (57.3% when considering the mailings and responses received in 2022 alone);
- **Business travel** (0.7% of total Scope 3 emissions);
- **Other** (1.4% of total Scope 3 emissions), i.e. the remainder of indirect emissions from waste generated by production and energy production.

Figure 28 – Measuring indirect CO<sub>2</sub> emissions (Scope 3) for the year 2021





**Emissions generated by the end-of-life treatment of the products sold** have not been included in the GHG 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, it was assumed that the emissions associated with the disposal of the product are not significant.

### *Water*

We recognise the importance of **responsible, sparing consumption of water**, as it is a primary resource essential to life.

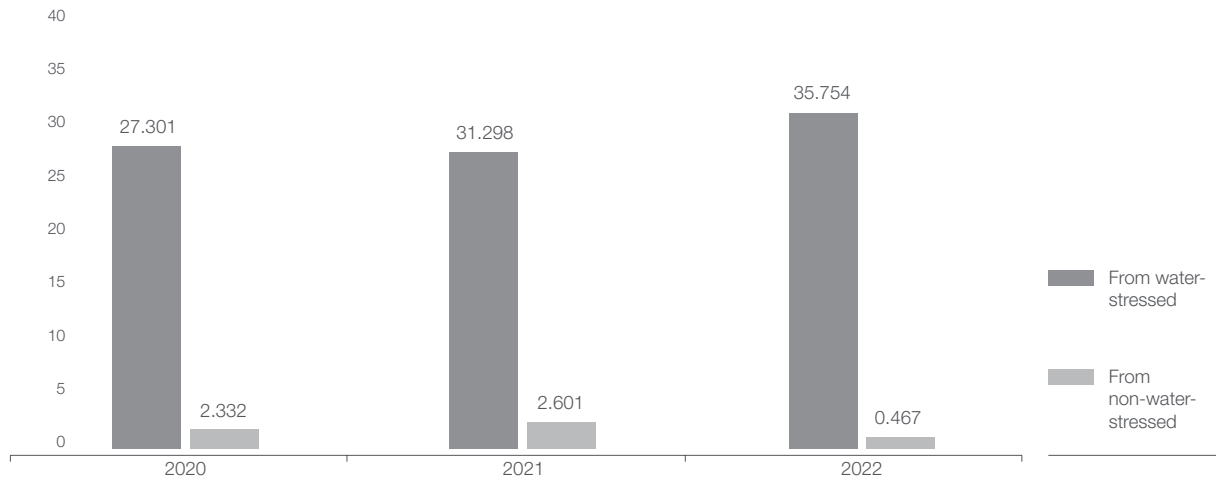
While the impacts on the water matrix are limited to the operation of the laundry at the Solomeo headquarters and to civil use, the Group is particularly attentive to the management of such consumption.

Specifically, as far as **water withdrawals** related to **laundry operations** are concerned – water is taken from wells owned by the Company and installed specifically for rainwater recovery and storage – the washing cycle includes multiple processes that are essential to ensure the proper consistency and softness of the products.

In fact, 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. The hydrocarbon dry-cleaning machines are equipped with a digital control panel (not yet in use), which allows the activity to be programmed and controlled remotely.

In addition to water consumption for the laundry, there is also **consumption for civil use** in the offices and shops. Specifically, with regard to Italy, the water withdrawn by the Solomeo site and by the remaining offices and shops in the country – 99% of it is withdrawn in water-stressed areas (92% in 2021) – comes from public waterworks.

**Figure 29 – Water withdrawals in Italy (ML) by area type (2020-2022)**



For the European<sup>62</sup> and Non-European<sup>63</sup> regions – in both cases the water withdrawn comes from public waterworks – in 2022 respectively 69% and 43% of water withdrawals were made in areas considered to be water stressed.

<sup>62</sup> A few shops in Germany and France, most shops in Russia and all shops in the UK, Monte Carlo, Belgium, Spain and Greece are located in water-stressed areas.

<sup>63</sup> Some shops in Japan, China (Mainland), the United States and Dubai are in water-stressed areas.

The following table shows the Group's water withdrawal data.

**Table 11 – Water withdrawals (ML)<sup>64</sup>**

Type of area and sources of water withdrawal	2020		2021		2022 <sup>65</sup>	
	Italy	Non-Italy	Italy	Non-Italy	Italy	Non-Italy
<b>From non-water-stressed areas</b>	<b>2.332</b>	<b>12.163</b>	<b>2.601</b>	<b>13.363</b>	<b>0.467</b>	<b>3.790</b>
Public aqueduct	2.332	12.163	2.601	13.363	0.467	3.790
<b>Intensity of water withdrawals<sup>66</sup> (non-water-stressed areas) (ML/€)</b>	<b>0.000004</b>	<b>-</b>	<b>0.000004</b>	<b>-</b>	<b>0.000001</b>	<b>-</b>
<b>From water-stressed areas</b>	<b>27.301</b>	<b>4.792</b>	<b>31.298</b>	<b>5.866</b>	<b>35.754</b>	<b>4.174</b>
Well	9.384 <sup>67</sup>	-	13.090	-	13.818	-
Public aqueduct	17.917	4.792	18.208	5.866	21.936	4.174
<b>Intensity of water withdrawals (water-stressed areas) (ML/€)</b>	<b>0.00005</b>	<b>-</b>	<b>0.00004</b>	<b>-</b>	<b>0.00004</b>	<b>-</b>
<b>Total</b>	<b>29.633</b>	<b>16.954</b>	<b>33.899</b>	<b>19.228</b>	<b>36.221</b>	<b>7.964</b>
<b>Total water withdrawal intensity (ML/€)</b>	<b>0.00005</b>	<b>-</b>	<b>0.00005</b>	<b>-</b>	<b>0.00004</b>	<b>-</b>

**GRI 303-3 Water withdrawal**

Overall, there was a 7% increase in total water withdrawals in Italy in 2022 compared to the previous year. On the other hand, the reduction in the value of total water withdrawals in Europe and outside Europe is mainly due to the change made in the calculation of the estimate of these data (see footnote 65).

With regard to **industrial water discharges**, these take place exclusively at the Solomeo site where the Company has an internal purification plant for the treatment of company discharges before they are released 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 no. Decree 152/06 concerning discharges to surface water bodies. Note that the Solomeo site is subject to and in possession of a **Unified Environmental Authorisation (UEA)**.

<sup>64</sup> Water withdrawals consist entirely of freshwater ( $\leq 1,000$  mg/L dissolved solids).

<sup>65</sup> Water withdrawal data are estimated for most shops and commercial offices abroad and for the sites in Turin, Rome and Florence. Note that starting in 2022, in order to ensure a more truthful representation of water withdrawals in these locations, a consumption of 30 litres per person per day was considered. This estimate was 100 litres per person per day in 2021 and 2020.

<sup>66</sup> 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.

<sup>67</sup> Note that in 2020 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.





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 (see Table 12).

**Table 12 – Water quality**

Discharged water quality parameter	2020	2021	2022
pH	7.34	7.52	7.34
Total Suspended Solids (TSS)	7.5	6.0	7.1
Ammoniacal nitrogen (as NH <sub>4</sub> )	0.01	14.0	10.2
Nitrous nitrogen (as N)	0.01	5.0	< 0.1
Nitric nitrogen (as N)	19.3	0.6	1.1
C.O.D (as O <sub>2</sub> )	19.8	14.0	26
B.O.D <sub>5</sub> (as O <sub>2</sub> )	7.0	5.0	8
Lead	<0.01 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Cadmium	<0.01 mg/litre	<0.01 mg/litre	<0.01 mg/litre
Nickel	<0.01 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Copper	<0.02 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Total chrome	<0.01 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Manganese	<0.02 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Zinc	<0.03 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Iron	0.04 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Chrome VI	<0.01 mg/litre	<0.03 mg/litre	<0.03 mg/litre
Chlorides	451.2 mg/litre	140.2 mg/litre	52.9
Sulphates (as SO <sub>4</sub> )	122.8 mg/litre	147.8 mg/litre	83.1
Total phosphorus (as P)	4.3 mg/litre	2.8 mg/litre	2.4
Animal/plant fats and oils	N/A	N/A	< 1.0 mg/litre
Total hydrocarbons	<1.0 mg/litre	<1.0 mg/litre	< 1.0 mg/litre
Anionic surfactants	0.13 mg/litre	0.20	0.11
Cationic surfactants	0.20 mg/litre	0.25	< 0.20
Non-ionic surfactants	0.04 mg/litre	0.10	< 0.20
Total surfactants	0.37 mg/litre	0.55	0.51
Selenium	<0.01 mg/litre	<0.01	< 0.01
Phenols	0.1 mg/litre	0.1	< 0.1
Aromatic organic solvents	<0.01 mg/litre	<0.1	< 0.1
Chlorinated solvents	<0.01 mg/litre	<0.1	< 0.1
Total nitrogen (as N)	N/A	N/A	9.3
Electrical conductivity	N/A	N/A	N/A
Persistent mineral oils and hydrocarbons of petroleum origin	<1.0 mg/litre	<1.0 mg/litre	< 1.0



The following table shows the total volume of industrial water discharges and their intensity. In 2022, there was a 14% increase in industrial water discharges associated with laundry operations.

**Table 13 – Water discharges (ML)**

Laundry water discharges – Solomeo (water-stressed area)	2020	2021	2022
In surface waters	21.086	21.623	25.148
Intensity of water discharges <sup>68</sup>	0.00004	0.00003	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 avoid any waste. We strive to achieve this goal starting with the attentive management of raw materials and down to the demonstration and promotion of our approach in communications with customers, based on the importance of the value, durability and contemporaneity of the garments over time. This allows us to work towards **minimising waste production at every stage of the value chain.**

Specifically, with regard to the management and processing of raw materials, through **careful planning from the start**, only materials that comply with the stylistic choices and quality standards sought by the company are sent to the artisan workshops, which then return excess material to us to be fed back into the production process.

With regard to the production and storage phases, the waste generated is managed by separate collection and by means of a specialised company.

With regard to the waste generated in the processing of textiles, in 2022 the study for the implementation of the **“Direct management of production waste disposal” project** was further expanded in cooperation with the small artisan workshops engaged in cutting and full-cycle phases.

<sup>68</sup> 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 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.



### “Direct Management of Production Waste Disposal” Project

The management of production waste has long been an element of care and attention for us. In fact, through the use of advanced technologies in the cutting phase we have always sought to minimise the amount of waste produced as much as possible. Since 2022, we have expanded our efforts in this area by launching a study on the recovery of raw material scraps resulting from the processing of these materials, in order to prevent them from being transformed into waste destined for the landfill, instead favouring a **recovery process that gives them a second life** through the production of new materials (yarn, fabric, paper) that can subsequently be used by the Company to produce packaging, in full compliance with the principles of circularity.

Currently the workshops dispose of yarn and fabric scrap themselves through specialised companies. Thanks to the collaboration with a specialised third-party company, with this project it will be possible to collect scrap at the workshops of our artisan workshops and, after a recovery process, to create new raw materials of different types for packaging.

It is estimated that the implementation of the project may also generate a reduction in the indirect emission impact associated with the use of raw materials.

Once fully operational, the project will involve at least **50 artisan workshops (cutting and full-cycle)**. We have already met with the most important of these to present and discuss the initiative together in order to share a process of conscious recycling.

Moreover, during the year the **first samples of recycled yarn and fabric** were produced, and in December we received the first types of finished derived products, materials that are currently being tested to assess their characteristics and quality.

The actual start of the project is scheduled for spring 2023.

With regard to dry cleaning, three different types of waste are generated: sludge, contact water and garment lint.

Specifically, the operator checks the level of sludge production, which is visible at the back of the hydrocarbon 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 a specialised company.

In the specific case of Solomeo, non-hazardous sludge (e.g. 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 lint trap, emptied by the operator into specific bins, which are in turn disposed of through a specialised company.

Finally, 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. With particular regard to the use of paper, since the previous year measures have been put in place for its conscious use and recovery.



In fact, 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.

Similarly, we were the first in Europe to install 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. In 2022, the first year of the printer's operation, **199,122 sheets of recycled paper were produced** (88,121 sheets in 2021, but considering only six months of printer operation).

Overall, **478.6 tonnes of waste** were produced in the year (624.7 tonnes in 2021), of which about 99% was non-hazardous. The reduction of approximately 23% of the total volume of waste generated in the year compared to 2021 is mainly due to the fact that from 2022 the sludge produced by septic tanks no longer has to be managed by the producer, but rather directly by the disposer. Therefore, the external water purifier at the Solomeo site was not used during the year.

**Table 14 – Waste generated, by type and disposal method (tonnes)**

Waste related to the production process	2020		2021		2022	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
<b>Total waste</b>	<b>6.8</b>	<b>944</b>	<b>5.7</b>	<b>619</b>	<b>3.04</b>	<b>475.59</b>
Of which sent for recovery (recycling)	0.3	466	0.02	444.17	2.34	470.76
Of which sent to the landfill	6.5	0.7 <sup>69</sup>	5.6	1.9	0.71	4.83
<b>Other waste (Solomeo site)</b>						
Of which for external purification	0	477	0	173	-	-
<b>GRI 306-3 Waste generated</b>						
<b>GRI 306-4 Waste diverted from disposal</b>						
<b>GRI 306-5 Waste directed to disposal</b>						

<sup>69</sup> 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 EWC-code 040220 with EWC-code 161002.



**Table 15 – Waste generated in 2021-2022 (tonnes), by type, disposal method and activity from which it is generated**

	2021			2022		
	Diverted from disposal (recycling)	Destined for disposal	External purifier	Diverted from disposal (recycling)	Destined for disposal	External purifier
<b>Non-hazardous</b>	<b>444.17</b>	<b>2.45</b>	<b>173.04</b>	<b>470.76</b>	<b>4.83</b>	<b>-</b>
<b>Purchased goods and services</b>						
<b>Output</b>						
Iron and steel components	0.71	-	-	-	-	-
Wooden elements (furniture)	56.42	-	-	58.27	-	-
Bulky goods - Furniture	19.34	-	-	27.64	-	-
<b>Waste generated during operations</b>						
<b>Output</b>						
Alkaline batteries	-	0.075	-	-	-	-
Components removed from disused equipment	0.2609	-	-	0.19	-	-
Purifier screening residue	-	0.04	-	-	0.24	-
Purifier Saturated or exhausted ion exchange resins	-	1.462	-	-	-	-
Tank sludge	-	-	173.038	-	-	-
Dryer filters	-	0.24	-	-	0.23	-
Paper/cardboard packaging	223.639	-	-	233.84	-	-
Wooden packaging	34.62	-	-	23.90	-	-
Plastic packaging	47.36	-	-	42.76	-	-
Mixed materials	42.72	-	-	65.91	-	-
Spent printer cartridges	-	0.633	-	0.69	0.02	-
Textile residues	14.3	-	-	13.03	-	-
Waste from processed textile fibres	4.805	-	-	4.53	-	-
Absorbents, filter materials, rags and protective clothing (other than those mentioned under EWC 150202)	-	-	-	-	1.22	-
Aqueous liquid waste (other than those mentioned in EWC 161001)	-	-	-	-	3.12	-
<b>Hazardous</b>	<b>0.02</b>	<b>5.08</b>	<b>-</b>	<b>2.34</b>	<b>0.71</b>	<b>-</b>
<b>Purchased goods and services</b>						
<b>Output</b>						
Discarded equipment containing chlorofluorocarbons, HCFCs, HFCs	0.02	-	-	-	-	-
<b>Waste generated during operations</b>						
<b>Output</b>						
Contact waters	-	1.88	-	-	-	-
Sludge or solid waste containing other solvents	-	2.6	-	2.22	-	-



	2021			2022		
	Diverted from disposal (recycling)	Destined for disposal	External purifier	Diverted from disposal (recycling)	Destined for disposal	External purifier
Packaging containing residues of hazardous substances	-	0.269	-	-	0.49	-
Metal packaging containing hazardous solid porous matrices (e.g. spent spray cans)	-	0.017	-	0.017	0.003	-
Absorbent cloths, filter materials	-	0.25	-	-	-	-
Fluorescent tubes	-	0.067	-	0.10	-	-
Mineral motor oils	-	-	-	-	0.21	-
<b>GRI 306-1 Waste generation and significant waste-related impacts</b>						
<b>GRI 306-3 Waste generated</b>						
<b>GRI 306-4 Waste diverted from disposal</b>						
<b>GRI 306-5 Waste directed to disposal</b>						

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

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 **255 suppliers of raw materials** (242 in 2021) to support the Brunello Cucinelli collection, which in 2022 consisted of 84% clothing and 16% accessories.

**96.9% of our suppliers are in Italy**, 2.4% based in Europe – specifically Spain, Portugal and France – and 0.7% in Japan, from where the denim is sourced.

As far as cashmere is concerned, we deal with our main supplier Cariaggi Lanificio S.p.A. – based in the Marche region – a well-established, human and trusting relationship for more than 30 years. This relationship was further strengthened in March 2022 with the Company's acquisition of 43% of the share capital of the prestigious Lanificio Cariaggi. This was a transaction whose primary objective was to support an important excellence Made in Italy (see the Section *Sustainable growth and healthy profitability*).

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.

In 2022, expenditures for supplies amounted to approximately € 128 million, of which approximately 97% was from Italian suppliers<sup>70</sup> (96% in 2021). Expenditures for other items amounted to approximately € 6 million (97% from Italian suppliers). Total procurement expenditures in 2022 increased by about 44% compared to the previous year.

**Table 16 – Procurement expenditures in the three-year period 2020-2022 (in €/000), by geographical area**

	2020	2021	2022
<b>Raw material expenses by geographical area</b>			
Italy	81,355	84,429	123,880
<i>Of which Umbria</i>	9,974	10,994	13,856
Other EU countries	3,787	2,811	3,105
Non-EU countries	455	591	829
<b>Total raw materials</b>	<b>85,597</b>	<b>87,831</b>	<b>127,814</b>
<b>Other expenditures, by geographical area</b>			
Italy	4,244	5,018	5,901
<i>Of which Umbria</i>	1,843	2,087	2,672
Other EU countries	32	33	86
Non-EU countries	38	345	71
<b>Total other expenses</b>	<b>4,314</b>	<b>5,396</b>	<b>6,057</b>
<b>Total expenses to suppliers of raw materials and other expenses</b>	<b>89,911</b>	<b>93,227</b>	<b>133,871</b>
<b>GRI 204-1 Proportion of spending on local suppliers</b>			

With regard to our external production structure, we now count around **382** small to medium-sized **artisan workshops** – all of which are continuously employed<sup>71</sup> – selected on the basis of **skills and traditions in the local region**, more than half of which work exclusively for our company. Altogether, these laboratories employ **about 6,200 people**, each of whom has an average of 16 employees.

Over the years, we have been able to admire both a growth in size of the workshops we collaborate with and an increase in the share of work allocated to us by those artisan companies that have multiple customers.

The large number of workshops 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 in each of the production phases.

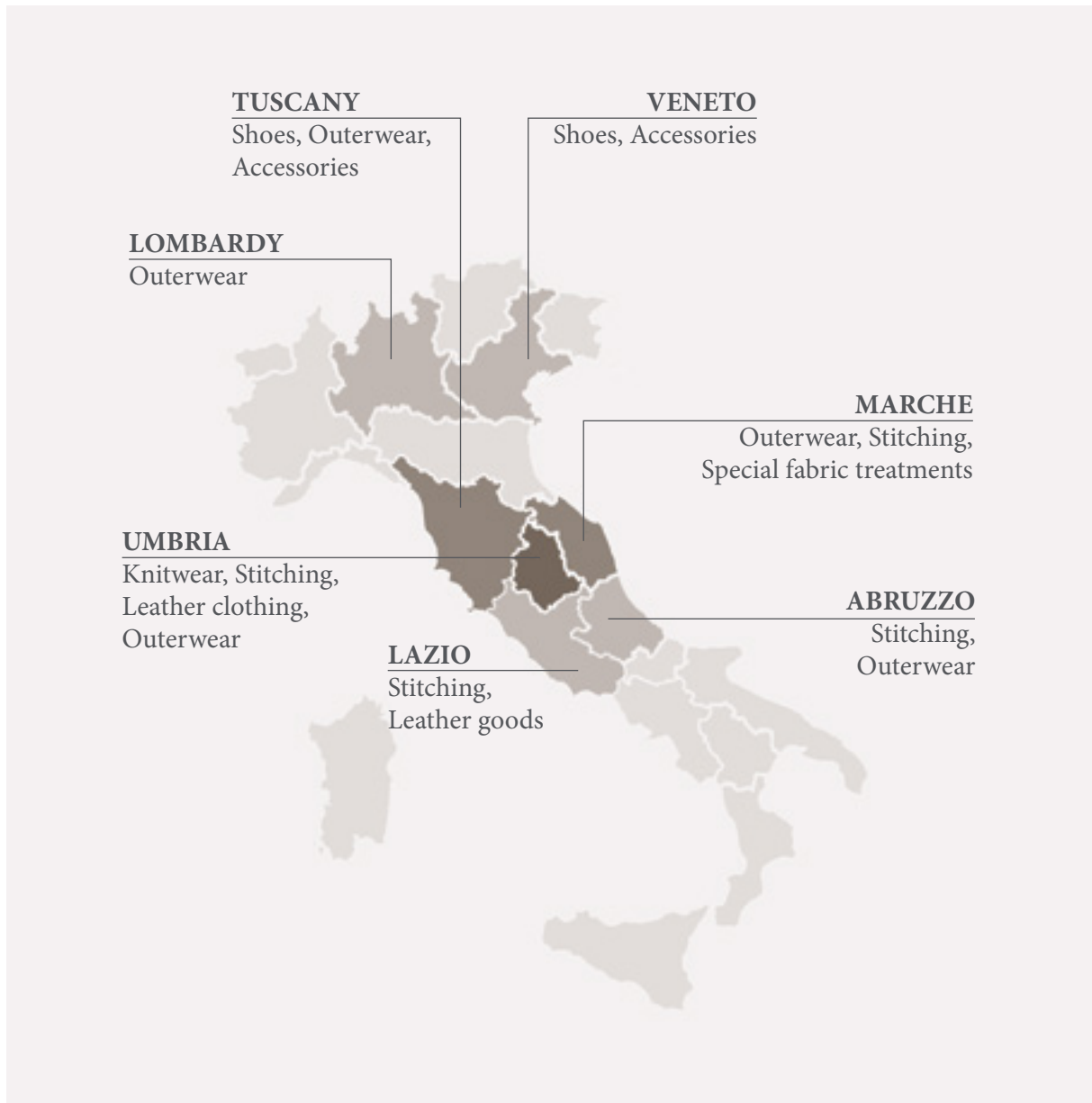
We value a **short production chain** – as is also the case with the sourcing of raw materials mainly purchased from Italian suppliers – located exclusively in Italy, with **about 75%** of the artisan workshops located **in Umbria** (287 Umbrian artisan workshops that we collaborate with on an ongoing basis), the cradle of artisanal techniques taught and handed down from family to family.

<sup>70</sup> 100% of the Eyewear collection is also produced in Italy.

<sup>71</sup> These include the artisan workshops of Pinturicchio S.r.l. (men's jackets) and Max Vannucci S.r.l. (knitwear).

For the remaining 25%, the Company turns to some workshops in **districts of excellence** for specific types of work: in Tuscany, Marche, Abruzzo, Lazio, Lombardy and Veneto. The greater distance with these companies does not compromise the **closeness of values and relations** that we constantly strive to establish with each of them.

*Figure 30 – The distribution of small artisan workshops in Italy*





In 2022 expenditures related to the payment of external production amounted to approximately € 158 million (+38% compared to 2021), as detailed in the table below.

**Table 17 – Purchases from small artisan workshops (in €/000)**

Expenditures on external processing of finished products	2020	2021	2022
Italy	111,541	114,875	158,186
<i>Of which Umbria</i>	61,626	63,055	78,195
Other EU countries	0	0	0
Non-EU countries	0	0	0
<b>Total</b>	<b>111,541</b>	<b>114,875</b>	<b>158,186</b>

**GRI 204-1 Proportion of spending on local suppliers**

***Procurement and management of raw materials***

The high quality of Brunello Cucinelli products is intrinsically linked to a **careful selection of raw materials**, with respect to which – as is also the case for the purchasing phase – we have a direct responsibility, also guaranteed by our collaboration with the best Italian suppliers, and to the **extremely high level of care and attention paid to the various phases of garment production**.

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

- The raw materials used to make garments (yarns, fabrics, leathers) and accessories;
- 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.

With regard to the raw materials used for the men's, women's and children's collections, **yarns** include cashmere, the brand's iconic raw material, some fine wools such as mohair and camel, light wool, linen, silk and cotton.

Then there are **fabrics**, including denim, and **leathers**.

Starting in 2021, the Casa di Moda chose to **no longer use animal fur** for the creation of its collections.

In fact, we try to ensure an increasingly sustainable supply under a valuable pact of mutual trust with both farmers and suppliers.



Raw material suppliers are mostly **located in Italy**. Exceptions include the suppliers of denim – purchased, as noted, directly in Japan – and of some leathers, located in Europe.

The cashmere is purchased from Italian suppliers, primarily Cariaggi Lanificio S.p.A. This yarn is chosen from the most precious qualities originating mainly from the **herds in Inner Mongolia** (China). The origin of cashmere goes back to the ancient shepherd communities of Central Asia, where the precious resource was born as a natural protection against the harsh climate. Since then, the history of this excellent fibre – which we call “golden fleece” – 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 precious products, create jobs and showcase the craftsmanship of Italian tradition.

It is important for us to visit the farms and maintain the dialogue built up over the years with the local communities, aspects that are ensured above all by the visits made periodically by our main supplier, who is often accompanied by Chairman Brunello Cucinelli and members of his family, thus promoting 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.



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.

Specifically, the Hircus breed of goats develops 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 grammes of undercoat per year. Indeed, the reason for the exclusive prestige of this wool is the very small quantity of the highest quality fibre.

Below is the quantity (up from 2021) of raw materials for collections used by the Group in the last three years.

**Table 18 - Raw materials used in the manufacture of the products**

	Unit of measurement	2020	2021	2022
<b>Fabrics</b>	<b>m</b>	<b>1,896,217</b>	<b>2,409,137</b>	<b>3,230,629</b>
Of which CITES <sup>72</sup>	%	0.03	0	0
<b>Yarn</b>	<b>kg</b>	<b>145,052</b>	<b>165,826</b>	<b>212,722</b>
Of which cashmere	%	37	36	35
Of which CITES	%	-	-	-
<b>Leather</b>	<b>sq m</b>	<b>231,441</b>	<b>236,106</b>	<b>324,682</b>
Of which CITES	%	0.7	0	0

**GRI 301-1 Materials used by weight or volume**

Looking instead at the materials used for the accessories/components, note that in some cases the purchase is delegated to the artisan workshops tasked with manufacturing the product.

Below is a quantitative breakdown of the accessories and components used in the last three years. The quantity of materials purchased varies according to production requirements. In 2022, all materials used increased compared to the previous year.

<sup>72</sup> The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement between governments, the purpose of which is to ensure that international trade in wild animals and plants does not threaten the survival of the relevant species. The Convention provides for the use of a licensing system for the authorisation of all imports, exports, re-exports and introductions from the sea of the species listed in the Appendices to the Convention.

**Table 19 – Accessories/components**

	Unit of measurement	2020	2021	2022
Chain	m	2,508,117.4	2,373,293	3,008,713
Zip	pc	460,736	457,213	721,276
Zip/metre	m	12,155	15,584	21,020
Buttons/Snaps	pc	5,227,158	4,688,410	8,041,916
Ribbons	m	864,365.5	502,885	782,904
Labels	pc	1,308,040	1,541,013	2,254,517
Fibbie/Rivetti/Metallo	nr	935.763	636.348	719.509

**GRI 301-1 Materials used by weight or volume**

In addition to the attention paid to the selection and purchase 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.

Prototypes are then specially made for the “wear” test, whereby the material’s compliance with the Company’s high standards is verified by wearing the garment for a certain period of time. This phase 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.

Finally, we 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.

It is also the Company’s intention to further expand the periodic and preventive checks of raw materials to ensure their compliance with product safety standards with respect to the use of chemicals considered potentially harmful and therefore specifically regulated.

The materials used by the Group also include packaging.

From an aesthetic point of view, 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, it is our concern to always guarantee the necessary protection and care of the products, especially during the many trips required during production and quality controls between the Solomeo site and the artisan workshops, during distribution to the sales channels, and in terms of protecting the garments against UV exposure.



The main materials used are FSC-certified paper/cardboard, plastics of organic origin, wood and liquid wood for the hangers. Fabric (cotton) containers are also used for better storage of certain products, such as shoes, bags or accessories, which are also designed for later reuse by the retail customer.

In the name of sustainability, for gifts 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.

Below are details of the quantities (in tonnes) of material mainly used for packaging and distribution during the three-year period 2020-2022.

**Table 20 – Materials used for packaging and distribution (tonnes)**

	2020	2021	2022
<b>Paper/Cardboard<sup>73</sup></b>	<b>682</b>	<b>747</b>	<b>803</b>
Of which recycled	226	229	561
Of which FSC <sup>74</sup>	141	386	141
<b>Plastic</b>	<b>139.62</b>	<b>61.3</b>	<b>13</b>
<b>Biocompostable plastic material</b>	<b>-</b>	<b>47</b>	<b>94</b>
<b>Wood<sup>75</sup></b>	<b>50</b>	<b>92</b>	<b>95</b>
<b>Fabric<sup>76</sup></b>	<b>45</b>	<b>56</b>	<b>78<sup>77</sup></b>
Of which recycled <sup>78</sup>	9	11	17
<b>Hangers</b>	<b>110.53</b>	<b>125</b>	<b>172</b>
Wood	8.45	5.81	31.49
Plastic	83.09	105.42	121.05
Of which recycled	33	105.42	121.05
Metal	19	13.36	19.87
<b>GRI 301-1 Materials used by weight or volume</b>			

The main materials used for packaging, in terms of quantities used, include paper and cardboard: 803 tonnes were used in 2022 (+7% compared to the previous year), of which 87% came from recycled and FSC paper (82% in 2021).

Of the total volume of virgin paper/cardboard used in the year, the FSC-certified component accounts for 59% (75% in 2021). The significant decrease of FSC-certified material is a direct consequence of the efforts made during the year to increase the use of recycled materials as much as possible, as can be seen from the relative volume that more than doubled between 2021 and 2022.

<sup>73</sup> The representation includes cardboard containers purchased directly by the company for subsequent shipment to the Group's monobrand boutiques around the world.

<sup>74</sup> 100% virgin.

<sup>75</sup> Mainly pallets for warehouse use.

<sup>76</sup> The fabric used for the packaging can be traced back to the following materials: cotton, virgin wool, linen, polyester, nylon, viscose, cupro, polyurethane, polyamide and other recycled fibres. Specifically, in 2022 the composition of packaging fabric included cotton, polyester and other (indeterminate) recycled fibres.

<sup>77</sup> The figure for 2022 also includes fabric packaging purchased directly from some of the artisan workshops that supply shoes.

<sup>78</sup> Recycled cotton, recycled polyester and other recycled fibres (indeterminate).



With particular regard to **shipping/sales packaging**, of which “flat-pack garments” account for about 65%, **100% of the cardboard used is recycled**. On the other hand, for “hanging garments” – about 35% of the shipping/sales packaging – **30% of the paper/cardboard used is recycled**.

As far as **production packaging** is concerned, for “sales accessories” – accounting for about 93% of this type of packaging – **27% of the paper/cardboard used is recycled**. The remaining 7% of the production packaging is made of **100% recycled paper/cardboard**.

The overall increase in paper/cardboard consumption in 2022 (see Table 20), mainly related to the material used for shipping packaging, was significantly lower than the increase in revenue generated (+29.1% compared to 2021). This optimisation was made possible by the implementation of the **Warehouse Management System (WMS)** software. In the previous year, we had in fact revised the criteria for creating shipping cartons, and using the WMS – based on the aggregation of different types and kinds of goods – we were able to reduce the number of cartons shipped.

Both the WMS project and the **Transportation Management System (TMS)** application – which allows greater traceability of the different stages of logistics and distribution, down to the delivery of products to the end customer – continued during the reporting year. The main updates are explained in the box below.

#### **The Warehouse Management System and Transportation Management System projects**

The WMS is an in-house project that began in October 2021 and entered into full operation in 2022 designed to **optimise and rationalise the cartons shipped** through the more efficient use of their volumes. The implementation of this system resulted in the following benefits in 2022 – its first year of operation – when comparing the data with those of 2021 and with the same number of cartons:

- A saving in terms of volume of cartons shipped of around 5-6%;
- A decrease of about 10% in the use of cartons, in terms of CO<sub>2</sub> and costs saved;
- An improvement in operational processes.

The TMS – software purchased in 2021 – will connect our IT systems with those of all our forwarding agents from April 2023, allowing us to optimise and manage transport down to the delivery of the goods to the end customer, with **real-time tracking of all logistical operations**.

Specifically, the application will be able to guide the choice of shipper through the implementation and use of specific KPIs, including economic coefficients and quantification of CO<sub>2</sub> emissions (option not yet operational).

By 2023, it is our goal to be able to **select the most energy-efficient** and therefore the least emissive **type of service and carrier** for the same route.

Furthermore, the digitised management of documents related to outbound logistics and distribution operations has enabled us to reduce the paper used for shipments by around 35%. In this respect, we have set ourselves the target of achieving an 80% reduction for the next financial year.



With the aim of reducing the volumes of paper/cardboard used for packaging, during the year the Group also started an analysis of alternative materials such as recycled polystyrene, taking into consideration the application of a circularity logic.

#### **Study for the introduction of recycled polystyrene boxes**

During the year, a project was launched for the packaging of semi-finished products (equivalent to 20% of the packaging of “flat-pack garments”), which involves the introduction of high-density, recyclable polystyrene boxes with a useful life of three to four years. The supplier identified is not only able to recycle the material at the ends of its life, but also to return it to us later, thus implementing a closed-loop circular model.

Indeed, the use of such boxes would significantly reduce cardboard consumption, considering that it is estimated that they can be used for several years. Moreover, they can be recycled both in the event of damage and at the end of the box’s life.

The tests performed during the year were all positive, ensuring that the box did not deteriorate. Specially designed solutions were also assessed in the case of use for warm, freshly ironed garments.

Furthermore, from 2022, **all bags used for packaging will no longer be made of virgin plastic of fossil origin, but compostable** (made from biomass). In fact, the substantial increase in biocompostable plastic material as well as the decrease in tonnes of plastic recorded during the year (Table 20) can be attributed to this change.

During the year a study was also launched to find more transparent bags since those currently used are opaque and milky white in colour, which in some cases can make it difficult to clearly and quickly identify the contents inside. The results of this study will be communicated as soon as they are available.

#### **Disposal of biodegradable plastic bags**

During the year, we started to implement an optimal solution for the disposal of biodegradable plastic bags, as previously and on a transitional basis, since there was no EER code for the disposal of organic industrial waste, they were disposed of together with the organic waste of the company restaurant.

Damaged or non-reusable bags without any other type of material (e.g. hanging tags) are **returned to the supplier so that they can be sent to the raw material producer for further processing into a second raw material** (i.e. recovered and not virgin).

In order to have a quality second raw material that complies with what is required for reuse, we also developed specially designed training for employees who are directly involved in the management of this material in order to dispose of it properly.

Similarly, a press was purchased and installed on site that will allow us to provide volumetric reduction of material, improving storage and subsequent delivery to the supplier.



Then, with regard to **hangers** – in 2022 consumption amounted to 172 tonnes (+38% compared to 2021 as a result of periodic restocking that took place during the year under review) – as part of the project to find solutions with a lower environmental impact, during the year and with the support of our supplier we managed to arrive at the **final version of a prototype hanger made of recycled paper/cardboard**. Having also completed the fine-tuning of the prototype, both from an aesthetic and functional point of view, and resolved some critical issues in the procurement of the components necessary for the implementation of the production line, we imagine that in 2023 we will be able to start with an initial sample run.

Note also that the hanger is currently disposed of as plastic because the percentage of plastic it contains is higher than the percentage of wood.

Finally, studies are continuing on large adhesive labels affixed to the packaging, which are currently made of non-compostable material, in order to find solutions for an even more sustainable disposal of this product.

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.

In 2022, softener (+8% compared to 2021) and the hydrocarbon solvent used instead of perchloroethylene were most significant. Mild soap is also used for water-based washing (+20% compared to 2021) and powdered detergent (-9% compared to 2021).

**Table 21 – Materials used for the laundry (kg)**

	2020	2021	2022
Neutral soap	720	600	720
Fabric softener	9,160	12,240	13,200
Perchloroethylene (dry cleaning)	1,460	862,5 <sup>79</sup>	0
Powdered detergent	470	455	416
New hydrocarbon solvent	-	1,890	2,704

**GRI 301-1 Materials used by weight or volume**

Finally, office materials – paper and cardboard (PEFC) – are also included in the purchases, details of which are given in the table below.

**Table 22 – Materials used for office work (kg)**

	2020	2021	2022
Paper/Cardboard (PEFC)	31,779	34,396	37,091
Of which used at Solomeo headquarters	27,791	28,067	30,257

**GRI 301-1 Materials used by weight or volume**

<sup>79</sup> The quantity shown is for the period January-August 2021.





### *Sustainable management of supplier relations*

The management of relations with the suppliers of raw materials and with small artisan workshops (see the Section *The value of craftsmanship and manual skills*) is handled internally by the Production Department starting with the selection phase, which works in close contact with the Third-party Manufacturer and Supplier Information Office.

The selection phase is a key step of the collection development process in order to guarantee the high quality and contemporaneity of our product range.

The search for suppliers is therefore 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.

Suppliers are selected based on the highest quality, reliability and capacity for material innovation.

In accordance with the relevant regulations, 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.

The assessments and checks carried out during the selection stage concern compliance with the following regulations and standards:

- 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**;
- **Restricted Substance List** (RSL) defined by the Company, 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;
- Directive 2001/95/EC or **General Product Safety Directive**;
- Compliance with **standards to protect against “fire risk”** or **“mechanical risk”**, with particular regard to garments in the Children’s collection.

We also assess the possible earning of process and product certifications.

Once the relationship with the selected suppliers has been established, the aforementioned national and international compliance requirements are constantly monitored by the Third-party Manufacturer and Supplier Information Department.

When concluding the contract, the Third-party Manufacturer and Supplier Information Department shares the **Framework Agreement** with the suppliers – and also with small artisan workshops – which includes the rules of conduct they must comply with, as well as specific commitments and duties.



Specifically, the **social** provisions concern:

- 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 all its workers;
- Prevention and protection of staff against discrimination, abuse and harassment;
- Prohibition against the use of child labour or forced labour.

On the other hand, the **environmental** provisions require:

- Operating with respect for Creation, adopting an approach of care and custodianship that extends to every aspect of living in moderation and in harmony with the environment;
- Compliance with the environmental regulations and standards envisaged by applicable laws and to be able to demonstrate the effective implementation of the provisions in question;
- Ensuring proper handling of waste, especially if it is classified as hazardous;
- Ensuring the best traceability of raw materials, also with respect to any 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 artisan workshops. In fact, as set out in our **Anti-Corruption Policy**, the Group reserves the right to terminate the contractual relationship with third parties whose conduct and business practices conflict with such Policy.

As an integral part of the 231 Model, our partners are also recipients of the Company's **Whistleblowing Procedure** aimed at governing any justified reports of unlawful conduct relevant under Italian Legislative Decree no. 231/2001 or reports of any improper conduct by commission or omission that constitutes or may constitute a violation or inducement to violate laws or regulations, the Code of Ethics or the 231 Model. Therefore, it is the duty of the recipients of the Procedure to report any such conduct if it is deemed likely to cause damage of any kind to the Group, using the reporting channels made available by the Company and having the choice of reporting either openly or anonymously (see the Section *Ethical business management*).

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**, with respect to which their acknowledgement and adoption of business conduct aligned with the principles set out therein is required.

The **self-assessment questionnaire** – entitled *“Value: a virtuous circle of human sustainability”* – distributed to our partners from 2020 onwards also constitutes a further element for managing the relationship with suppliers and monitoring their compliance and level of maturity in the environmental, social and ethical fields.



Specifically, taking inspiration from the main international references on environmental, social and governance issues<sup>80</sup>, the assessment requires providing documentation on the management controls put in place by supplier companies with respect to the following **seven topical areas**:

- Environment;
- Employment rights (with a particular focus on occupational health and safety and privacy issues);
- Human rights;
- Fighting corruption;
- Supplier compliance (with regard to the possession of certifications and alignment with voluntary standards);
- Reporting mechanisms;
- Transparent reporting of sustainability performance.

During the year, in addition to the previous 136 suppliers contacted and invited to take part in the questionnaire (whose response rate in 2021 was 93%), the survey was **sent to a further 27 suppliers**.

In 2022, there were 21 responses to the questionnaire, of which 5 were from yarn/fabric suppliers, 10 from leather suppliers, 4 from accessory suppliers and 2 from packaging suppliers.

These suppliers account for **93% of the turnover of the Casa di Moda's raw material suppliers** and employ a total of about **13,600 people in their workforce**.

The evaluation was also accompanied by a **document audit**.

In fact, we have defined and implemented a process for evaluating the answers collected through the questionnaire, based on specific criteria. Specifically, in addition to assigning a percentage weighting to the individual questions addressed to the suppliers that participated in the assessment, defined in keeping with the Group's strategic and operational priorities, the overall assessment also took into account the inherent relevance with respect to each of the four Casa di Moda Decalogues.

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.

To further formalise this process, in 2022 the Company drew up and approved a **Procedure for assessing the sustainability performance of raw material suppliers**, with the aim of clarifying and explaining the rationale behind the Self-Assessment Questionnaire, formalising the management processes connected thereto, and defining the roles and responsibilities of the company personnel overseeing this activity.

We then developed **scorecards for raw material suppliers**, which were elaborated on the basis of the following elements:

- Qualitative assessment of the relationship between the company and suppliers;
- Assessment of sustainability aspects;
- Economic-financial evaluation.

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80 Among them: United Nations, Organisation for Economic Cooperation and Development (OECD), International Labour Organisation (ILO), ISO certifications.



The scorecards are prepared annually and can be updated as needed.

Moreover, we have started to investigate the possibility of making raw material suppliers **more structured and traceable** using a **fully digitised process** that will also ensure a more precise monitoring of the environmental footprint of the raw materials.

#### **Greater traceability of raw material suppliers**

As a member of the Fashion Task Force of the **Sustainable Markets Initiative**, the Company also participates in the working table on the implementation of the **Digital Passport** (or Digital ID) for **products in the fashion and luxury sector**.

The phase of engagement and primary data collection of the supply chain is crucial for the Casa di Moda in order to create a complete, reliable database that can best provide the information needed for the digital passport. In 2022, following a study and assessment of a number of potential external partners, the Casa di Moda identified the party that can best support it in the timely mapping of its suppliers and the collection of data, an activity that started at the beginning of 2023.

Specifically, the technological platform provided by the chosen partner allows collecting primary data through qualitative-quantitative assessments to assess and measure the impacts of the production chain, in order to identify priorities for action and share performance.



## CHAPTER 4. CULTURAL SUSTAINABILITY – WE BELIEVE IN THE UNIVERSALISM OF THE WORLD AND ACT WITH GREAT RESPECT FOR ALL CIVILISATIONS



Cultural Sustainability – Man holding a book, Parmigianino, 1529 ca., Vienna, Alamy Stock Photo

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### UNGC Ten Principles

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## SOLOMEO: THE HAMLET OF CASHMERE AND HARMONY

We have always acknowledged the **importance** and **value of the territory**, as well as our great passion for the *genius loci* that characterises Solomeo.

Our special connection with Solomeo contributes greatly to the brand's fascination and allure. In fact, the **Hamlet of Cashmere and Harmony** is «*at the heart of the family, business and spiritual life*» of Chairman Brunello Cucinelli and is the pillar based on which our idea of Humanistic Capitalism was built.

The Company logo itself recalls the Hamlet's historical coat of arms and contains the Latin phrase SOLOMEI MCCCXCI. It also refers to the year 1391, when the ancient castle that Entrepreneur Brunello Cucinelli renovated and that served as the corporate headquarters in the Company's early years was built.

This connection with Solomeo is an example of a «*humanistic journey that goes from spirituality to history, art and culture, to human labour; whether artisanal or agricultural, up to the celebration of the human person*»; it manifests itself in the **responsibility of the Casa di Moda with respect to the local area**, nearby **suburbs** and the **local community** that hosts us.

At the same time, it is characterised by the belief that the identification of a company or a luxury brand with its local area lays the foundations for it to stand the test of time, possibly forever, or in any case for centuries on end, in order to bring many generations together in the name of beauty.

It has always been our belief that the Company can continue down this path to growth, growing in a sustainable and respectful manner, while respecting the “spirit of the places” we live and work in; and we believe that, as part of our key future goals, we must stay true to the unwavering principle of custodianship, doing our best to embrace it in our everyday lives and in the Company's day-to-day business.

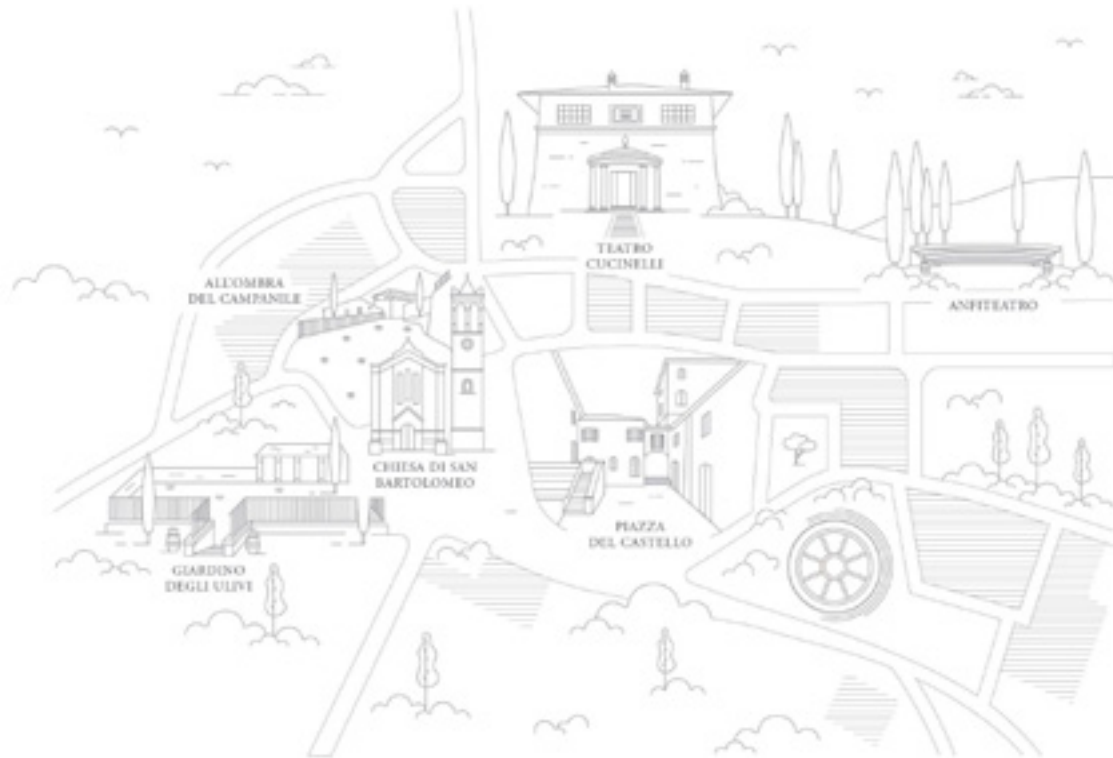
Thus, over the past more than forty years of history of the Solomeo Company, our business has always gone hand in hand with our **constant devotion to supporting, restoring and developing the Hamlet and Umbria** in general, favouring the growth of the local communities.

The Hamlet has therefore become an amiable place, where we like to feel, together with the local people, as **temporary custodians of beauty**.

*Restoring the Hamlet of Solomeo to its former glory*

The great restoration works promoted by the Cucinelli family, which started in 1985, made it possible to restore the Hamlet to its former Renaissance splendour. Each and every project carried out or promoted by the Casa di Moda has always been based on **constantly respecting the landscape and historical and architectural identity of the place**, as an inspirational principle and a key precondition. A harmonious setting was thus created, where production meets creativity, work life meets cultural life, and attention to products meets the protection of human values.

Figure 31 – The places of the Hamlet of Solomeo



Specifically, construction of the **Forum of the Arts** – whose layout recalls a humanistic citadel – started in 2001. In ancient Rome, the Forum was the main centre of the city, whose design reflected Ancient Roman traditional urban planning and where citizens used to meet to discuss the various aspects of social life. The Forum in Solomeo comprises the **Cucinelli Theatre**, that we consider as a laic temple devoted to Art; an open-air **Amphitheatre** that hosts shows during the summer season; the so-called **Garden of Philosophers** that is accessible to anyone wishing to meditate and contemplate nature; and the **Neo-Humanistic Academy** with the **Aurelian Library**.

Every year, a multitude of events, gatherings and shows enliven the “Forum of the Arts”, such as the **Villa Solomei Festival**, hosting musicians and composers from the Italian and international music scene and offering to the viewers the opportunity to listen to live music from beautiful ancient and faraway countries.

Culture is at the core of the Company’s philosophical vision and values: the concept of Cultural Sustainability takes form in promoting, in Solomeo, the idea of culture inspired by the **common good**, so that the well-being that its continuous and amiable growth brings to the spirit is addressed to and at the fingertips of all people. We thus work on making it possible that everyone has **easy and universal access to culture** and has the **time to enjoy it**.





The idea behind the creation of the Cucinelli Theatre stems from the need to **give art a place where it can express itself and from our desire to enhance the Hamlet with a building that could last for centuries on end**. Its structure is modern and versatile, while its shape is inspired by the standards of the Renaissance style and Palladian architecture, specifically the Sabbioneta Theatre (Mantua). Both the exteriors and the set design evoke classical canons: at the entrance, the curved pronaos is supported by Ionic columns and leads into a foyer that also rests on columns, where visitors are welcomed by the pictures of the artists who have performed here. The inside of the theatre, which is dominated by the busts of the great rhetors from the past – such as Demosthenes and Cicero, just to mention a few – is charming and simple at the same time, in soft light colours and displaying the austere line of the noble oak trusses, as well as huge beams made from trees coming from the French Alps.

As part of its theatre and music calendar, the Cucinelli Theatre runs **world-acclaimed** plays, concerts and ballet shows, shining the spotlight on Italian premieres. The theatre also hosts all the shows featured in Solomeo during the year in exclusivity with respect to other theatres in the region.

This **creates opportunities for the local community as a whole** to enjoy art and culture in Solomeo and in the surrounding area, **having access to shows and events that were previously inaccessible in the area** at low prices, thanks to funds from the Brunello and Federica Cucinelli Foundation.

The project for the renovation and rebirth of the Hamlet continued with the creation, in 2013, of the **School of Contemporary High Craftsmanship and Arts**. The School comprises several buildings and dedicated workshops – including the medieval castle – and continues to set the benchmark in training, passing on the ancient crafts and the art of tailoring to the generations of tomorrow (see Section *Preserving artisan savoir-faire Made in Italy*).

One of the pillars of the culture of our Casa di Moda is the significant value we give to the “**Pleasant Suburbs**”, a term that intuitively and best defines our desire to **contribute to the enhancement of our territory and nearby suburbs**.

From the heart of the Hamlet of Solomeo, therefore, a new idea was born: to design, administer, protect and safeguard the beauty of a suburb that only thus can become “pleasant” and finally free itself from abuse. Chairman Brunello Cucinelli thus creates a new concept of suburbs and of suburban planning, designed to **improve quality of life** and create **seamless harmony** between the suburbs and the landscape, where nature meets creativity and productivity.

The “**Project for Beauty**” made it possible to restore the valley below the Hamlet to its former glory, creating the **perfect blend of profit and Human Sustainability, tradition and evolution, local and global economy**.

The project was completed after almost eight years of hard work and today covers an area of approximately 100 hectares, divided into three parks:

- The *Industrial Park*, covering approximately 35,000 square meters, includes the Company’s new headquarters, harmoniously nestled in a large, lush garden in honour of the world of work;
- The *Don Alberto Seri Park*, dedicated to the memory of the beloved and unforgettable priest of Solomeo, is surrounded by seven hectares of land. It comprises an open-air stadium, that is the recreational part of the project mostly dedicated to young generations and that serves as a Contemporary Laic Oratory: every young athlete is given the opportunity to practice sports while harmoniously promoting social and personal growth;
- The *Agrarian Park*, which covers an area of approximately 70 hectares, revolves around three core areas: the olive oil mill, the winery and the **monument called “Tribute to Human Dignity”**, completed in the summer of 2018. The park, and specifically the olive oil mill and winery, express the principle of **“cultivating as nature intended”**, where the vineyard (featuring traditional Umbrian grape varieties), the olive grove and land are grown using **ancient handcrafted techniques**. A statue of Bacchus has been placed in front of the entry to the winery, visible from all over the countryside and from Solomeo, to symbolise the Greek origins of the **deep relationship between man and landscape**. The interior is designed to convey that **sense of sacredness** that surrounds the valley and that has always been attributed to vines and to Mother Earth.

The monument “Tribute to Human Dignity” stems from Brunello Cucinelli’s desire to leave a **legacy behind that will stand the test of time**, a symbol of his commitment to mankind.

The monument comprises a travertine exedra crowned by five arches; above them, made from bronze letters, is the wording: *“Tribute to Human Dignity”*. To convey the universal meaning of the construction, the names of the world’s five continents are written in bronze letters below each arch, while the name of the African continent is placed in the middle, highlighting the place of origin of mankind. A tripod stands in the middle of the exedra. To make sure that it lasted for centuries on end, the monument was built in travertine using ancient techniques, based on the texts by Vitruvius, Palladio and Sebastiano Serlio. Its design – as a whole and in each and every detail – perfectly reflects the rules and proportions of classical architecture.

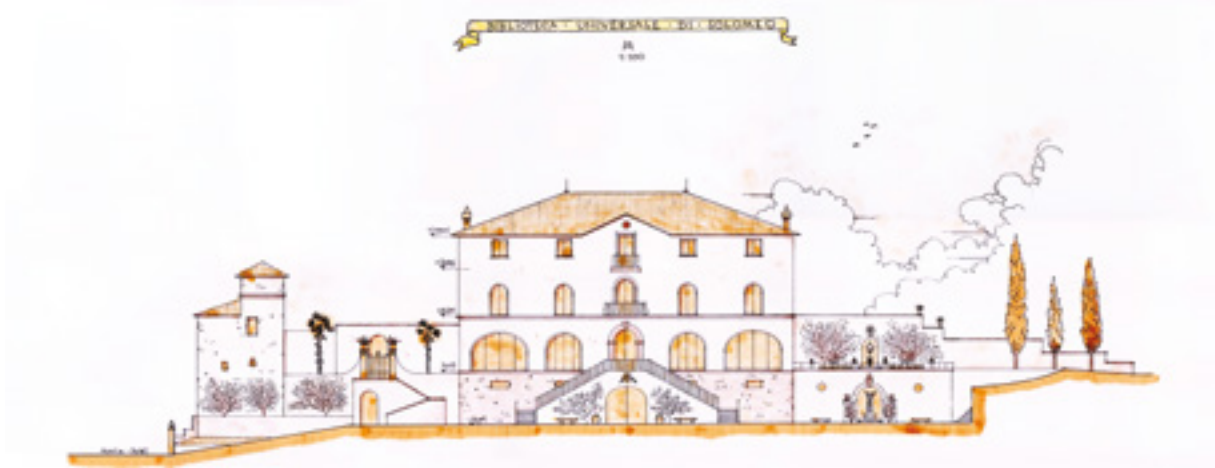
All the people who admire the monument perceive it as a legacy and a symbol of the idea that **art can drive the constant enhancement and care of the local area**.

In an attempt to act as faithful custodians of Creation and with a desire to leave a legacy to mankind that will last for the next one thousand years, we decided to pursue the dream of two great figures in history, Emperor Hadrian and Alexander the Great, whose actions benefited the whole world. The project called the **Universal Library of Solomeo** – born from the desire of Chairman Brunello Cucinelli and of his close friend, landscape architect Massimo de Vico Fallani – was launched in 2021, while the opening ceremony – that will be organised entirely at the expense of the Brunello and Federica Cucinelli Foundation – is scheduled for 2024.

It is a **project for the next “one thousand years”**, that aims to **contribute, in the years to come, to the ethical, spiritual and cultural growth of the local area** and community.

The Universal Library of Solomeo is built on the universality of thought of the authors whose books it will contain, and is therefore a **“universal”** library. It will be located near the Cucinelli Theatre, in the breath-taking setting of a 2,000 square-meter villa, and will cherish, year after year, ancient and new books, not only in Italian but also in other languages, thus embodying knowledge from all over the world.

The space will be accessible to anyone wishing to study, read a book or take a stroll in the green area that will become a public park in Solomeo and whose design will recall Villa Adriana in Tivoli.



We therefore imagine the new Library in Solomeo as an **open, accessible and attractive** venue and as the perfect meeting place, where people can gather, as they used to do in the parks of philosophers in ancient times, or as the Library of Alexandria itself, where scholars used to teach and people used to read, discuss, work and, during breaks, just rest together in pleasant indoor or outdoor symposiums, according to the season.

A panel of experts has been entrusted with the task of selecting classical texts from all over the world based on four macro-areas: Philosophy, Literature (including classical Poetry), Architecture and Crafts.

Our ambitious goal is to have **30-35 thousand books by 2024** for the opening ceremony, possibly reaching, in the following years, a remarkable number of **500 thousand texts**. The books are purchased by the Foundation without relying on donations or contributions from its members and supporters.



### *The community and the local region*



In our desire to **generate a positive impact** on the local communities and support the regions that host us, we have always considered it a priority and a precise moral duty to offer our contribution primarily to the **promotion of the quality of life and the economic, social, cultural, civil and medical-scientific development of the regions** where we carry out our business and the communities that inhabit them.

In order to further formalise and govern contributions – through donations, both monetary and in kind (e.g. by sharing skills in the service of the community), and non-commercial sponsorships – to entities, organisations, associations and initiatives carried out in and for the local regions and communities in Italy and abroad, in 2022 we drafted our **Charity Policy**<sup>81</sup>.

The Policy is inspired by the four Decalogues and in particular by the fundamental values of **care and responsibility towards the community and the local region**. In keeping with these, we have defined the principles underlying our actions to support local urban-architectural redevelopment, artistic-cultural promotion and socio-economic development of the region.

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81 Submitted for approval by the CEOs.



The guiding principles are as follows:

- Ensure the consistency of the initiative with the ideals of **Humanistic Capitalism** and **Human Sustainability**;
- Have a **positive impact** on the people who will directly or indirectly benefit from the support provided;
- **Proactive and reliable conduct** on the part of all parties involved;
- Selection of initiatives or organisations to be supported based on the principles of **legality, personal dignity and welfare, transparency, honesty, propriety and inclusiveness**.

Above all, to ensure full alignment with our ideas of Humanistic Capitalism and Human Sustainability at all times, we have also defined a number of **priority areas** in which we want to be promoters of continuous and lasting positive change and impact. These areas recall the five elements of Human Sustainability already mentioned: environmental, economic, cultural, spiritual and moral.

The Brunello Cucinelli Group's support may be provided either on the basis of specific **requests made directly by the third party** or based on the **Company's direct willingness** to contribute to a specific cause. The Office of the Chair, Chairman Brunello Cucinelli and the CEOs are responsible for checking and approving the applications received.

It is also essential to **monitor the projects/initiatives supported by the Company**, with respect to their progress and successful completion, thus enabling the Company to **assess the impact generated**. The **direct involvement of the recipients of these actions** is considered indispensable in order to obtain as complete a view as possible of the creation of environmental, economic, cultural, spiritual and moral value resulting from our participation in these initiatives.

In this regard, note that in 2022 the Company performed a first analysis aimed at **measuring and assessing the impacts generated** – in terms of social benefits for the communities directly affected – by the initiatives organised in the area, with particular reference to the following projects: the Project for Beauty (see the Section *Restoring the Hamlet of Solomeo to its former glory*), the recovery and construction of the new production plant near Solomeo, and the replanting project in the area surrounding Solomeo (see the Section *Our focus on preserving the diversity of Creation*). In order to understand the social value that the Casa di Moda contributes to the benefit of its home region, the **Social Return on Investment (SROI)** calculation<sup>82</sup> was chosen as the method of analysis. The calculation of the SROI ratio is based on a formula that subtracts the costs incurred (by the Casa di Moda and the stakeholders) from the social value of the project and then divides the resulting amount by the invested capital.

Following the definition of the desired impacts and the results to be achieved (i.e. changes in the social system) through the initiatives, the analysis involved the **involvement** – by means of questionnaires and direct interviews – of the various categories of **stakeholders** concerned (beneficiaries) in order to understand the change experienced through the implementation of the projects.

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<sup>82</sup> The SROI is a method of analysis that consists of calculating an economic valuation of the social benefits generated by the initiatives organised, through a process that also allows the direct involvement of relevant stakeholders in all phases of the analysis.



### Measurement of the SROI of Casa di Moda Projects<sup>83</sup>

The following is the detail of the analysis and results obtained with respect to the three projects considered for the first assessment of the social impacts<sup>84</sup> generated by the Casa di Moda on the surrounding region and local communities.

Stakeholders identified as direct beneficiaries of the projects organised were asked to **evaluate the importance of the change** and the **contribution of the Casa di Moda to the outcomes** (changes) considered.

The following categories of stakeholders were involved in the **Project for Beauty** (Industrial Park, Don Alberto Seri Park, Agrarian Park):

- The Company’s human resources;
- The employees of Foro delle Arti tasked with greenery maintenance;
- The youth enrolled at the Contemporary Lay Oratory;
- The parents of the enrolled youth;
- Local authorities;
- The community and the local region;
- Tourists.

Multiple results/changes were identified for each stakeholder category, including: the development of a **sense of belonging to the workplace** for the Company’s human resources; the **increase of inclusion in the local socio-economic fabric** for the employees of the Foro delle Arti; the **improvement of scholastic skills** for the children enrolled in the Lay Oratory and an **increase in well-being and peace of mind** for their parents; a **reduction in the number of works** required of the local administration; an **increase in the quality of life** for the community and the local region; the **promotion of sustainable and local** tourism for tourists.

Based on the formula for calculating the SROI, it was possible to calculate a return of **€ 1.88 per euro invested**, equivalent to the social value generated through the implementation of the Project for Beauty. In fact, the project made it possible to develop the area surrounding the Hamlet of Solomeo and make it more attractive, protecting the safety and healthiness of the places and the people who live there, and consequently improving the professional skills of the employees, as well as the living conditions and well-being of the other stakeholders who benefited.

The following stakeholder categories were taken into consideration for the project to **recover and build the new production plant near Solomeo**, which will be affected by the initiative and its consequent impacts and changes:

- The Company’s warehouse employees (who will be directly affected by the construction of the new production building);
- The community and the local region;
- Local authorities.

<sup>83</sup> 2021 was taken as the reference year for calculating the social value of the three projects under analysis.

<sup>84</sup> For the calculation of the SROI ratio it is necessary to consider all impacts (positive and negative) generated by the project on the various stakeholder categories.



For the first group, the project will result in greater work efficiency and increased personal-professional well-being that in turn will lead to a **reduction in outgoing turnover**. The outcomes identified for the community and the local region consist mainly of an **increase in public satisfaction** as a result of the reduction of noise pollution and traffic from the inhabited areas, and in the **economic development of the area** with the consequent creation of **new sources of income**.

Finally, for the local authorities the construction of the new building by local companies will lead to an increase in both employment and trade in the area, with a consequent **increase in tax revenues** for the authorities.

Thanks to this project, it is calculated that the social benefits that will be achieved for the various parties involved will result in an SROI ratio of **€ 1.77 per euro invested**. Specifically, it is expected that the action will contribute to the development of the area in question (Ellera) thanks to the decommissioning and re-development of the land belonging to the former disused industrial building, thus safeguarding the safety and healthiness of the places and people while increasing the attractiveness of the commercial area and the efficiency of the logistics.

Finally, for the **replanting project in the area surrounding Solomeo**, the stakeholder groups involved in measuring the impact generated by the project, as direct beneficiaries of the improvements brought about by the project, were the following:

- The community and the local region;
- The employees of Foro delle Arti tasked with greenery maintenance;
- Local authorities.

Specifically, the analysis of the impact chains identified the following outcomes for each of the stakeholder categories mentioned above. The creation of **green areas rich in flora and fauna biodiversity** brought about by the planting of new trees by the Casa di Moda has made it possible to create **healthier places** where local people can have a closer connection with nature. This has generated not only an increase in the **well-being and health of the community**, but also in the willingness of the inhabitants to continue to be live in the area and the **promotion of the place's branding**, thus reducing the environmentally disrespectful and improper behaviour of tourists, and at the same time increasing the value of the area by protecting its attractiveness to the outside world.

From the point of view of the employees of the Foro delle Arti, the project **increased their sense of professional fulfilment**, increased their technical knowledge and skills and consequently their **well-being**. A further result that emerged was the **creation of advantageous employment opportunities** – thanks to the provision of specific and valuable knowledge – with a consequent **improvement in the integration** of these workers **into the local socio-economic fabric**.



Lastly, for the local authorities the project has led to an increased development and attractiveness of the area both externally and in terms of creating synergies with key players in the area, particularly with regard to the organisation of events/initiatives improving local socio-economic conditions. Furthermore, the increased anchorage of the soil and the increased water absorption capacity thanks to the recovery and replanting of plant species and the consequent increase in the number of plants and trees in the area provide **greater stability of the soil**, thus **increasing its safety, particularly in the event of adverse climatic/natural events**. The result is a **reduction in the maintenance** required of the authorities and greater efficiency in managing the time and resources available to them thanks to the **lower number of complaints reported by the public**.

In this case, the project is associated with an SROI ratio of **€ 2.18 per euro invested**. This value is an economic measure of the social benefit generated by the initiative, which in terms of the development of the area has increased the stability and safety of the land and created a relationship of local communities in full harmony with nature.

The activity of measuring and assessing the impacts generated by the Casa di Moda on the region in terms of social benefits for local communities will continue in 2023 through the application of the SROI method on the following **three main projects**: restoration of local artistic/architectural works; initiatives supporting the civil community/region; support for local cultural development.

The assessment of the impacts generated on the surrounding region and the changes and improvements directly perceived by local communities was also the subject of the engagement day organised with some representatives of the “Local region and community” category of stakeholders (see the section *Human relations: dialogue with stakeholders*). The outcomes of this qualitative assessment based on listening to the direct perceptions of the participants are summarised below.

#### **The impact perceived by the community and territory**

During the day of engagement dedicated to the community and territory (see the Section *Human relations: dialogue with stakeholders*) held in September 2022 it was possible to meet with representatives of the local community and illustrate and discuss the main initiatives organised by the Casa di Moda in recent years.

Specifically, **17 local institutions** were present in Solomeo – including municipalities, schools, institutes and universities and some volunteer organisations operating in the area – for a total of **30 participants**.

During the course of the day, we discussed the initiatives organised by the Casa di Moda for the local area and community, asking participants to **evaluate their impacts and benefits**.





The working tables discussed two main macro-environments related to the various forms of Human Sustainability:

- The Casa di Moda’s support for urban redevelopment and socio-economic development in the area;
- The artistic and cultural promotion of the region itself and the training and development of local artisanal skills.

Interesting points of view emerged regarding the changes and improvements perceived as a result of the actions taken in support of the many initiatives implemented over the years, and participants also brought to our attention the **development of new community needs** as a result of the support provided and the changes and improvements generated for the area.

The various working tables provided us with some very positive feedback.

Specifically, it turned out that the changes produced by the actions of the Casa di Moda are perceived as **permanent over time** and as a **continuous source of evolution of the area**. Therefore, all the initiatives organised to date have been assessed by the participants as **constructive and beneficial**, as they have brought about a positive value and cultural change for the entire area, triggering an **enduring paradigm shift** in the way the community as a whole – citizens and local businesses – solves its problems.

We are proud of the perception of sharing and appreciation of beauty that emerged from the participants as an element that inspires our contribution to the organisation of works and initiatives at a local level and for the common good of the region.

What was emphasised by the participants was that the **company is not only an organisation that produces beauty** – in the form of its products – **but also shares it directly with its community and is attentive to its surroundings**, through **investments that go beyond the business** and are **organised expressly for the local area**, redistributing economic value.

These initiatives create a **virtuous circle** based on the principle that “**those who acquire beauty give beauty back**”, which is perfectly consistent with our long-standing principle of the right harmony between profit and giving.

The activities and projects organised are seen by the local public as a “**binding agent**” for the **entire community**, driven by an interest that is not selfish but rather conducive to a **process of osmosis and mutual exchange**.

By becoming a point of reference for the area, our responsibility is to voice and respond to the expectations of the local communities, cooperating with local actors in order to achieve more results with even greater effectiveness.



Furthermore, in 2022 donations were made to local communities – in cash and in kind – for a total of **about € 1.7 million** (+47% compared to 2021), supporting associations operating in Italy and abroad (United States). Charitable gifts and donations made during the year benefited organisations such as the ITS Umbria Academy for non-university higher technological education, the Solomeo Philharmonic, the ASD Solomeo sports association, road maintenance and safety in the vicinity of Solomeo, the disbursement of scholarships to the Rondine-Cittadella della Pace Association, and the Friends of Malawi Association (MHEST Health and Social)<sup>85</sup>.

Moreover, the Company contributes to the support of cultural events and seasons in Umbria, supporting the programming of the Teatro Stabile dell’Umbria<sup>86</sup>.

Also continuing is the “**Brunello Cucinelli for Humanity**” project, launched in 2020 to donate apparel left unsold due to the lockdown to the most needy<sup>87</sup>.

On the other hand, the non-profit **Brunello and Federica Cucinelli Foundation**<sup>88</sup> operates in a separate and complementary manner with respect to the initiatives supported by the Company. It was established in 2010 with the aim of spreading and realising the ideals that fuelled Solomeo’s humanist aspirations.

With its programmes, the Foundation aims 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 Group and spreading the ideals that nourish Solomeo’s humanistic aspirations.

Under the banner of these objectives, the Foundation supports 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 initiatives of the Brunello and Federica Cucinelli Foundation

Following the work begun in 2021 for the renovation of the Church of San Lorenzo (Perugia Cathedral), in 2022 the Foundation continued to support the project – costing a total of € 7.5 million allocated over a two-year period – for the cleaning of the cathedral’s stones and the removal and replacement of the cement inserts that had been used in previous restorations.

85 For more details, see the 2021 NFS.

86 In the form of an “art bonus”.

87 For more information, see the 2020 NFS.

88 Whilst the activities managed by the Foundation are not included in the reporting scope of the 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 Family 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 at <https://www.brunellocucinelli.com/en/the-cucinelli-foundation.html>

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.

### National and local associations the Casa di Moda belongs to

Below are details of the Company's membership in a number of associations operating on a national and local scale:



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 friendly 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.



The **National Chamber for Italian Fashion (NCIF)** 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 re-launch 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.



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, speed 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, masters and seminars.



**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. CEO Riccardo Stefanelli serves as President of the association's Information Systems Division (SFCU).



The **Council for Inclusive Capitalism** is a global movement that brings together key leaders, including some from the business world, who share the goal of creating a more inclusive, accountable, responsible, dynamic and sustainable capitalism that benefits people, communities and the planet. In keeping with our ideals of Humanistic Capitalism and Human Sustainability, the Company joined the Council for Inclusive Capitalism as a "Steward Member", and Chairman Brunello Cucinelli is also a member of the organisation's Steering Committee. Through the pursuit of the goals defined in the "In Harmony with Creation" 2022-2028 Sustainability Plan, the Casa di Moda follows through on the commitments elaborated by the Council for Humanistic Capitalism and thus participates in their achievement.

The Casa di Moda's participation in the **Sustainable Markets Initiative Fashion Task Force** is described in the box below, while the details of the two key projects of the Initiative are provided in info boxes in the relevant chapters (see the Sections *Our focus on preserving the diversity of creation* and *Sustainable management of supplier relations*).



### Sustainable Markets Initiative Fashion Task Force

As part of the Sustainable Market Initiative launched by then-Prince now King Charles III of England in Davos in 2020 with the aim of accelerating the transition to a more sustainable future, some of the world's leading fashion brands were brought together in the Fashion Task Force in 2021 pledging to facilitate the transition to a more sustainable production and consumption model within the fashion and luxury industry. Federico Marchetti, founder of the YOOX Net-a-Porter Group, chairs the Sustainable Markets Initiative Fashion Task Force at the invitation of King Charles III of England.

Considering the profound esteem that Chairman Brunello Cucinelli has for King Charles III of England, whom he also met on the occasion of the G20 in Rome where both were speakers, the Brunello Cucinelli Group immediately embraced the sound inspirational principles and ambitious goals of the Fashion Task Force, joining as a member through the participation of CEO Riccardo Stefanelli.

The Fashion Task Force focuses on the definition and development of a digital passport (Digital ID) to enable customers to be better informed about the characteristics of the products they buy and the adoption of regenerative agricultural practices with respect to the different types of raw materials used.

In particular, with regard to the digital passport project, the main objective is to achieve greater transparency and traceability of textile products by providing information to customers on the design, manufacture and production of manufactured goods collected through the contribution of the entire fashion industry value chain: manufacturers, brands, retailers and platforms. The initiative also lays the foundations for the development of business models based on the principles of the circular economy, enabling new services inspired by them such as repair services, as well as recovery, recycling and resale, thereby increasing the longevity of products.

As a member of the Task Force, the Company joined the initiative and affirmed its commitment to the project. Our desire is to accompany the provision of this information with value aspects that can convey the essence and inspiration of our brand, thus providing our customers with the perception of how the ideas of Humanistic Capitalism and Human Sustainability are always behind the development of our garments as well.

With regard to the second project of the Fashion Task Force relating to **regenerative agriculture practices**, of particular note is the "Himalaya Regenerative Fashion Living Lab" project, which our Casa di Moda joined in March 2022. This project aims to restore harmony between small local communities in certain areas of the Himalayas, nature and the surrounding environment, and at the same time to create fashion value chains that are sustainable.

Specifically, in accordance with the Manifesto for Regenerative Fashion that the members of the Fashion Task Force have committed to, the objectives underlying the project are as follows:

- Holistically address the climate crisis and loss of biodiversity while generating fair, inclusive prosperity along the fashion and textile industry value chains;
- Restore harmony between humanity, nature and the environment through the reconciliation of science, innovation and tradition;
- Involve local and indigenous communities in order to protect their rights and ensure their involvement in the design and implementation of regenerative practices so that they can fully enjoy the benefits of the project.

The progress achieved in the first year of the Casa di Moda's participation in the "Himalaya Regenerative Fashion Living Lab" project was illustrated during the recent UNFCCC (United Nations Framework Convention on Climate Change) Conference of the Parties – also known as **COP27** – in Sharm El Sheikh in November 2022, which was attended by CEO Riccardo Stefanelli together with Fashion Task Force Chair Federico Marchetti.

The event was preceded and prepared for at a meeting held at Buckingham Palace, with the presence of England's King Charles III and British Prime Minister Rishi Sunak.



Photograph – Meeting between King Charles III of England, Chairman Brunello Cucinelli and Fashion Task Force Chairman Federico Marchetti (Buckingham Palace, 17 February 2023)



## THE VALUE OF CRAFTSMANSHIP AND MANUAL SKILLS



### *Our production organisation*

“Italian craftsmanship and manual skills” means the **utmost attention to the quality of raw materials and workmanship, attention to detail, passion for beauty** and the **gratification of talented people** who know how to give life to handcrafted products that are valued throughout the world.

The beauty, elegance, durability and wearability of our products are in fact a result of the work of the skilled hands of the artisans of the companies that have been collaborating with us for years. Thanks to their work, our Casa di Moda is able to guarantee a very high component of **authentic craftsmanship** (needle, thread, scissors), which we have estimated to be on average 52% of each product in the collections, thus positioning our product range in the absolute luxury bracket.

The constant and special **relationship of trust, esteem and collaboration** that has been built with them over time has allowed us to be recognised as “**industrial artisans**”, and the products of our land, from the attention to the choice of raw materials to the search for the highest quality and creativity along each step of the production chain, are sought out by the entire world.

The value of excellence Made in Italy inspires the creation and packaging of true **handcrafted works** of art destined to preserve and represent Italian taste throughout the world.

The possibility of being able to rely on our small artisan workshops over time is also confirmed by the **generational changeover** that has taken place or is currently in progress, and which is protected and promoted within these enterprises. 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 – are involved in the company.

Furthermore, the analysis of the average age of the owners and employees of these businesses were respectively 51 and 43.5 in 2022.



We consider this evolution fundamental in order to facilitate the **transmission of art, technical knowledge and craftsmanship** within the workshops.

**Daily interaction**, facilitated by the geographical proximity of most of the artisan workshops, 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 quality controls. Indeed, these controls are performed both internally within the company and in the artisan workshops and have the essential purpose of ensuring that the quality standards sought for our products are respected throughout the various production stages.

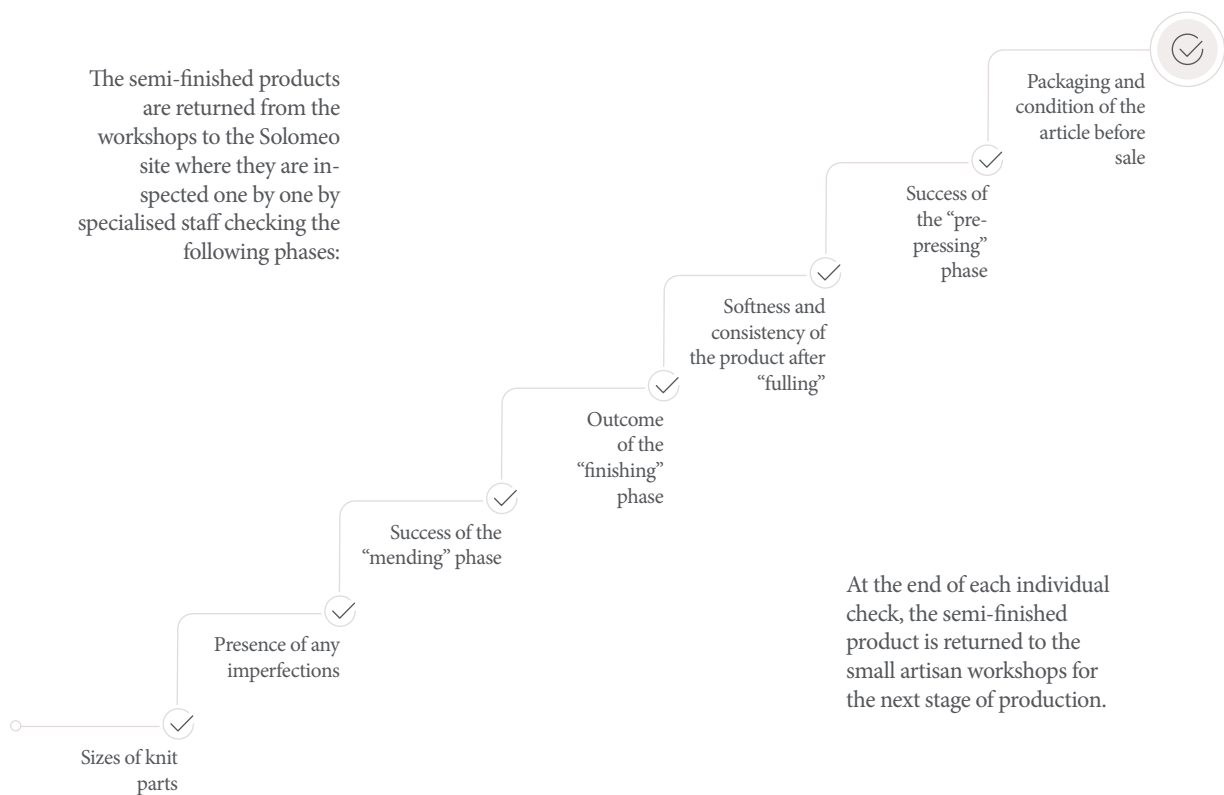


In the specific case of knitwear garments, all the semi-finished products are returned to the Solomeo site at the end of each production stage to be subjected to scrupulous inspections, piece by piece, by specialised personnel (see Figure 32).

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 enables us to **minimise the number of finished products that are unfit for sale**.

*Figure 32 – Quality control of knitwear*





Artisan workshops are also subject to a further type of control – so-called **compliance controls** – under the responsibility of the Third-party Manufacturer and Supplier Information Office.

The controls are designed to promote the workshops' compliance with social security, wage, tax, insurance, and health and safety regulations. In fact, our goal is to safeguard the economic and operational capacity of our partners, and at the same time to protect the working conditions and welfare of the workers within the workshops.

These companies can only process the request for information through self-certifications or official documentation. The analysis allows us to know the maturity level of the workshops in this regard, being able to promptly identify areas for improvement where action is needed. In cases of non-compliance, where possible and depending on the level of severity, specific programmes, plans or activities are developed for the immediate resolution of the situation.

**Transparency, dialogue and respect for human relationships** are recognised across the board by the workshops as factors that nurture the durability and growth of the relationship over time. In fact, these values also characterise the Company's handling of any situations identified as not being properly aligned with its standards and requirements. Termination of the contractual relationship is therefore only envisaged in the most serious cases, always trying to consider the impacts and consequences associated with it.

As in the case of raw material suppliers, the contractual documentation underlying the relationship with small artisan workshops includes the following: the **Framework Agreement** containing the social and environmental rules of conduct that each of our partners must comply with, together with specific commitments and duties; the **Code of Ethics, 231 Model** and the related **Anti-Corruption Policy** and **Whistleblowing Procedure**; and finally, starting in 2021, our **"In Harmony with Creation" Human Sustainability Policy** and the **Diversity and Inclusion Policy** (see the *Sustainable supply chain management* Section).

In 2022, after the restrictions imposed in the previous two years related to the COVID-19 pandemic, we were able to resume site visits, in some cases even with management. These constitute key opportunities for a direct exchange with the artisan workshops to discuss the progress of their businesses and to increase the spirit of involvement and loyalty between the Casa di Moda and the external production structure.

In the reporting year, a total of **374 audits** were performed (about 98% of the total number of small artisan workshops we work with on an ongoing basis). Approximately 90% of the audits were successful, only in 31 cases were non-conformities found (in most cases not significant).

The audits resulted in the correction of 30 critical issues in 2022 (approximately 97% of the total non-conformities identified). However, the resolution of the remaining cases was not completed in 2022 and will be reported in the next financial year.

In no case, however, was it necessary to terminate the relationship as a result of the seriousness of the non-conformity and the lack of further opportunity for improvement agreements.



Finally, note that the supervision of third-party manufacturer information also extends to **sub-suppliers**. In fact, for some tasks, there are such levels of specialisation that the artisan workshop may need to outsource the work.

Counting on the long-term relationship of trust established with Brunello Cucinelli, the artisan workshop 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 operation 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 artisan workshop.

*Preserving artisan savoir faire Made in Italy*

Relationships with small artisan workshops are based on the Company's commitment to restore the rightful moral and economic dignity to manual skills, which is substantiated by the rediscovery and promotion of craftsmanship, particularly with respect to younger generations, by ensuring that a proper wage is always paid without any discrimination, and by contributing to the beautification of workplaces and the consequent improvement of the well-being of the people who work in them.

We have always been taught to imagine the factory as a purely industrial place. What we want to promote instead is the creation of a "bella fabbrica" where working conditions can be better and where creativity can develop thanks to the contribution of all the people who work there.



### Beautification of workplaces project

This project was conceived by the Casa di Moda keeping with its ideal of moral and economic dignity and is aimed at creating a virtuous circle enabling workshops to modernise their working facilities, improving the working conditions and well-being of their employees.

The project originates from a number of **specific needs that have emerged in recent years during our discussions with small artisan workshops**: the improvement of workplaces and working conditions within the artisan workshops; the reduction of the environmental impact of each workshop; the self-production of electricity, from renewable sources, thus achieving the goal of energy independence; a guarantee of business continuity from a production point of view for Brunello Cucinelli; the elimination of the volatility of energy costs from the income statement of the small artisan workshops; and their avoidance of significant levels of debt.

The project also focuses on looking at the beautification of workplaces as a **lever for attracting new generations** to manual labour, making it a **more contemporary job** – also thanks to digitisation – and at the same time a guarantor of local artisanal traditions.

The moral and economic value of manual labour and the “bella fabbrica” were also a key topic of discussion between Chairman Brunello Cucinelli and small artisan workshops during the meeting organised in Solomeo in September.

Subsequently, in December the annual **Convention** dedicated to these workshops was held at the Brunello Cucinelli Theatre in our beloved village, which was able to host them once again after the dropping of the restrictions that had been imposed to cope with the COVID-19 pandemic, during which these topics were once again raised to underscore their importance to the Casa di Moda.

Aware that manual skills and high craftsmanship are the founding elements of our Casa di Moda, we established the **School of Contemporary High Craftsmanship and Arts** in Solomeo, which represents the place where technical knowledge, craftsmanship, but also ethics, dignity and a sense of responsibility are handed down from generation to generation, following the example of Italian Renaissance workshops. The School of Contemporary High Craftsmanship and Arts was founded with the goal of helping our young people to **understand the proper value of manual labour**, not to leave our precious traditions behind, drawing inspiration from the ideas of those great visionaries John Ruskin and William Morris and from the humanistic reappraisal of Arts and Crafts.

In fact, the School was created as a concrete expression of the strong focus that the Casa di Moda has always placed on the work of **those who produce apparel**, the added value underlying the brand’s collections and its positioning in the absolute luxury segment.

Following is the observation of Chairman Brunello Cucinelli made at a July 2022 event with the local press, where the central topic was the promotion of craftsmanship and manual labour: *“From a young age I admired the objects and manufactures that Italian artisanal genius made unique, useful and beautiful. I sensed behind the hands that laboriously shaped the material something greater that dictated their action, the creative spirit that the whole world sees in us. I would like this to become an important value for our young Italians to be proud of again”*.



### The School of Contemporary High Craftsmanship and Arts

For several years, in the workshops of the School of Contemporary High Craftsmanship and Art artisans have been trained in those arts and crafts that have long been the glory of Italian creativity, and technology – a precious gift of the human mind – is placed at the service of the human hand and eye.

Over the years, the school has offered programmes such as **Master of Fashion** (three-year course), **Men's Tailoring** (three-year course), **Mending** (one-year course), **Knit Mending** (one-year course), **Ironing** (one-year course).

The school's courses are open to young men and women aged 18-26, of all nationalities.

In 2022, the significant increase in demand for artisanal work was followed by the decision to double the number of courses in Mending during the year.

Specifically, the courses provided during the year saw the following attendance, with a total of **60 students enrolled** (of whom 25 completed their courses in 2022 and 35 will complete their training in 2023): 15 students took part in the Master of Fashion course held in 2021 (9 finished and 6 in progress); the Men's Tailoring course was attended by 9 students (still in progress); the Mending courses were attended by 28 students (8 finished and 20 in progress); the Ironing and Knit courses had a total attendance of 8 in 2022 and the next one will start in 2023.

A total of **45,956 course hours were held in 2022** (13,821 hours in 2021).

The lessons are hands-on, based on the "workshop" teaching model, and led by experienced instructors. Technology is used to support manual and visual work.

Depending on the specific type of course chosen, **working hours last 5 or 8 hours**. Participating students receive a **monthly reimbursement** that was significantly increased for both schedules starting in September 2022.

Thanks to the School of Arts and Crafts, many young people have learned the real value of craftsmanship as a form of art and Italian excellence, as well as the dignity of the work performed.

The resulting benefits have direct effects not only for the participants but also for the local craft sector, and our small artisan workshops, which currently face difficulties in attracting new people, especially young people, to work in their businesses.

In fact, once the training is completed, there is the possibility for the young people to be employed directly by the artisan workshops or the Company.



The table below shows the figures for employment rates in 2022.

Courses	% total employment in the sectors covered by the courses (no. of students employed in the sectors covered by the courses/ total students)	% employment in the Company (no. of students employed by the Company/total students)	% employment in artisan workshops (no. of students employed in artisan workshops/total students)
Mending	72.73%	27.27%	45.45%
Knit Mending	69.39%	22.45%	22.45%
Men's tailoring	72.73%	36.36%	0.00%
Ironing	75.00%	25.00%	41.67%
Knitwear	69.23%	69.23%	0.00%
Master of fashion	90.00%	80.00%	0.00%

Finally, the relationship with small artisan workshops also extends to the **sharing of specific consultancy services** with respect to strategic and operational issues, as well as to **credit support** through the signing of supply chain agreements with major Italian banking institutions.

The executive phase of the medium-term project “**The human being at the centre of the Contemporary Factory: Pro hominibus dignitatem**” also continued in 2022, financed in 2019 by a call for proposals launched by the Umbria Region, aimed at supporting artisan workshops from a technical and operational point of view.



### The latest developments of the “Contemporary Factory” project

The execution of the “Contemporary Factory” project was subject to further developments in 2022, with reference to both RFID and the FiloLog programme.

Specifically, as far as RFID is concerned, the testing phase of **embedded RFID** (i.e. attached to the garment and not dangling) continued, with the aim of proceeding to implementation within a maximum of four seasons.

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.

Included in the research and development phase is a second electronic component connected or integrated with the embedded tag that will be able to support **Near Field Communication (NFC)** technology, the study of which proceeded hand in hand with the design changes related to the possible adoption of a **digital passport** in compliance with EU regulatory guidelines.

Specifically, with regard to the plan to create a digital passport for our garments, in the second part of 2022 development began on a project based on technologies defined as “Web3” and aimed at creating the technological infrastructure necessary to associate Non-Fungible Tokens (NFT) with our products, containing the most relevant information and content on the products themselves.

These NFTs will be designed as a new tool for interaction with end customers, through which they can discover the history of the products, their uniqueness, and activate dedicated services. Thinking of our garments as something to be treasured, with the aim of extending their useful life as much as possible, we imagine that these NFTs act as a kind of time capsule of craftsmanship and handmade products, which can be consulted in the coming decades by future customers.

The project will be defined and launched on an experimental basis during 2023, applying it first to a small portion of our collection and then studying its possible expansion.

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. This aspect is managed through the Extranet dedicated to the interaction with small artisan workshops. By sharing production orders and technical data useful for the production of garments, the FiloLog platform supports the collaboration between the coordinators and the external production structure and allows the online upload of all documents and certifications required from artisan enterprises during audits.

Specifically, 20 workshops were involved in the implementation of the FiloLog platform in 2022. The project will be further developed in the course of 2023. Then, in 2024 the platform will be introduced in its basic version for the involvement of all artisans in the production structure, which is expected to be completed within two years.

At the same time, a further internal application was developed, called “**Solomeo Tailor Shop**”, to **facilitate the sharing of information** (patterns, measurements, fabrics, accessories, notes for measurement points, etc.) **between the main flagship boutiques and the Solomeo tailor shop**, supported by the industrial departments (e.g. Sales Office, Materials Procurement, Production Planning, Workshop).





## CHAPTER 5. MORAL AND SPIRITUAL SUSTAINABILITY – WE BELIEVE IN THE MORAL DIGNITY OF THE HUMAN BEING



Spiritual sustainability – Dante and Beatrice Towards the Heaven of the Sun, Giovanni di Paolo (attributed), mid-15th century, CC BY

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UNGC Ten Principles

Principle I

Principle VI

Principle X

## OUR HUMAN RESOURCES



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**.

Human resources are the engine of our Casa di Moda and ensure its value and continuity over time. Therefore, promoting the **dignity and well-being** of each individual, developing **individual skills** and **personality** with an **awareness of the value of each individual's knowledge** has always been a priority objective pursued by the Company.

The daily management of the relationship with human resources is based on an internal strategic and operational organisation that involves significant cooperation between managers in the head office in Solomeo and the various regions where we have operations.

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 the *Corporate governance* Section).

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 attraction, selection, organisation, management, training and development are the responsibility of that function.

An HR Director is appointed in the main regions, who reports functionally to the Human Resources Department at the headquarters in Solomeo and hierarchically to the Chairman or Managing Director of the various local structures. Their role is to implement key aspects of the corporate culture and human resource management defined at Solomeo, taking into account the peculiarities of the various national systems and responding to the needs of employees in their daily work.



In foreign countries, where aspects relevant to the employment relationship are not expressly regulated by law, the Company has developed and applies the Employee Handbook<sup>89</sup>, i.e. a body of company rules supplementing national laws and the individual contract<sup>90</sup>.

We believe that listening to and involving people in the life of the company in the various locations and through various channels is a key, cross-cutting aspect 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 regard, with a view to continuous updates on the general course of the Casa di Moda's business and future prospects, the following events represent key moments for all employees:

- **Company meeting;**
- **Council of 50**, held every two years, which in October 2022 was renamed to “**Council of 100**” in view of the expanded participation;
- **Sales Meeting**, for boutique personnel.

Finally, note that during the year a **new information system was launched for the management of all processes** related to the relationship with human resources, from job selection to professional development, all the way to the termination of the employment relationship. The system allows all employees to log in online or via the app in order to consult their personal page and at the same time to get to know each other better, even if they do not belong to the same office or location.

This application – operational for HR staff in all regions as of the end of November 2022 – allows us on the one hand to ensure **full visibility of the company organisation** through the visualisation of a dynamic organisation chart of all our employees globally, and of the various **aspects of people management in the company**, and on the other hand to **harmonise processes across all locations and boutiques**, also thanks to the translation in five different languages.

Specifically, with regard to the attraction and selection of new resources, the “*Work with us*” page of the company website was directly linked to the system. This way it is possible both to submit one's application by registering on the platform (already active for Italy), and to view and apply for open positions. This latter function will also be made available for people already in the Group's workforce.

In the “Careers” area, conceived as a professional social network, experiences and skills can either be entered directly by the individual employee or enriched by the Human Resources Department.

Moreover, thanks to direct access to their own **evaluation form** – based on the 10 qualities template (see the *Training and development* Section) – each employee will be able to request feedback not only from their supervisor, but also from other co-workers with the aim of further **disseminating a full feedback culture**, also making use of one-on-one feedback meetings.

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<sup>89</sup> This instrument is currently used in the United Kingdom, China, Japan, the United States, Russia and the United Arab Emirates.

<sup>90</sup> For more information, see the 2021 NFS.



In the space of a few years, the goal of greater autonomy of individual managers in the management of certain aspects of their employees will thus be achieved.

In 2022, the Group’s human resources counted 2,475 people (+9% compared to 2021), with the majority of the company’s workforce concentrated in Italy (53%). Of the total human resources 63% are women, 36% men and the remaining 0.1% of employees preferred not to declare their gender. 81% of our human resources are employed on a permanent contract and 96% are full time.

**Table 23 – Human resources: type of contract and employment**

	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe <sup>91</sup>	Total
<b>Permanent</b>	<b>1,028</b>	<b>285</b>	<b>406</b>	<b>1,719</b>	<b>1,031</b>	<b>279</b>	<b>496</b>	<b>1,806</b>	<b>1,139</b>	<b>287</b>	<b>578</b>	<b>2,004</b>
of which men	380	91	139	611	379	94	187	660	426	97	221	744
of which women	648	194	267	1,108	652	185	309	1,146	713	190	354	1,257
Of which not declared	0	0	0	0	0	0	0	0	0	0	3	3
<b>Fixed-term</b>	<b>117</b>	<b>11</b>	<b>282</b>	<b>410</b>	<b>179</b>	<b>13</b>	<b>264</b>	<b>456</b>	<b>169</b>	<b>11</b>	<b>291</b>	<b>471</b>
of which men	60	5	67	132	93	6	67	166	80	5	73	158
of which women	57	6	215	278	86	7	197	290	89	6	218	313
Of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,145</b>	<b>296</b>	<b>688</b>	<b>2,129</b>	<b>1,210</b>	<b>292</b>	<b>760</b>	<b>2,262</b>	<b>1,308</b>	<b>298</b>	<b>869</b>	<b>2,475</b>
<b>Full time</b>	<b>1,108</b>	<b>273</b>	<b>664</b>	<b>2,045</b>	<b>1,165</b>	<b>274</b>	<b>739</b>	<b>2,178</b>	<b>1,263</b>	<b>277</b>	<b>847</b>	<b>2,387</b>
of which men	425	92	202	719	453	97	250	800	490	99	291	880
of which women	683	181	462	1,326	712	177	489	1,378	773	178	553	1,504
Of which not declared	0	0	0	0	0	0	0	0	0	0	3	3
<b>Part time</b>	<b>37</b>	<b>23</b>	<b>24</b>	<b>84</b>	<b>45</b>	<b>18</b>	<b>21</b>	<b>84</b>	<b>45</b>	<b>21</b>	<b>22</b>	<b>88</b>
of which men	15	4	4	23	19	3	4	26	16	3	3	22
of which women	22	19	20	61	26	15	17	58	29	18	19	66
Of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,145</b>	<b>296</b>	<b>688</b>	<b>2,129</b>	<b>1,210</b>	<b>292</b>	<b>760</b>	<b>2,262</b>	<b>1,308</b>	<b>298</b>	<b>869</b>	<b>2,475</b>

**GRI 2-7 Employees**

91 This includes 3 temporary workers who worked part-time as employees during certain months of the year in Japan.



Other non-employees also work with the Group, including interns, temporary workers and other partners. In 2022, these resources amount to 168.

**Table 24 – Other collaborators**

	2022			Total
	Italy <sup>92</sup>	Europe <sup>93</sup>	Non-Europe <sup>94</sup>	
<b>Temporary workers</b>	<b>33</b>	<b>62</b>	<b>27</b>	<b>122</b>
of which men	17	11	2	30
of which women	16	51	25	92
<b>Internship</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>8</b>
of which men	3	0	-	3
of which women	4	1	-	5
<b>Internship (School of Contemporary High Craftsmanship and Arts)</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>34</b>
of which men	9	-	-	9
of which women	25	-	-	25
<b>Contingent (Partner)</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>4</b>
of which men	-	3	0	3
of which women	-	0	1	1
<b>Total</b>	<b>74</b>	<b>66</b>	<b>28</b>	<b>168</b>

**GRI 2-8 Workers who are not employees**

The average age of the Group's collaborators is 39 years.

43% of the human resources belong to the professional category of White Collar – Sales (1,069 resources in 2022, 65% women).

For the professional category of Executives and Managers, considering all the regions we operate in, during the year women accounted for 47% of the employees in this category.

92 Refers exclusively to the Company Brunello Cucinelli S.p.A. The artisan workshops Max Vannucci S.r.l. and Pinturicchio S.r.l. only have employees in their workforce.

93 There are no non-employees in Russia.

94 Non-employees of Japan, the United States and Singapore are reported. There are no non-employees in Canada and the United Arab Emirates as at 31.12.2022. However, it was not possible to collect the data for the remaining locations (Greater China and Taiwan).



**Table 25 – Diversity as an asset**

	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe <sup>95</sup>	Total
<b>Executives and managers</b>	<b>52</b>	<b>3</b>	<b>22</b>	<b>77</b>	<b>52</b>	<b>7</b>	<b>49</b>	<b>108</b>	<b>59</b>	<b>5</b>	<b>48</b>	<b>112</b>
<b>under 30</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which men	0	0	0	0	0	0	0	0	0	0	0	0
of which women	1	0	0	1	0	0	2	2	0	0	0	0
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>32</b>	<b>3</b>	<b>21</b>	<b>56</b>	<b>35</b>	<b>7</b>	<b>44</b>	<b>86</b>	<b>42</b>	<b>5</b>	<b>45</b>	<b>92</b>
of which men	22	0	9	31	24	1	17	42	29	1	19	49
of which women	10	3	12	25	11	6	27	44	13	4	26	43
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>over 50</b>	<b>19</b>	<b>0</b>	<b>1</b>	<b>20</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>20</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>20</b>
of which men	10	0	1	11	8	0	1	9	8	0	2	10
of which women	9	0	0	9	9	0	2	11	9	0	1	10
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>White Collar – no sales</b>	<b>488</b>	<b>31</b>	<b>123</b>	<b>642</b>	<b>511</b>	<b>24</b>	<b>115</b>	<b>650</b>	<b>533</b>	<b>11</b>	<b>117</b>	<b>661</b>
<b>under 30</b>	<b>107</b>	<b>4</b>	<b>26</b>	<b>137</b>	<b>100</b>	<b>2</b>	<b>29</b>	<b>131</b>	<b>117</b>	<b>0</b>	<b>38</b>	<b>155</b>
of which men	20	3	9	32	23	1	14	38	23	0	8	31
of which women	87	1	17	105	77	1	15	93	94	0	30	124
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>332</b>	<b>22</b>	<b>84</b>	<b>438</b>	<b>362</b>	<b>21</b>	<b>71</b>	<b>454</b>	<b>367</b>	<b>10</b>	<b>74</b>	<b>451</b>
of which men	139	5	31	175	145	7	33	185	146	2	37	185
of which women	193	17	53	263	217	14	38	269	221	8	37	266
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>over 50</b>	<b>49</b>	<b>5</b>	<b>13</b>	<b>67</b>	<b>49</b>	<b>1</b>	<b>15</b>	<b>65</b>	<b>49</b>	<b>1</b>	<b>5</b>	<b>55</b>
of which men	15	0	6	21	16	0	7	23	16	0	1	17
of which women	34	5	7	46	33	1	8	42	33	1	4	38
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>White Collar – sales</b>	<b>85</b>	<b>262</b>	<b>543</b>	<b>890</b>	<b>93</b>	<b>261</b>	<b>596</b>	<b>950</b>	<b>92</b>	<b>282</b>	<b>695</b>	<b>1.069</b>
<b>under 30</b>	<b>11</b>	<b>37</b>	<b>97</b>	<b>145</b>	<b>17</b>	<b>47</b>	<b>92</b>	<b>156</b>	<b>15</b>	<b>49</b>	<b>112</b>	<b>178</b>
of which men	5	18	33	56	6	18	35	59	4	19	38	61
of which women	6	19	64	89	11	29	57	97	11	32	73	116
of which not declared	0	0	0	0	0	0	0	0	0	0	1	1
<b>30 to 50</b>	<b>60</b>	<b>196</b>	<b>355</b>	<b>611</b>	<b>59</b>	<b>189</b>	<b>410</b>	<b>658</b>	<b>60</b>	<b>190</b>	<b>451</b>	<b>701</b>
of which men	29	64	98	191	29	67	124	220	29	68	146	243

<sup>95</sup> This includes 3 temporary workers who worked part-time as employees during certain months of the year in Japan.



	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe <sup>95</sup>	Total
of which women	31	132	257	420	30	122	286	438	31	122	303	456
of which not declared	0	0	0	0	0	0	0	0	0	0	2	2
<b>over 50</b>	<b>14</b>	<b>29</b>	<b>91</b>	<b>134</b>	<b>17</b>	<b>25</b>	<b>94</b>	<b>136</b>	<b>17</b>	<b>41</b>	<b>132</b>	<b>190</b>
of which men	9	6	20	35	11	6	71	88	10	12	40	62
of which women	5	23	71	99	6	19	23	48	7	29	92	128
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>Blue Collar – no sales</b>	<b>520</b>	-	-	<b>520</b>	<b>554</b>	-	-	<b>554</b>	<b>624</b>	-	<b>9</b>	<b>633</b>
<b>under 30</b>	<b>139</b>	-	-	<b>139</b>	<b>162</b>	-	-	<b>162</b>	<b>203</b>	-	<b>2</b>	<b>205</b>
of which men	81	-	-	81	92	-	-	92	115	-	2	117
of which women	58	-	-	58	70	-	-	70	88	-	0	88
of which not declared	0	-	-	0	0	-	-	0	0	-	0	0
<b>30 to 50</b>	<b>239</b>	-	-	<b>239</b>	<b>251</b>	-	-	<b>251</b>	<b>272</b>	<b>0</b>	<b>5</b>	<b>277</b>
of which men	88	-	-	88	95	-	-	95	101	-	1	102
of which women	151	-	-	151	156	-	-	156	171	-	4	175
of which not declared	0	-	0	0	0	-	0	0	0	-	0	0
<b>over 50</b>	<b>142</b>	-	-	<b>142</b>	<b>141</b>	-	-	<b>141</b>	<b>149</b>	<b>0</b>	<b>2</b>	<b>151</b>
of which men	22	-	-	22	23	-	-	23	25	-	0	25
of which women	120	-	-	120	118	-	-	118	124	-	2	126
of which not declared	0	-	0	0	0	-	0	0	0	-	0	0
<b>Total</b>	<b>1,145</b>	<b>296</b>	<b>688</b>	<b>2,129</b>	<b>1,210</b>	<b>292</b>	<b>760</b>	<b>2,262</b>	<b>1,308</b>	<b>298</b>	<b>869</b>	<b>2,475</b>

**GRI 405-1 Diversity of governance bodies and employees**

In Italy, all human resources are covered by **collective bargaining agreements (CCNL)**.

The CCNL for the garment and clothing industry applies to all employees, with the exception of sales staff, to whom the CCNL for the tertiary sector applies.

In contrast, in the Europe Region<sup>96</sup>, the percentage of employees covered by collective bargaining agreements in 2022 is about 50% (50.46% in 2021). There are no collective bargaining agreements for non-European locations.

Therefore, considering our total human resources at a global level, about 58% of the people are covered by collective bargaining agreements.

<sup>96</sup> The percentage of employees covered by collective bargaining refers to employees in Austria, Belgium, France (including Monte Carlo), Greece and Spain: a total of 118 employees are covered by collective bargaining. There are no collective bargaining agreements in Russia.

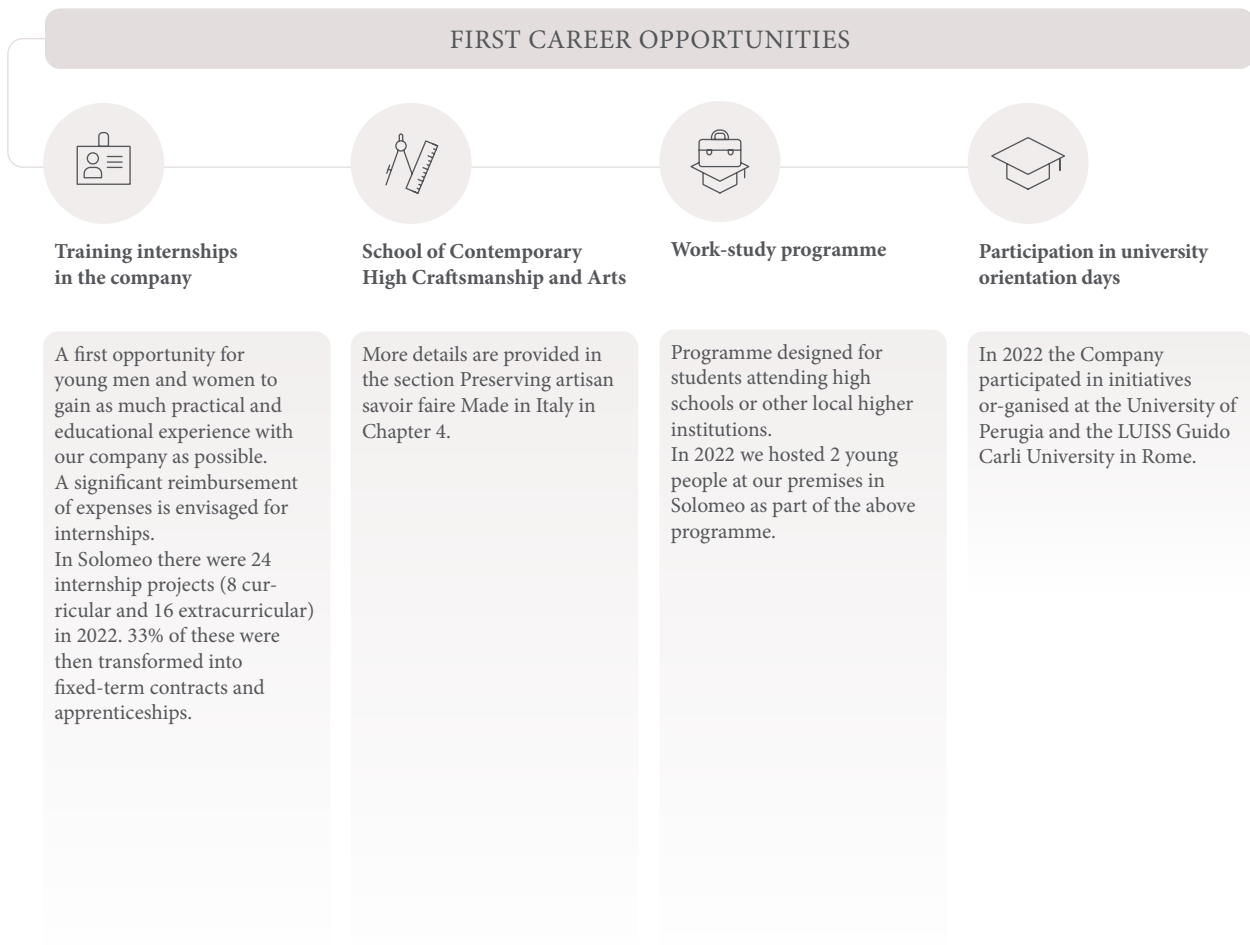
### Attraction and selection

The Group considers the processes of **attracting** highly qualified figures and specialised profiles to be strategically important, and attaches great significance to **retaining** these resources within the organisation so that stable and lasting working relationships can be built based on **mutual trust** and the development of a **sense of belonging** to our Casa di Moda.

Several channels and procedures are 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 main channels used for the selection of younger resources within the company workforce are shown in the following infographic (see Figure 33).

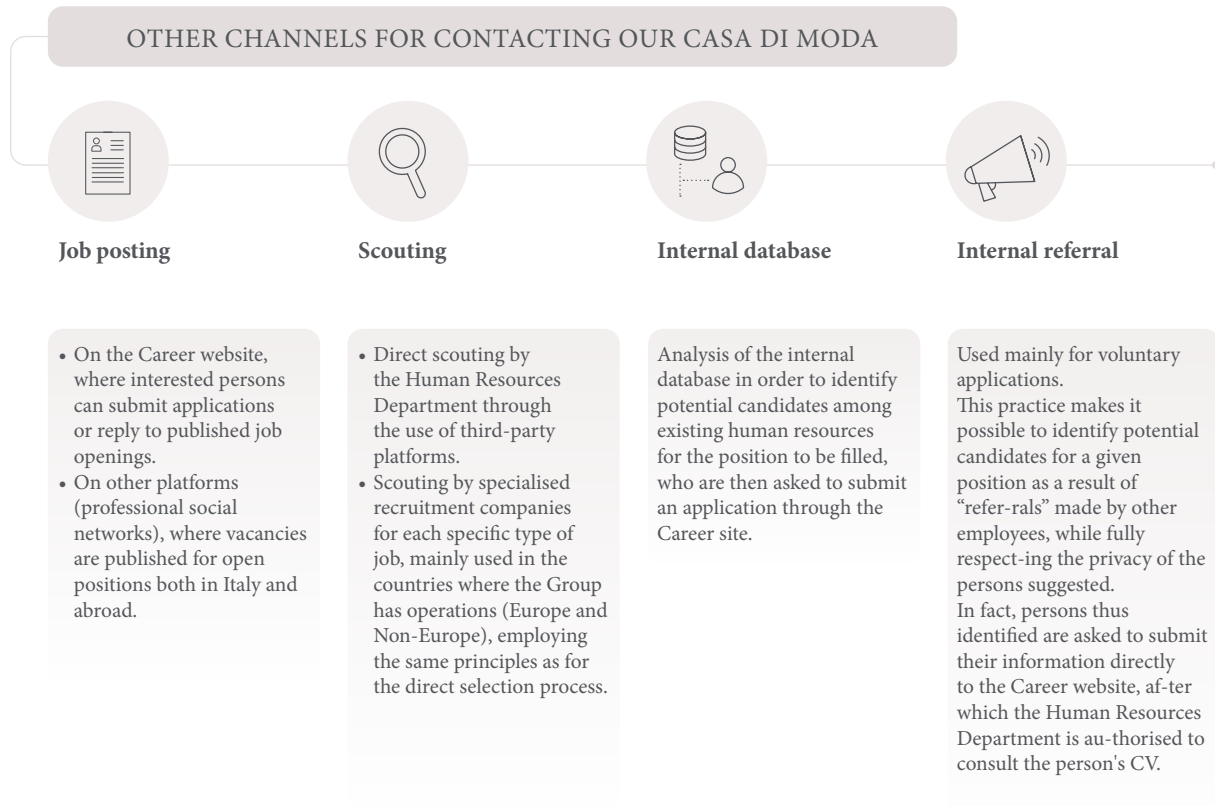
Figure 33 – Career opportunities for younger resources





With regard to more experienced professionals, the direct selection channels are detailed below (see Figure 34).

**Figure 34 – The channels for attracting professionals**



We always share feedback at the end of the application validation process, whether successful or unsuccessful, consistent with our deep respect for the individual.

In 2022, 567 new people were hired worldwide<sup>97</sup>, 50% of them in the 30-50 age group, 59.6% women, 40% men and 0.4% people who did not declare their gender. A total of 240 young men and women under the age of 30 were hired during the year, a 49% increase compared to new hires in the same age group in 2021.

75% of the new Executives and Managers are women.

The total incoming turnover is 25% (22% in 2021).

<sup>97</sup> 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.

**Table 26 – New hires in the three-year period 2020-2022**

New hires by age and gender	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
<b>&lt; 30 years</b>	<b>29</b>	<b>18</b>	<b>45</b>	<b>92</b>	<b>38</b>	<b>30</b>	<b>93</b>	<b>161</b>	<b>111</b>	<b>39</b>	<b>90</b>	<b>240</b>
of which men	10	8	18	36	15	16	37	68	48	15	27	90
of which women	19	10	27	56	23	14	56	93	63	24	63	150
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>17</b>	<b>38</b>	<b>123</b>	<b>178</b>	<b>15</b>	<b>49</b>	<b>215</b>	<b>279</b>	<b>40</b>	<b>48</b>	<b>198</b>	<b>286</b>
of which men	9	11	32	52	7	25	72	104	20	23	77	120
of which women	8	27	91	126	8	24	143	175	20	25	119	164
of which not declared	0	0	0	0	0	0	0	0	0	0	2	2
<b>&gt; 50 years</b>	<b>2</b>	<b>0</b>	<b>18</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>35</b>	<b>37</b>	<b>3</b>	<b>5</b>	<b>33</b>	<b>41</b>
of which men	1	0	5	6	0	0	13	13	0	3	14	17
of which women	1	0	13	14	1	1	22	24	3	2	19	24
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total new hires</b>	<b>48</b>	<b>56</b>	<b>186</b>	<b>290</b>	<b>54</b>	<b>80</b>	<b>343</b>	<b>477</b>	<b>154</b>	<b>92</b>	<b>321</b>	<b>567</b>
Incoming turnover <sup>98</sup>	4%	20%	30%	14%	5%	27%	50%	22%	13%	32%	42%	25%

**GRI 401-1 New employee hires and employee turnover**

98 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 27 – Details of hires in 2020-2022, by professional category, age group and gender<sup>99</sup>**

	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
<b>Executives and managers</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>21</b>	<b>26</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>12</b>
<b>&lt; 30 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Of which men (rate)	0	0	0	0	0	0	0	0	0	0	0	0
Of which women (rate)	0	0	0	0	0	0	1 (2%)	1	0	0	0	0
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>17</b>	<b>22</b>	<b>3</b>	<b>0</b>	<b>8</b>	<b>11</b>
Of which men (rate)	0	0	0	0	2 (4%)	1 (14%)	10 (20%)	13	2 (3%)	0	0	2
Of which women (rate)	0	0	2 (9%)	2	1 (2%)	1 (14%)	7 (14%)	9	1 (2%)	0	8 (17%)	9
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>&gt; 50 years</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Of which men (rate)	1 (2%)	0	0	1	0	0	1 (2%)	1	0	0	1 (2%)	1
Of which women (rate)	0	0	0	0	0	0	2 (4%)	2	0	0	0	0
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>White Collar – no sales</b>	<b>25</b>	<b>6</b>	<b>20</b>	<b>51</b>	<b>25</b>	<b>8</b>	<b>59</b>	<b>92</b>	<b>63</b>	<b>1</b>	<b>52</b>	<b>116</b>
<b>&lt; 30 years</b>	<b>18</b>	<b>3</b>	<b>9</b>	<b>30</b>	<b>20</b>	<b>2</b>	<b>26</b>	<b>48</b>	<b>39</b>	<b>1</b>	<b>24</b>	<b>64</b>
Of which men (rate)	4 (1%)	2 (6%)	4 (3.3%)	10	7 (1%)	1 (4%)	13 (11%)	21	7 (1%)	0	4 (3%)	11
Of which women (rate)	14 (2.9%)	1 (3%)	5 (4%)	20	13 (3%)	1 (4%)	13 (11%)	27	32 (6%)	1 (9%)	20 (17%)	53
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>6</b>	<b>3</b>	<b>10</b>	<b>19</b>	<b>5</b>	<b>6</b>	<b>27</b>	<b>38</b>	<b>24</b>	<b>0</b>	<b>28</b>	<b>52</b>
Of which men (rate)	4 (1%)	1 (3%)	5 (4%)	10	2 (0.4%)	4 (16.7%)	14 (12.2%)	20	12 (2%)	0	16 (14%)	28
Of which women (rate)	2 (0.4%)	2 (6%)	5 (4%)	9	3 (1%)	2 (8%)	13 (11%)	18	12 (2%)	0	12 (10%)	24
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>&gt; 50 years</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Of which men (rate)	0	0	0	0	0	0	3 (3%)	3	0	0	0	0
Of which women (rate)	1 (0.2%)	0	1 (0.8%)	2	0	0	3 (3%)	3	0	0	0	0
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>White Collar – sales</b>	<b>1</b>	<b>50</b>	<b>164</b>	<b>215</b>	<b>3</b>	<b>70</b>	<b>263</b>	<b>336</b>	<b>7</b>	<b>91</b>	<b>256</b>	<b>354</b>
<b>&lt; 30 years</b>	<b>1</b>	<b>15</b>	<b>36</b>	<b>52</b>	<b>1</b>	<b>28</b>	<b>66</b>	<b>95</b>	<b>5</b>	<b>38</b>	<b>65</b>	<b>108</b>
Of which men (rate)	0 (0%)	6 (2.3%)	14 (2.6%)	20	0	15 (5.7%)	24 (4%)	39	2 (2%)	15 (5%)	22 (3%)	39
Of which women (rate)	1 (1.18%)	9 (3.4%)	22 (4.1%)	32	1 (1%)	13 (5%)	42 (7%)	56	3 (3%)	23 (8%)	43 (6%)	69
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>0</b>	<b>35</b>	<b>111</b>	<b>146</b>	<b>1</b>	<b>41</b>	<b>171</b>	<b>213</b>	<b>2</b>	<b>48</b>	<b>159</b>	<b>209</b>
Of which men (rate)	0 (0%)	10 (3.8%)	27 (5%)	37	0	20 (7.7%)	48 (8%)	68	0	23 (8.2%)	60 (9%)	83
Of which women (rate)	0 (0%)	25 (9.5%)	84 (15.5%)	109	1 (1%)	21 (8%)	123 (21%)	145	2 (2%)	25 (8.9%)	97 (14%)	124
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	2 (0.3%)	2
<b>&gt; 50 years</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>1</b>	<b>1</b>	<b>26</b>	<b>28</b>	<b>0</b>	<b>5</b>	<b>32</b>	<b>37</b>
Of which men (rate)	0 (0%)	0 (0%)	5 (0.9%)	5	0	0	9 (2%)	9	0	3 (1.1%)	13 (2%)	16

99 The hiring rate is calculated as the ratio between the total number of employees by professional category, age group and gender as at 31.12 of the reference year and the total number of employees by professional category in the workforce in the same year.



	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
Of which women (rate)	0 (0%)	0 (0%)	12 (2.2%)	12	1 (1%)	1 (0.4%)	17 (3%)	19	0	2 (0.7%)	19 (3%)	21
Of which not declared (rate)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Blue Collar – no sales</b>	<b>21</b>	-	-	<b>21</b>	<b>23</b>	-	-	<b>23</b>	<b>81</b>	<b>0</b>	<b>4</b>	<b>85</b>
<b>&lt; 30 years</b>	<b>10</b>	-	-	<b>10</b>	<b>17</b>	-	-	<b>17</b>	<b>67</b>	<b>0</b>	<b>1</b>	<b>68</b>
Of which men (rate)	6 (1.15%)	-	-	6	8 (1.4%)	-	-	8	39 (6%)	0	1 (11%)	40
Of which women (rate)	4 (0.8%)	-	-	4	9 (1.6%)	-	-	9	28 (4%)	0	0	28
Of which not declared (rate)	0	-	-	0	0	-	-	0	0	0	0	0
<b>30 to 50</b>	<b>10</b>	-	-	<b>10</b>	<b>6</b>	-	-	<b>6</b>	<b>11</b>	<b>0</b>	<b>3</b>	<b>14</b>
Of which men (rate)	5 (1%)	-	-	5	3 (0.5%)	-	-	3	6 (1%)	0	1 (11%)	7
Of which women (rate)	5 (1%)	-	-	5	3 (0.5%)	-	-	3	5 (1%)	0	2 (22%)	7
Of which not declared (rate)	0	-	-	0	0	-	-	0	0	0	0	0
<b>&gt; 50 years</b>	<b>1</b>	-	-	<b>1</b>	<b>0</b>	-	-	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
Of which men (rate)	0	-	-	0	0	-	-	0	0	0	0	0
Of which women (rate)	1 (0.2%)	-	-	1	0	-	-	0	3 (0.5%)	0	0	3
Of which not declared (rate)	0	-	-	0	0	-	-	0	0	0	0	0
<b>Total new hires</b>	<b>48</b>	<b>56</b>	<b>186</b>	<b>290</b>	<b>54</b>	<b>80</b>	<b>343</b>	<b>477</b>	<b>154</b>	<b>92</b>	<b>321</b>	<b>567</b>

*GRI 401-1 New employee hires and employee turnover*

At the same time, 384 employment contracts were terminated in the Group in 2022, a number that was slightly down compared to the previous year (-1%). These were mainly terminations related to a balanced turnover of our human resources.

The total outgoing turnover is 17% (18% in 2021).

**Table 28 – Terminations and turnover in the three-year period 2020-2022**

Terminations, by age and gender	2020				2021				2022			
	Italy	Europe	Non- Europe	Total	Italy	Europe	Non- Europe	Total	Italy	Europe	Non- Europe	Total
<b>&lt; 30 years</b>	<b>2</b>	<b>8</b>	<b>37</b>	<b>47</b>	<b>9</b>	<b>22</b>	<b>58</b>	<b>89</b>	<b>18</b>	<b>26</b>	<b>41</b>	<b>85</b>
of which men	2	3	10	15	2	17	15	34	7	10	21	38
of which women	0	5	27	32	7	5	43	55	11	16	20	47
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>30 to 50</b>	<b>9</b>	<b>22</b>	<b>83</b>	<b>114</b>	<b>33</b>	<b>56</b>	<b>161</b>	<b>250</b>	<b>36</b>	<b>61</b>	<b>160</b>	<b>257</b>
of which men	1	8	28	37	19	18	42	79	15	28	58	101
of which women	8	14	55	77	14	38	119	171	21	33	102	156
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>&gt; 50 years</b>	<b>11</b>	<b>5</b>	<b>14</b>	<b>30</b>	<b>16</b>	<b>9</b>	<b>24</b>	<b>49</b>	<b>22</b>	<b>2</b>	<b>18</b>	<b>42</b>
of which men	1	1	3	5	3	0	10	13	5	0	6	11
of which women	10	4	11	25	13	9	14	36	17	2	12	31
of which not declared	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total terminations</b>	<b>22</b>	<b>35</b>	<b>134</b>	<b>191</b>	<b>58</b>	<b>87</b>	<b>243</b>	<b>388</b>	<b>76</b>	<b>89</b>	<b>219</b>	<b>384</b>
Outgoing turnover <sup>100</sup>	2%	12%	22%	9%	5%	29%	35%	18%	6%	30%	29%	17%

**GRI 401-1 New employee hires and employee turnover**

<sup>100</sup>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).

## UNIVERSAL WORKING CONDITIONS FOR THE HUMAN BEING



### *Uniqueness*

**Uniqueness, fairness and inclusion** are core values for the Company and therefore irreplaceable sources of enrichment and mutual stimulation, both personally and professionally.

To ensure full promotion and protection of these values, we defined our **Diversity and Inclusion Policy**, approved by the Company's BoD in March 2021 and subsequently shared **internally with all the Group's human resources and externally with our suppliers** (see the Section *Sustainable supply chain management*) and **small artisan workshops** (see the Section *The value of craftsmanship and manual skills*), which are required to comply with its principles in their dealings with their own people.

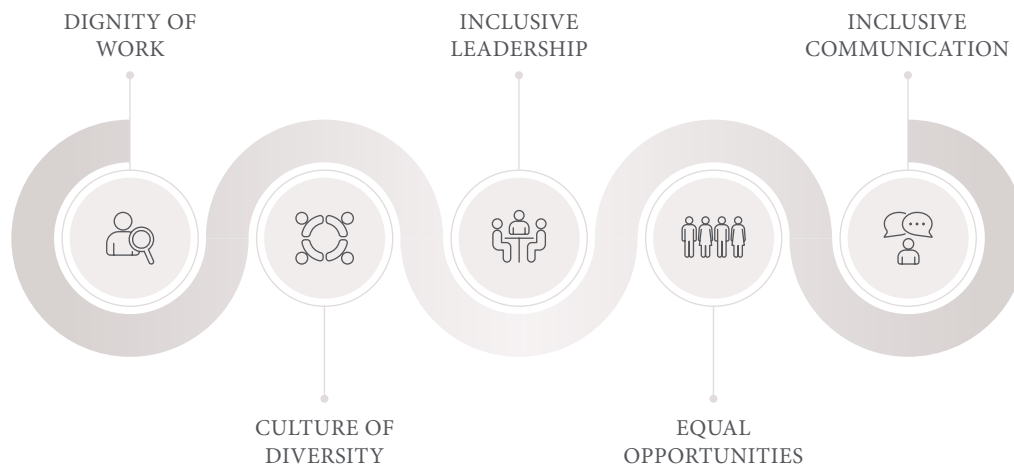
The Policy formalises our commitment to understanding, accommodating and promoting the uniqueness of each person in all internal organisational and management processes. Therefore, with this policy we aim to prevent all forms of discrimination, prejudice and harassment in the workplace – be it verbal,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

The contents were drafted in such a way as to ensure alignment with current law and the principles defined by the relevant international organisations, with particular reference to the **United Nations Universal Declaration of Human Rights** and the International Labour Organisation (ILO) **Convention 111 on Discrimination**, which we align ourselves with in the definition of discrimination, understood as “*any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation*”. Likewise, the **SDGs**, especially **Goal #5 – Gender Equality** and **Goal #10 – Reducing Inequalities**, are a central source of inspiration.

In some regions, the Policy is complemented by locally adopted documents in accordance with local regulations as well as the various cultural specificities on the matter<sup>101</sup>.

Specifically, the Policy is divided into **five pillars** (see Figure 35) 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**. These are aspects that we are committed to monitoring over time to identify any new specificities and unique traits that will characterise our organisation over the years.

**Figure 35 – The pillars of the D&I Policy**



The first four pillars – “dignity of work”, “culture of diversity”, “inclusive leadership” and “equal opportunities” – apply to the entire professional life cycle of people in the company: from selection to internal growth, assignment to top positions and all the way to retirement. The fifth pillar – “inclusive communication” – is instead 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.

<sup>101</sup> See the 2021 NFS for more details.



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

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.

Reports can be made through two main methods and channels:

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

In both cases, the whistleblower's protection against any direct or indirect retaliatory or discriminatory act is ensured.

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 the Company 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, Russia and the UAE – in keeping with the various Employee Handbooks. Unlike Whistleblowing, these procedures involve **direct – and not anonymous – contact** with the Human Resources departments.

We recognise the unique characteristics of our employees, and 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.

With a view to increasing awareness of the key aspects of the matter, in 2022 we continued the internal training initiated in the previous year.





### Provision of internal training on Diversity and Inclusion

In 2022, a fully customised course entitled “*Brunello Cucinelli – Diversity & Inclusion*” was made available to all human resources via the Sympo e-learning platform, which we specially developed to expand the corporate culture on the subject.

Developed in an interactive and modular manner, the course consists of **three vertical modules** on diversity and inclusion issues, using a training method aimed at maximum involvement of the participants. All modules have the participants engage in exercises and practical cases, implemented using gamification.

Initially accessible to human resources in Italy, the course was extended over the course of the year to the other regions (in 2022 to the European and American locations) and **translated into English, Russian, Chinese and Japanese** (the last three languages will be made available to the target countries in 2023).

More specifically, the first module – entitled “*D&I: A Universe to Explore*” and set in the offices of Brunello Cucinelli thanks to the use of gamification solutions – focused on the following aspects:

- The key concepts of diversity and inclusion;
- Unconscious bias in the workplace and how it is managed;
- The main national and international regulatory references on the subject;
- The business case for D&I and the fundamental role of an evolving leadership, which must itself be inclusive to enable the creation of a truly welcoming and equitable business climate towards all diversities.

The second module “*D&I at Brunello Cucinelli - Part 1*” – whose scenes take place in the Prototyping and Quality Control departments – is instead aimed at delving into the contents of the Group’s Diversity and Inclusion Policy, going into the merits of the individual diversity dimensions governed in the Policy, starting from the dimensions of age and multiculturalism.

Additional diversity characteristics – i.e. different physical and mental abilities, gender identity and sexual orientation – are instead dealt with in the third and final module “*D&I at Brunello Cucinelli - Part 2*”, set against the backdrop of the Group’s boutiques.

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 **65 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. In 2022, in the Group's major operating locations (with the exception of Russia), 100% of senior managers<sup>102</sup> were recruited from the local community<sup>103</sup> as in previous years.

Our human resources are also well diversified in terms of age: in our Casa di Moda **there are five different generations**.

**Table 29 – Comparing generations**

Employees, by generation <sup>104</sup>	2022			Total
	Italy	Europe	Non-Europe <sup>105</sup>	
Silents (1928-1945)	2	0	0	2
Baby boomers (1946-1964)	94	9	55	158
Generation X (1965-1980)	372	97	233	702
Millennials (1981-1996)	690	174	536	1,400
Generation Z (1997-2012)	150	18	42	210
<b>Total employees</b>	<b>1,308</b>	<b>298</b>	<b>866</b>	<b>2,472</b>

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 69 people in Italy<sup>106</sup> who belong to vulnerable categories<sup>107</sup> (63 in 2021), including 23 men and 46 women.

### *Training and development*

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.

Specifically, there are four types of training courses, each specific to the type of job held (see Figure 36).

102 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.

103 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).

104 In the table are shown in brackets the years that commonly identify each generation.

105 This does not include 3 temporary workers who worked part-time as employees during certain months of the year in Japan. Instead, these resources are included in the calculation of GRI 2-7 and GRI 405-1.

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

107 Vulnerable categories include employees belonging to protected categories (e.g. Italian Law no. 104/92).

Figure 36 - The four training programmes



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

*Sympo* – the name recalls the concept of a symposium, i.e. being together and sharing – provides all human resources with useful materials and documents collected in a single container. Training can thus be provided on demand, helping us to achieve the goal of reaching the entire company workforce.

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. The platform also includes a specific section entitled “Human Relations” dedicated to human resources, featuring some materials related to leadership and coaching issues. Specifically, during the year human resources from all the Group’s regions received **12,833 hours of asynchronous training** through the platform.

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 dual aim of both improving technical and professional skills and enabling the targeted, harmonious integration of each new employee into the company environment.

With regard to the **training of younger people**, in 2022 we were able to train **over 100** people through both the Solomeo School (see the Section *Preserving artisan savoir-faire Made in Italy*) and on-the-job training.



In our desire to promote dialogue and interaction between the various generations in the Company, with a view to a continuous generational transition, we also 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. This is also the context of the project entitled “**Generational Pact**” aimed at supporting the **growth of management and middle management** through a process that facilitates generational handovers in positions of responsibility in the most important departments of the Company’s organisational structure through the selection, induction and training of a new generation of managers.

Overall, 2022 saw the provision of 26,746 training hours<sup>108</sup>, or an average of about 10.81 training hours per employee Group-wide.

**Table 30 – Average training hours in 2021-2022**

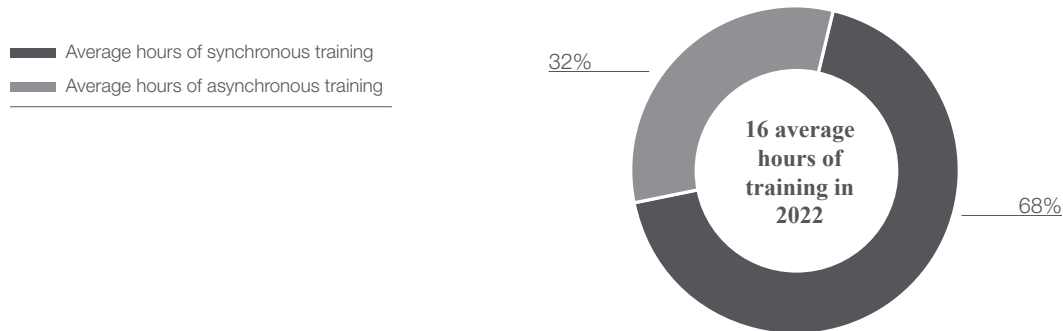
Average hours of training, by professional category and gender	2021	2022
<b>Executives and managers</b>	<b>6.72</b>	<b>4.44</b>
of which men	4.5	4.32
of which women	8.7	4.58
of which not declared	-	-
<b>White Collar – no sales</b>	<b>4.67</b>	<b>6.21</b>
of which men	4.5	6.07
of which women	4.8	6.28
of which not declared	-	-
<b>White Collar – sales</b>	<b>22.78</b>	<b>20.39</b>
of which men	13.5	12.03
of which women	29.1	24.77
of which not declared	-	20
<b>Blue Collar – no sales</b>	<b>4.80</b>	<b>0.55</b>
of which men	6.45	0.84
of which women	3.79	0.36
of which not declared	-	-
<b>Total average hours of training</b>	<b>12.4<sup>109</sup></b>	<b>10.81</b>
of which men	9.2	6.96
of which women	14.2	13
of which not declared	-	20
<b>GRI 404-1 Average hours of training per year per employee</b>		

108 The value does not include asynchronous training on the Sympo e-learning platform, detailed on the page.

109 Note that in some foreign regions, Sympo training hours were also included in 2021. From 2022, this figure was separated from the other types of training provided during the year.

If the 12,833 hours of asynchronous training are also taken into account, each employee received an average of about 16 hours of training in 2022.

*Figure 37 - Average hours of training provided to human resources in 2022, by type of training*



### *Training of artisanal skills*

The **training of artisanal skills according to our vision of work** is carried out through the pairing of young human resources with the Group's specialised workers (both in internship programmes and through the training of new hires) and by frequenting the **School of Contemporary High Craftsmanship and Arts** (see the Section *Preserving artisan savoir-faire Made in Italy*).

### *Training of friendly advisors*

In 2022, we continued with the training projects initiated in previous years. These include the "**Hortus Simplicium**" course – divided into the *Robur* and *Diffusio* modules, with a total of 475 participants involved in 4,616 hours of training.

Specifically, the **third phase of the Robur programme – Robur Pro** – dedicated to store managers in Europe was launched. This training focused on the dynamics within teams, paying specific attention to the topics of emotional intelligence, positive thinking, conflict management and the importance of feedback.



Also in 2022, the first release of a specific focus on the **clienteling app** was launched, as was a dedicated **onboarding programme** for store managers and client advisors of boutiques in Europe and the US, accessible via the Sympo platform. Based on the feedback from the implementation of this programme, it may also be extended to new resources in other Group regions (which already have other onboarding processes).

This onboarding model makes it possible to learn all the information necessary to manage customer interaction – for example learning the proper use of the mobile phones provided and internalising specific data protection tips for managing customers’ personal data – but also the philosophy and core values of the Group’s business model through special content dedicated to Humanistic Capitalism and Human Sustainability.

These latter aspects are also explored on Sympo through other materials available to users, such as the book *The Dream of Solomeo*, translated into 13 languages, and the letters written by Chairman Brunello Cucinelli, so that they can be available to all the friendly advisors and provide inspiration in their conversations with friends of the brand.

In October e-learning training on diversity and inclusion issues was completed (see the *Uniqueness* Section), and also during the year a course on cyber security (see the *Human privacy* Section) was offered in five different languages.

The collection of good practices – i.e. conduct and skills that emerged as the most effective in customer relations – created in 2020 and summarised within the “*Libellus*” was digitised in 2022 and integrated with some gamification elements (e.g. quizzes), always maintaining an approach aimed at continuous inspiration for all those who work in our boutiques, but at the same time allowing for more effective learning and consultation.

Considering that the client advisors’ management of the sales experience is also increasingly being reinforced through digital tools and communication channels, we continued to produce and provide friendly advisors with a series of video tutorials, an innovative tool aimed at training them in the sales process as well as in product presentation.

Another initiative launched in 2021 was **Solomeo Academy**, whose objective is to identify young talent to be included in a professional growth process related to the retail world, developing technical and relational skills. Training takes place both in the classroom and on the job, with workshops at company facilities dedicated to design, visual merchandising and retail.

After the first edition, two more sessions were held in 2022: one in April and the second in October. In the April edition, **33 young people** participated, including 16 women and 17 men; in the October edition, **24 students** took part – 20 men and 4 women – with an **average age of around 25** and coming mainly from Italy, Europe and the United States.

**Other courses provided during the year**

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

**Table 31 – Additional training**

Training	Description of the training	Region
Employee Assistance Program (Lifeworks) Resilience workshops	Third edition of the workshop on leadership development in the United States and Canada during extraordinary times, such as the COVID-19 pandemic	United States and Canada (Managers)
Wellness initiatives (United Healthcare)	Second edition of seminars and team building activities focusing on personal physical and mental well-being, funded by United Healthcare	United States and Canada
Health and safety (required by law)	Mandatory training on occupational health and safety <b>Italy</b> – the following courses were held: 1) General and specific training according to the tasks performed (low risk) (via platform); 2) Refresher course (via platform); 3) Supervisor courses (via platform). <b>Spain</b> – study of risks and preventive measures, with a focus on: 1) Basic concepts of prevention; 2) Risks associated with the job position and preventive measures to be taken; 3) Emergency situations and first aid. <b>France</b> – First aid course, general training (e.g. use of fire extinguisher) and specific training depending on the tasks performed (e.g. manual handling). <b>UK</b> – General, first aid, fire-fighting and manual handling training. <b>Canada/USA</b> – courses focused on proper lifting techniques and the risks of slipping, tripping and falling.	Italy Spain (White Collar – sales) France UK Canada United States
Ergonomics and physiotherapy	Non-compulsory training for the professional categories of drivers, warehouse workers and supervisors employed by Brunello Cucinelli S.p.A. A total of 53 people were trained for a total of 212 hours.	Italy (Solomeo)



Training	Description of the training	Region
Prevention and awareness of violence and harassment in the workplace	In Spain there was a two-hour course organised via an online platform covering the following subjects: <ol style="list-style-type: none"> <li>1) Basic notions regarding harassment in the workplace;</li> <li>2) Harassment in the workplace, psychological and sexual;</li> <li>3) How to recognize psychological harassment in the Company;</li> <li>4) Conflicts;</li> <li>5) Consequences of harassment in the workplace;</li> <li>6) Prevention of harassment in the workplace;</li> <li>7) Prevention and management (session entitled “What can we do?”).</li> </ol>	Spain Canada United States (In the United States and Canada third edition of the “Jackson Lewis Professionalism Seminar”)
Sustainability and business travel	These two courses were held in person and focused on the following macro-topics: <ol style="list-style-type: none"> <li>1) Corporate sustainability, looking in particular at the evolution of the institutional environment, the link between financial and sustainability performance, the definition of a sustainability strategy and the integration of sustainable innovation within the business model, as well as the main concepts in sustainability reporting;</li> <li>2) Technical-specialised training on business travel.</li> </ol>	Italy (White Collar - no sales)
Soft skills (Umbria Business School)	Three in-person courses to develop employees’ soft skills. Specifically, the training consisted of the following stages: <ol style="list-style-type: none"> <li>1) <i>Forest Bathing</i>, i.e. outdoor training focused on mindfulness in order to facilitate the ability to establish a positive relationship with one’s thoughts, emotions and surroundings by focusing attention on the present moment to promote well-being, reduce stress and improve one’s performance;</li> <li>2) <i>Self-leading for excellent performance</i>, whose goal is to “train” and improve inner performance factors. In fact, the course focused on the strength of people’s personal characteristics rather than their technical skills, thus promoting what the individual is, their state of mind, and the manager’s ability to get involved and relate to others, in order to achieve or not achieve a certain level of performance;</li> <li>3) <i>Relational intelligence</i>, to provide participants with the necessary tools to transform their energies – understood as motivation, decision-making, listening, proactivity, cooperation – into building cohesive, shared and responsible relationships. The use of relational and collective intelligence within teams enables the generation of more ideas and creative solutions, underpinned by effective collaboration and mutual trust.</li> </ol>	Italy (White Collar – no sales, Executives and Managers)





Training	Description of the training	Region
Umbria Business School 2022 courses	Umbria Business School's 2022 curriculum focused on the following macro-areas: 1) Design, supply chain and operations; 2) Marketing and project management; 3) Sustainability; 4) Occupational safety training; 5) Quality, environment and organisation.	Italy (Solomeo)
Programme for Global Leadership Development 2022 (Umbria Business School)	Second edition of the advanced managerial training programme developed in collaboration with leading international universities, in which some managers from the Solomeo headquarters participated. Organised in several single-topic workshops, the programme explores topics that can be defined as critical to the success of managers everywhere, such as the importance of local innovation in an increasingly global world, sustainability reporting, design thinking and leadership. A brief description of the workshops follows: 1) <i>Local innovation for a global world</i> , the aim of which is to provide the necessary tools for understanding the key processes of global innovation and methodologies for transforming business ideas into scalable and sustainable enterprises; 2) <i>Sustainability Reporting</i> , which focuses on the logic and practices of sustainability reporting in the broader process of pursuing Sustainable Success, leading to reflection on the resources (tangible and intangible) used, the activities that characterise the company's business model, the outputs produced and the impacts achieved; 3) <i>Design Thinking</i> , with the aim of introducing participants to the practical application of the Design Thinking methodology and its main tools, to generate innovative ideas and solutions to business problems and to foster the development of core competencies of a leader such as empathy. 3) <i>Leadership: Perspectives and Practices</i> , aiming to introduce participants to the topic of leadership through various perspectives and to develop the knowledge and skills to enact generative leadership practices.	Italy (Executives and Managers)
Strategic marketing and communications in the luxury sector	An in-person course dedicated to the main communication and brand management techniques in the luxury market, with a focus on the following topics: 1) The market for luxury goods; 2) The marketing of luxury goods; 3) Omnichannel strategies and retail management for luxury; 4) Communications and brand management for luxury; 5) Social media strategy for luxury goods.	Italy
English language courses	Via platform (Italy) In person (Hong Kong, Macau)	Italy (Solomeo) Hong Kong, Macao (all employees and Store Managers)
Putonghua language courses (standard Chinese)	In person	Hong Kong, Macao (some employees)



Training	Description of the training	Region
Excel classes	Via platform	Italy
Computer and language skills – Class A	In person	Italy (Solomeo)
Topical workshops and training sessions	In-person, on the following topics: photography, video-making, interviewing, product knowledge (with one-on-one interview online and quiz in boutique), corporate information (with one-on-one interview online and quiz in boutique), talent development, Solomeo Tailor Shop, measuring skills.	Hong Kong, Macau (some employees)

**GRI 403-5 Worker training on occupational health and safety**  
**GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes**

### Development

There are also **internal development paths** in each business area, aimed at developing the technical skills of our employees.

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.

The **internal rotation project** that started during the previous year continued in 2022. Specifically, four of our Italian employees undertook a multi-year posting at our New York office in the United States<sup>110</sup>. Another resource will leave in early January 2023 for China, with the goal of bringing their specific expertise in Customer Care Management to the region.

An integral component of employee development is the **personnel evaluation** process – the management of which is part of a specific module of the new information system – which is based on **constant interaction** and **constructive exchange between the manager and the employees** with respect to the work done and all aspects of the life of human resources in the Company.

The activity is contextualised with respect to the functional and geographical areas where the Group operates. In fact, with the support of the head office Human Resources function, local **each manager** organises **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 **qualitative and/or quantitative**, and are also related to compliance with the key values of the Casa di Moda.

<sup>110</sup> Of which one returned to Italy during the year.

Evaluations are carried out with all employees from the various regions. 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, often with the participation of the Human Resources Office. 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.

In 2022, the performance appraisal process was completed for almost the entire company workforce, with the exception of the production area where only a few employees were involved in the process.

**Table 32 – Performance evaluation<sup>111</sup>**

	2020				2021				2022			
	Italy <sup>112</sup>	Europe <sup>113</sup>	Non-Europe	Total (average)	Italy	Europe	Non-Europe	Total (average)	Italy	Europe	Non-Europe	Total (average)
<b>Executives and managers</b>												
of which men	31%	-	95%	63%	65%	-	97%	81%	69%	100% <sup>114</sup>	99%	89%
of which women	45%	100%	82%	76%	55%	100%	96%	84%	57%	100%	79%	79%
<b>White Collar – no sales</b>												
of which men	78%	13%	53%	48%	77%	50%	79%	69%	80%	50%	83%	71%
of which women	76%	28%	85%	63%	78%	50%	97%	75%	77%	50%	97%	75%
<b>White Collar – sales</b>												
of which men	87%	100%	57%	81%	96%	100%	88%	95%	100%	100%	88%	96%
of which women	94%	100%	84%	93%	92%	100%	83%	92%	95%	100%	84%	93%
<b>Blue Collar – no sales</b>												
of which men	9%	-	-	9%	8%	-	-	8%	11%	-	-	11%
of which women	0.4%	-	-	0.4%	2%	-	-	2%	2%	-	-	2%
<b>GRI 404-3 Percentage of employees receiving regular performance and career development reviews</b>												

111 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. For the Europe and Non-Europe Region, an average of the percentages recorded in each location is calculated.

112 Only the company Brunello Cucinelli S.p.A. is included in the data for Italy.

113 The entire retail population (European shops) received a performance review in the three years analysed, 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.

114 The reference is to the only male employee in the category of Executives and Managers in Russia. There are no other male Executives or Managers in the remaining European locations.



In order to adequately remunerate our human resources, we adopt policies that are based on merit and the recognition of **fair remuneration** based on the definition of roles, responsibilities and delegations. Moreover, considering the central role played by the **promotion of the principle of the uniqueness of each person** in the company's organisation, and in particular of the related values of **equity** and **inclusion**, the company's policies, including with regard to remuneration, are aimed at understanding, promoting and including all the people in the Group, in full respect of the dignity, freedom and autonomy of each individual, in alignment with the principles enshrined in the Diversity and Inclusion Policy (see the *Uniqueness* Section).

Below is a representation of the ratio of basic salary and average wages for women compared to men. A more than positive ratio – indicating the absence of a gender pay gap – was maintained in Italy in the occupational category of Blue Collar – no sales (with regard to base salary) and is also recorded in 2022 for the first time among White Collar – sales (with regard to both ratios). By contrast, a slight mismatch in the White Collar – no sales category remains.

In Foreign Regions the picture is rather positive with regard to the occupational categories of White Collar – no sales, White Collar – sales and Blue Collar – no sales (with respect to the base salary), although the ratios are slightly below parity between the base salary and the remuneration of female and male employees. In contrast, the gap is wider in the category of Executives and Managers.

**Table 33 – Ratio of base salaries and wages between women and men<sup>115</sup>**

	2020			2021			2022		
	Italy	Europe	Non-Europe <sup>116</sup>	Italy	Europe	Non-Europe	Italy	Europe	Non-Europe <sup>117</sup>
<b>Executives and managers</b>									
basic salary ratio	100%	-	18%	100%	55%	62%	97%	44%	61%
wage ratio	101%	-	18%	107%	50%	51%	95%	38%	55%
<b>White Collar - no sales</b>									
basic salary ratio	87%	125%	97%	89%	133%	90%	87%	92%	84%
wage ratio	87%	123%	99%	89%	136%	90%	87%	88%	81%
<b>White Collar - sales</b>									
basic salary ratio	94%	140%	101%	94%	129%	100%	107%	78%	97%
wage ratio	94%	117%	103%	95%	122%	108%	106%	110%	99%
<b>Blue Collar - no sales<sup>118</sup></b>									
basic salary ratio	106%	-	-	105%	-	-	100%	-	96%
wage ratio	105%	-	-	101%	-	-	96%	-	74%

**GRI 405-2 Ratio of basic salary and remuneration of women to men**

115 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. For reporting on the Europe Region, Russia is understood as the significant operating site; for the Non-Europe Region, the calculation includes Japan, 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. For the exchange rate from foreign currencies into euros, the average rate for the year was used.

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

117 Employees in US offices who chose not to declare their gender were not included in the calculation.

118 With regard to the Non-Europe Region, in 2022 there were employees belonging to the professional category of Blue Collar – no sales in the United States only.



### *Dignity and beauty in the workplace*

Let us continue to support our great project, for a great future: **protecting universal working conditions for human beings**.

In fact, we act with the conviction that in order to promote people's well-being, it is essential to guarantee a **fair balance between work and free time**, defined by Chairman Brunello Cucinelli as "*time of the spirit*", dedicated to the person, during which everyone must be able to enjoy their **right to disconnect**. At the same time, we are committed to ensuring that everyone's work takes place in **well-kept and beautiful workplaces**, also with respect to the different physical and mental abilities. This happens not only in our offices and boutiques, but also in the production departments. With regard to working hours – at Solomeo we work from 8 am to 5.30 pm, with an hour-and-a-half lunch break – we believe that it is necessary for everyone to work the right amount of time, and then be able to devote the rest of the day to themselves.

In Solomeo, employees do not clock in or out. The lunch break allows employees to use the Company restaurant and outdoor spaces, or otherwise return to their homes and have lunch with their families.

We value **interpersonal relationships** between human resources. 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.

As far as the working environment is concerned, in addition to complying with the hygiene and safety standards imposed at a regulatory level, the company's ambition is to represent – through the architecture of the company's buildings – a sense of transparency and openness towards the outside world that favours aggregation and exchange between human resources, guaranteeing a better quality of work and a high level of comfort in terms of personal well-being. In fact, indicators relating to air quality, indoor temperature and natural light are constantly assessed.

The attention paid to the **aesthetics of both indoor and outdoor spaces** ensures that during the working day every employee has the opportunity to **look up and see the park outside** the company and the sky above.

Our "*bella fabbrica*", the concept of which is very different from the image of a factory we have always been taught, thus becomes a place that offers workers better conditions in terms of personal well-being and where the climate of respect between people and mutual esteem generate responsibilities inspiring greater creativity.

We are attentive to the needs of all our employees, in Italy and abroad. In most cases, the initiatives implemented to ensure the well-being of human resources – agreed to within the Human Resources Committee and approved by the CEOs – are enjoyed by both full-time and part-time employees.

As far as **healthcare and prevention** is concerned, the insurance policies provided by the industry fund are currently in place for the Italian offices: FASI, for Executives; SANIMODA, for employees of Brunello Cucinelli S.p.A. covered by the Garment Workers CCNL and the other employees of the artisan workshops Max Vannucci and Pinturicchio. On the other hand, resources covered by the CCNL Commerce have access to FONDO EST. An



additional health insurance cover was included in addition to the two aforementioned trade funds: 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 families<sup>119</sup>.

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**.

Supplementary health insurance is also provided in China, Russia, the United States, UAE and France.

For several years, the company has had an **accident policy**<sup>120</sup> 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.<sup>121</sup>

In 2022 the Company agreed on the adoption of a **supplementary insurance** cover provided by the relevant fund under the CCNL (SANIMODA and Fondo Est), which makes additional prevention packages and benefits available to all employees and their families. This is an important supplement that allows everyone to further protect their own well-being while looking to the future with greater peace of mind. This cover will be active from 1 January 2023.

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 now, both for Italy<sup>122</sup> and for most of our foreign offices, we have been granting a “*Let culture flourish*” 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, reimbursement of school canteen fees and for nursery costs for young children. Note that the bonus payment for Italy is managed through the “Welfare Hub” platform.

Further elements of the welfare plan are, for example, the marriage allowance, childbirth compensation<sup>123</sup> and the provision of meal vouchers (for CCNL Commerce employees).

In 2022, the Group’s Italian companies also planned to provide the following bonuses to economically support their human resources given the economic crisis being experienced in Italy: **fuel bonus**<sup>124</sup>, **utility bill bonus** (Aid Decree)<sup>125</sup> and a **company bonus**<sup>126</sup>.

119 Such insurance is also provided for the Max Vannucci S.r.l. and Pinturicchio S.r.l. artisan workshops.

120 It also includes disability insurance. This is also provided in the United States and, from 2022, in the United Arab Emirates.

121 The policy taken out by Pinturicchio S.r.l. only covers occupational accidents.

122 This refers to the three companies Brunello Cucinelli S.p.A., Pinturicchio S.r.l. and Max Vannucci S.r.l.

123 From March 2022, for Brunello Cucinelli S.p.A. and all European companies, a compensation of € 1,000.00 (gross) will be paid to employees who become new parents. The same benefit, worth 30,000 roubles, is also provided in Russia.

124 Bonus of € 200.00 provided to employees of the companies Brunello Cucinelli S.p.A., Max Vannucci S.r.l. and Pinturicchio S.r.l. with a CCNL Industry contract and paid in July and December 2022.

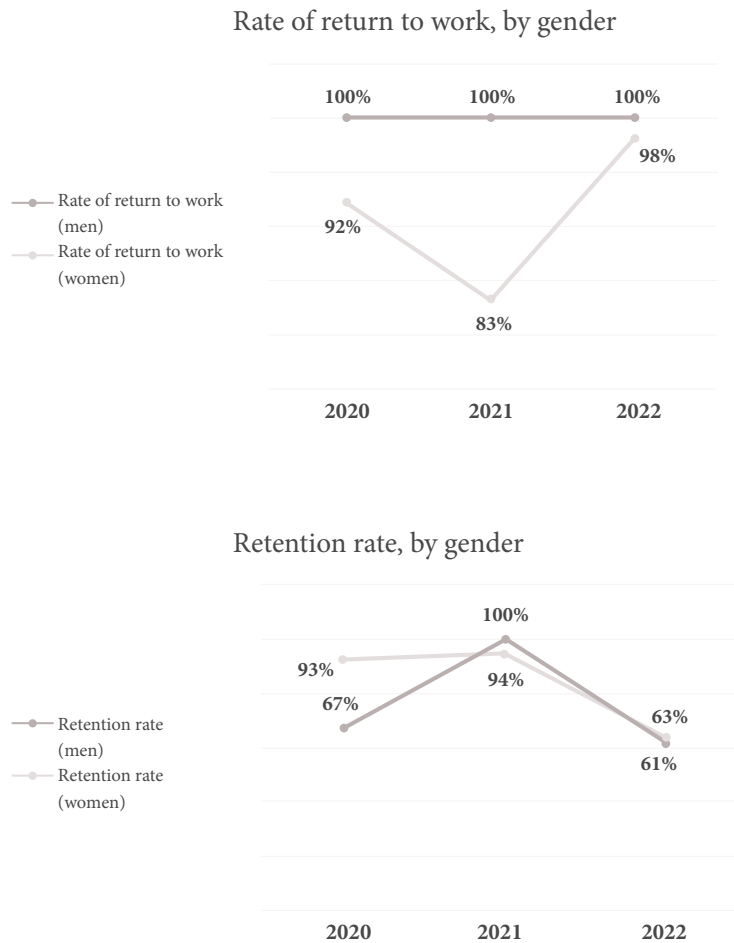
125 Provided to employees with a CCNL Industry contract and Executives of the companies Brunello Cucinelli S.p.A., Max Vannucci S.r.l. and Pinturicchio S.r.l., for a maximum reimbursement of € 2,200.00.

126 Corresponding to the months of July and December 2022, a one-off bonus of € 400.00 (net) for employees of the companies Brunello Cucinelli S.p.A., Max Vannucci S.r.l. and Pinturicchio S.r.l. with a net monthly salary of up to € 2,500.00.

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, during the year and in the various Group regions 66 employees (18 men, 48 women) worldwide took advantage of this period. The **rate of return to work**<sup>127</sup> in the year was 98% (89% in 2020), while the **retention rate**<sup>128</sup> was 62% (97% in 2021). The following two charts show the gender breakdown of both rates with respect to the three-year period 2020-2022.

*Figure 38 – Rate of return and retention following parental leave in the three-year period 2020-2022, by gender (Group)*



127 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.

128 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 34 – Parental leave

	2020				2021				2022			
	Italy <sup>129</sup>	Europe	Non-Europe <sup>130</sup>	Total	Italy	Europe	Non-Europe	Total	Italy <sup>131</sup>	Europe	Non-Europe	Total
<b>Employees who took parental leave</b>	<b>45</b>	<b>10</b>	<b>6</b>	<b>61</b>	<b>52</b>	<b>8</b>	<b>22</b>	<b>82</b>	<b>42</b>	<b>7</b>	<b>17</b>	<b>66</b>
of which men	16	2	1	19	14	1	6	21	15	1	2	18
of which women	29	8	5	42	38	7	16	61	27	6 <sup>132</sup>	15	48
<b>Employees who returned to work at the end of parental leave</b>	<b>49</b>	<b>5</b>	<b>5</b>	<b>59</b>	<b>40</b>	<b>5</b>	<b>13</b>	<b>58</b>	<b>39</b>	<b>7</b>	<b>17</b>	<b>63</b>
of which men	20	2	1	23	16	1	6	23	13 <sup>133</sup>	1	2	16
of which women	29	3	4	36	24	4	7	35	26 <sup>134</sup>	6	15	47
<b>Employees who continue to be employed by the Group 12 months after returning from parental leave<sup>135</sup></b>	<b>22</b>	<b>5</b>	<b>2</b>	<b>29</b>	<b>45</b>	<b>3</b>	<b>9</b>	<b>57</b>	<b>33</b>	<b>2</b>	<b>1</b>	<b>36</b>
of which men	0	1	1	2	20	2	1	23	14	0	0	14
of which women	22	4	1	27	25	1	8	34	19	2	1	22
<b>Employees who should have returned to work at the end of parental leave</b>	<b>49</b>	<b>8</b>	<b>5</b>	<b>62</b>	<b>40</b>	<b>8</b>	<b>17</b>	<b>65</b>	<b>40</b>	<b>7</b>	<b>17</b>	<b>64</b>
of which men	20	2	1	23	16	1	6	23	13 <sup>136</sup>	1	2	16
of which women	29	6	4	39	24	7	11	42	27 <sup>137</sup>	6 <sup>138</sup>	15	48

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

130 With regard to the non-European region, only a few employees from the United States and Japan took parental leave in 2020. Data for the other locations in the Region are included from the year 2021, with the exception of the United Arab Emirates and Singapore, whose data are instead included from 2022. Note also that in Macao all employees are entitled to the forms of parental leave envisaged by local legislation, but none took such leave during the three-year period under review. Conversely, there is no parental leave in Taiwan.

131 Note that from 2022 onwards a decision was made to change the data collection method for Brunello Cucinelli S.p.A. employees who took parental leave. In fact, hourly leave – which may relate to multiple years – is no longer taken into account, and therefore the figures for 2021 and 2020, which previously included such hours, have been restated accordingly.

132 One of the employees who returned in 2022 had taken leave during 2021. In Russia, an employee who was due to return in 2023 after taking leave in 2021 instead returned in September 2022 and is therefore counted in this indicator.

133 Including 3 employees who had taken leave during 2021.

134 With regard to the employees of Brunello Cucinelli S.p.A., note that the value includes 19 employees who returned in 2022 from leave taken in 2021 and 5 employees who took leave during 2022 and returned to work in the same year. In the case of Pinturicchio S.r.l., however, two employees returned to work in 2022, one of whom had taken leave in 2021.

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

136 Note that 5 employees of Brunello Cucinelli S.p.A. will end their parental leave in 2023.

137 Note that 19 employees of Brunello Cucinelli S.p.A. will end their parental leave in 2023.

138 The employee of the Russian office whose return was scheduled for 2023 but who instead concluded her leave in September 2022 is not considered for the calculation of this indicator. With regard to the other European locations, note that an employee was due to return in 2022 (after taking leave in 2020) but has not yet returned. Moreover, two employees who had taken leave in 2021 were due to return in 2022 (and in fact did return). Finally, an employee who took compulsory maternity leave from February 2022 to July 2022 requested parental leave that will end in July 2023.





	2020				2021				2022			
	Italy <sup>129</sup>	Europe	Non-Europe <sup>130</sup>	Total	Italy	Europe	Non-Europe	Total	Italy <sup>131</sup>	Europe	Non-Europe	Total
<b>Total rate of return to work</b>	<b>100%</b>	<b>63%</b>	<b>100%</b>	<b>95%</b>	<b>100%</b>	<b>63%</b>	<b>76%</b>	<b>89%</b>	<b>98%</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>
of which men	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
of which women	100%	50%	100%	92%	100%	57%	64%	83%	96%	100%	100%	98%
<b>Total retention rate</b>	<b>100%</b>	<b>63%</b>	<b>100%</b>	<b>90%</b>	<b>92%</b>	<b>60%</b>	<b>180%</b>	<b>97%</b>	<b>83%</b>	<b>40%</b>	<b>8%</b>	<b>62%</b>
of which men	100%	50%	100%	67%	100%	100%	100%	100%	88%	0%	0%	61%
of which women	100%	67%	100%	93%	86%	33%	200%	94%	79%	50%	14%	63%
<b>GRI 401-3 Parental leave</b>												

The discount offered to employees in Solomeo in 2021 to purchase electric or hybrid cars from two local car dealerships was also continued in 2022.

The “Solidarity Hours Fund” project also continued – available only in Italy and defined based on an internal rule approved in 2021 – through which all human resources (including executives, who however cannot benefit from the programme) can donate their holiday hours beyond four weeks. These hours go into the fund, and the Company matches 50% of the hours donated by the employees. The fund can 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. In 2022, there were no requests to use the fund.

Finally, some types of supplementary pension schemes are envisaged in Italy<sup>139</sup>, and as of 2022 also in the United States.

139 More specifically, as from 2019 with regard to Pinturicchio S.r.l. and as from 2020 for Brunello Cucinelli S.p.A. and Max Vannucci S.r.l., supplementary pension contributions up to a maximum of 2% of base pay are envisaged for employees who make supplementary payments to the supplementary category pension funds (Previmoda, Fon.Te.) and, in the case of Brunello Cucinelli S.p.A. and Max Vannucci S.r.l., also for employees making supplementary payments to open supplementary pension funds (Axa-Mps, UnipolSai, Intesa, Generali, Unicredit).



### *Health and safety*

The focus on safety is one of the core elements upon which the relationship between the Group and its human resources is based. The Company's monitoring of this area is carried out in compliance with the regulations in force in the various countries where the Group is operational (e.g. Italian Legislative Decree no. 81/08 for Italy).

In general, the precautions and control measures taken are such that the risk of accidents remains low.

As far as Italy is concerned, where 53% of the Company workforce is concentrated, the assessment, monitoring and reporting of workplace hazards that may constitute an injury risk is carried out in the Risk Assessment Document (RAD), which is periodically updated. Assessments made with respect to potential occupational health and safety risks allow preventive and remedial solutions to be sought, which can involve adjustments both to the organisation and to training.

At Solomeo, there is an in-house Prevention and Protection Service Manager (RSPP) responsible for the early detection of workplace hazards through constant inspections, especially of production departments.

With specific regard to the Solomeo site, the RAD has identified the work done within the warehouse as the main source of risk, and in this regard maximum attention is paid to the organisation of these departments.

Specifically, the use of equipment such as forklifts and electric pallet trucks are the main sources of risk for the workers involved. Therefore, in order to reduce the use of the aforementioned equipment, a part of the shelves is purposely set at a height of 1.50 m. This choice has also benefited the lighting of the working areas by increasing natural light.

Furthermore, during the year a **Health&Safety assessment** was carried out **at the Group's foreign sites**, the results of which made it possible to map the state of the occupational health and safety measures implemented locally.



### Health&Safety Assessment

In 2022, the project to evaluate the occupational health and safety measures adopted at the Group's foreign sites continued, having been launched in December 2021 in cooperation with a specialised consultancy firm. The project covered all European and non-European locations with the objective of verifying compliance with current health and safety regulations.

Specifically, the assessment consisted of the following steps:

- Check 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;
- Issuing of final compliance reports for each location.

A total of 126 locations (boutiques, showrooms and warehouses) were inspected during the year, covering 94% of the sites included in the scope of the analysis.

The implementation of an occupational safety management system and the associated risk identification and management processes was carried out in the various locations in question in accordance with local legislation, and in some cases with the main internationally recognised certifications. In fact, in addition to complying with the relevant local regulations, the Group's Singapore subsidiary also earned **BizSafe certification**<sup>140</sup> from the Workplace Safety and Health Council. The body recognised that the Company meets the requirements to obtain level 3 certification<sup>141</sup> thanks to the implementation of the necessary risk assessment measures for each relevant operation and work process. Specifically, the Company developed several policies and procedures, including the Occupational Safety Policy, the Occupational Safety and Health Manual, the Risk Management Manual and a Risk Management Implementation Plan.

In most of the European and non-European locations covered by the analysis, any hazards and critical situations from the point of view of occupational health and safety were reported to the relevant store manager, who then informed the local HR Managers or the Human Resources Department in Italy.

All employees at these locations are regularly informed about occupational health and safety through specific communications, training (generic and/or specific) and, where applicable, Employee Handbooks.

We are also committed to ensuring that each of our employees receives **adequate training and information on the subject**. In fact, human resources are involved in compulsory training on the proper use of the devices, equipment and machinery provided for the performance of their tasks. Non-compulsory training courses are also offered.

<sup>140</sup> Certification obtained in 2020 and valid for three years, until 2023.

<sup>141</sup> Out of a total of five possible levels.



### Non-compulsory training

During the year, in addition to compulsory occupational health and safety training, non-compulsory training was offered on an as-needed basis for specific tasks that are potentially more exposed to ergonomic risks.

Specifically, the programme – which began in July – focused on the topics of ergonomics and physiotherapy, and initially involved the professional categories of drivers, warehouse workers and control employees of Brunello Cucinelli S.p.A., for a total of **53 people** trained for **212 hours**.

In 2023, non-compulsory ergonomics and physiotherapy training will be extended to all functions considered potentially at risk at the Solomeo site.

At least once a week, the Company physician comes to the Solomeo headquarters to perform the medical examinations required of employees exposed to specific risks, according to the frequency established in the health protocol, with respect for the privacy of the data processed<sup>142</sup>.

The regular presence of the Company physician makes it possible to assess the working environment, ergonomics, personal protective equipment (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 2022 there were 10 recordable accidents<sup>143</sup> without serious consequences among the Group's human resources (4 in 2021), of which 6 in Italy<sup>144</sup>, with a total recordable accident rate of 0.002 (0.001 in 2021). None of the accidents occurred while commuting to work<sup>145</sup>.

The table below provides a snapshot of the injuries that occurred and their rates over the last three years.

142 Note that due to the large size of the Company, in order to guarantee an adequate level of service there are three Company physicians on site, one of whom acts as coordinator. Medical examinations are performed in specifically dedicated rooms. During visits workers can go directly to the infirmary to talk about any problems related to their health. Furthermore, all employees have the contacts (phone and email) of the physicians so that they can get in touch with them independently if necessary.

143 See the "Methodological Note" for more information on how this is calculated.

144 Refers to the Company Brunello Cucinelli S.p.A.

145 Considering the case of transport directly organised by Group companies, in alignment with GRI 403-9.



**Table 35 – Injuries at work (employees and other collaborators)**

Employees	2020				2021				2022			
	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total	Italy	Europe	Non-Europe	Total
<b>Total hours worked</b>	1,927,476	431,395	1,276,385	3,635,256	2,090,706	470,936	1,183,841	3,745,484	2,206,238	495,033	1,713,787	4,415,058
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
<b>Total recordable work-related injuries</b>	4	2	0	6	4 <sup>146</sup>	0	0	4	6	2	2	10
Rate of deaths resulting from work-related injuries	0	0	0	0	0	0	0	0	0	0	0	0
Rate of work-related injuries with serious consequences (excluding deaths)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Rate of recordable work-related injuries</b>	0.002	0.005	0	0.002	0.002	0	0	0.001	0.003	0.004	0.001	0.002

**GRI 403-9 Work-related injuries**

With regard to non-employees, however, note that no accidents occurred during the reporting year.

Other workers <sup>147</sup>	2022			
	Italy	Europe	Non-Europe	Total
<b>Total hours worked</b>	28,109	2,805	44,672	75,585
Total work-related fatalities	0	0	0	0
Total work-related accidents with serious consequences (excluding deaths)	0	0	0	0
<b>Total recordable work-related injuries</b>	0	0	0	0
Rate of deaths resulting from work-related injuries	0	0	0	0
Rate of work-related injuries with serious consequences (excluding deaths)	0	0	0	0
<b>Rate of recordable work-related injuries</b>	0.000	0.000	0.000	0.000

**GRI 403-9 Work-related injuries**

<sup>146</sup>Of which 1 while commuting (in a company car).

<sup>147</sup>The figure is calculated starting from the 2022 reporting as a consequence of the introduction of GRI 2-8 within this NFS. From the next edition of the document, it will be possible to ensure the comparability of data over time.



## 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) 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 and to contribute to the achievement of climate neutrality in Europe by 2050, 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.

Regulation (EU) 2020/852 applies to all Companies obliged to prepare a Non-Financial Statement in accordance with the provisions of Directive 2014/95/EU, implemented in Italy by Legislative Decree no. 254/2016.

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;
- **Meet the substantial contribution 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;
- **Do No Significant Harm (DNSH)** to any of the other targets not significantly impacted;
- **Respect minimum safeguards**, recognising the importance of human rights and international standards with regard to labour rights, taxation, fair competition and corruption.

With regard to the climate objectives of mitigation and adaptation, on 9 December 2021 the European Commission published the Delegated Regulation on the climate aspects of the EU Taxonomy Climate Delegated Act<sup>148</sup> aimed at supplementing the regulatory provisions defined in Regulation (EU) 2020/852 with regard to the first two environmental objectives, climate change mitigation and climate change adaptation.

During 2022, with reference to the 2021 fiscal year, companies subject to the non-financial reporting obligations were only required to 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, without therefore assessing alignment with the criteria for substantial contribution, Do No Significant Harm and minimum social guarantees.

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<sup>148</sup>Climate Delegated Act, European Commission, C (2021) 2800 final.



Consistent with the deferred entry into force of the rule, following the formal adoption of Article 3 of the Regulation, for the reporting year 2022 organisations subject to this obligation are required to report in accordance with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, which supplements the Regulation by specifying the content and presentation of the information that companies must report on environmentally sustainable economic activities. Specifically, companies must report information on the share of turnover, CapEx and OpEx associated with economic activities considered eligible and aligned with the Taxonomy with respect to the first two climate change-related objectives (mitigation and adaptation).

### *The eligibility analysis of the Casa di Moda*

As in the previous year, in 2022 the Brunello Cucinelli Group updated the analysis of its economic activities in order to assess their possible eligibility and alignment with Annexes I and II of the Climate Delegated Act.

From this analysis, with regard to CapEx (Annex 1 of Delegated Regulation (EU) 2021/2178, subsection 1.1.2.2, point (c)<sup>149</sup>) relating to the purchase of products from eligible economic activities and aligned with the taxonomy and individual measures enabling the target activities to reduce their emissions, the economic activities found eligible with respect to the **climate change mitigation** target (Annex I of the Climate Delegated Act) are the following:

- *6.5 Transport by motorbikes, passenger cars and light commercial vehicles*: long-term rental of Ducato electric vans;
- *7.3. Installation, maintenance and repair of energy efficiency equipment*: Installation of new doors and windows and replacement of roofs to ensure energy savings and thermal insulation of buildings; installation, 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 electric vehicle charging stations;
- *7.6 Installation, maintenance and repair of renewable energy technologies*: Installation of photovoltaic systems.

### *The alignment analysis of the Casa di Moda*

In compliance with the provisions of the Climate Delegated Act, the Brunello Cucinelli Group subsequently assessed the alignment of eligible economic activities, verifying their compliance with the following criteria:

- **Criteria for substantial contribution;**
- **Criteria for “Do No Significant Harm” (DNSH);**
- **Minimum Social Safeguards.**

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<sup>149</sup>These relate to the purchase of products from economic activities aligned with the taxonomy and with individual measures that enable the target activities to achieve low carbon or greenhouse gas savings, in particular the activities listed in points 7.3 to 7.6 of the delegated act on climate, as well as other economic activities listed in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months.



### ***Substantial contribution***

For the purposes of the alignment assessment, compliance with the **substantive contribution criteria**<sup>150</sup> was verified for each of the economic activities considered eligible. The technical screening criteria examined define quantitative and/or qualitative technical thresholds related to the installation of energy efficiency equipment (7.3 *Installation, maintenance and repair of energy efficiency equipment*), the installation of charging stations for electric vehicles (7.4 *Installation, maintenance and repair of charging stations for electric vehicles in buildings*), to the installation of renewable energy technologies (7.6 *Installation, maintenance and repair of renewable energy technologies*) and to the characteristics of leased vehicles (6.5. *Transport by motorbikes, passenger cars and light commercial vehicles*).

#### ***Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles***

The analysis conducted by the Group shows that the leasing of vehicles in 2022 (belonging to the M1 and N1 categories) is also aligned with the substantial contribution criterion in point a), i.e. specific emissions of less than 50 gCO<sub>2</sub>/km.

#### ***Activity 7.3. Installation, maintenance and repair of energy efficiency equipment***

The analysis conducted by the Group shows that a part of the activities aimed at increasing the energy efficiency of buildings by third parties is also aligned with the criterion of substantial contribution in points a), b), d) and e). This mostly involves the replacement of traditional lighting systems and lamps with smart lighting systems and LED lamps, in addition to energy efficiency measures in some buildings through the replacement of doors/windows/roofs that provide greater thermal insulation, and the replacement of air conditioning systems with more efficient technologies.

#### ***Activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings***

The analysis conducted by the Group shows that the activity of installing electric charging stations within the Solomeo site by third parties is consistent with the criterion of substantial contribution.

#### ***Activity 7.6 Installation, maintenance and repair of renewable energy technologies***

The analysis conducted by the Group shows that the installation of photovoltaic panels by third parties is aligned with the substantial contribution criterion in point a), i.e. installation, maintenance and repair of solar photovoltaic systems.

### ***Do No Significant Harm (DNSH)***

For each eligible economic activity, the Brunello Cucinelli Group then assessed compliance with the “**Do No Significant Harm**” (DNSH) **criteria**<sup>151</sup> to ensure that such economic activities do not cause significant harm to other environmental objectives.

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<sup>150</sup> Articles 10, 11, 12, 13, 14, 15, 16, 19 of EU Regulation 852/2020.

<sup>151</sup> Article 17 of Regulation EU 852/2020.



**Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles**

With regard to this activity, the following analyses were performed:

- *Adaptation to climate change*: it is necessary for each activity to meet the criteria set out in Appendix A of the Climate Delegated Act, which requires the partying carrying out the activity to perform an analysis to identify and assess the vulnerability of physical climate hazards of a chronic and acute nature (listed in Section II of the Appendix) that impact the activity.

With regard to the investments made in 2022 related to the long-term leasing of electric vans, according to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be non-aligned.

In any case, note that in 2022 the Brunello Cucinelli Group drew up an ESG risk profile in the context of ERM, also by analysing certain climate risks.

- *Transition to a circular economy*: with regard to activity 6.5, the criteria set out require that M1 and N1 vehicles be (a) reusable or recyclable for at least 85% by weight and (b) reusable or recoverable for at least 95% by weight, and that waste management measures be in place for both the in-use (maintenance) and end-of-life phase of the fleet, including through the reuse and recycling of batteries and electronic components (in particular their essential raw materials), in accordance with the waste hierarchy. However, according to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be non-aligned.
- *Pollution prevention and control*: with regard to activity 6.5, it is necessary for vehicles to comply with certain parameters in terms of conformity, type approval, emission and efficiency. It is considered that there is alignment with this criterion, as the parameters and characteristics under consideration are required by the European Union for all newly registered M1 and N1 category vehicles.

**Activity 7.3. Installation, maintenance and repair of energy efficiency equipment**

With regard to this activity, the following analyses were performed:

- *Adaptation to climate change*: with regard to investments related to the replacement of smart lighting systems and LED lamps, as well as the energy efficiency of some buildings, consistent with what was reported for activity 6.5, according to a conservative and prudential criterion, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, the Group considers the activity to be non-aligned.
- *Pollution prevention and control*: with respect to activity 7.3, the criteria set forth in Appendix C of the Climate Delegated Act require that the activity not involve the manufacture, placing on the market or use of certain types of polluting chemicals. However, despite the fact that in the conduct of its business the Group is committed to complying with current laws on substances used and requires suppliers of materials to adhere to the REACH Regulation, according to a conservative and prudential approach in the absence of sufficient evidence to substantiate the timely analysis required by the criterion the Group considers the activity to be non-aligned. Concerning only the replacement of roofs and roofing carried out in the reporting year, the survey performed on the building by a specialist did not reveal the presence of asbestos.



#### ***Activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings***

With regard to this activity, the following analyses were performed:

- *Adaptation to climate change*: with regard to investments related to the activity of installing electric recharging stations at the Solomeo site, consistent with what was reported for activities 6.5 and 7.3, according to a conservative and prudential criterion in the absence of sufficient elements to allow a complete assessment of compliance with the criterion the Group considers the activity to be non-aligned.

#### ***Activity 7.6 Installation, maintenance and repair of renewable energy technologies***

With regard to this activity, the following analyses were performed:

- *Adaptation to climate change*: as far as photovoltaic panel installations are concerned, consistent with what was reported for activities 6.5, 7.3 and 7.5, according to a conservative and prudential criterion in the absence of sufficient elements to allow for a complete assessment of compliance with the criterion the Group considers the activity to be non-aligned.

#### ***Minimum Social Safeguards***

Lastly, the Brunello Cucinelli Group has verified compliance with the **minimum social safeguards**<sup>152</sup>, which define minimum protection measures aimed at ensuring that an economic activity is carried out with respect for human and labour rights in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, the eight ILO fundamental conventions and the Universal Declaration of Human Rights.

The nine categories assessed were human rights policies, human rights due diligence and risk assessment, human rights impact management, grievance mechanisms, consumer interests, anti-corruption, competition and taxation. In the assessment, the interpretative guidance issued by the Platform on Sustainable Finance, an advisory body established pursuant to Article 20 of the Regulation, in the document “Final Report on Minimum Safeguards”, published in October 2022, was also taken into account. The document was drafted with the aim of providing basic information and helping companies and investors navigate the practical aspects of minimum safeguard requirements. However, this is not an official legal interpretation.

The Company has a Code of Ethics that defines the rules, values and principles underpinning the Group’s operations and acts as a guide to the behaviour and actions of all stakeholders relevant to the Company.

The Human Sustainability Policy and the Diversity and Inclusion Policy are additional tools that the Group has adopted to ensure its commitment to respect human values and rights and to prevent any cases of discrimination that may affect the right to equal opportunities. The Group also established the Council for Human Sustainability and Humanistic Capitalism to support the dissemination of sustainability principles with a focus on ethical, environmental and social aspects, including human rights.

Additional tools for ethical business management include the Whistleblowing Procedure, which governs the process of reporting potential conduct in violation of the 231 Model and Code of Ethics and other internally adopted policies.

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<sup>152</sup>Article 18, point 1) of Regulation EU 852/2020.



The Group is also committed to ensuring dialogue with all stakeholders, having defined a “Human Relations” Policy, published on the Investor Relations website, through which it ensures responsible and inclusive communication.

In respect of customers’ interests, the Group is also committed to monitoring production processes and working in compliance with current regulations concerning the safety and quality of the products it offers, also guaranteeing compliance with the requirements of the GDPR, by making the Privacy Policy known to customers through publication on the company website.

With its Anti-Corruption Policy, which is available online, the Group makes known its commitment to combating all forms of corruption and unlawful practices. Moreover, in order to promote awareness of corruption issues and the risks employees and companies are exposed to, as well as to raise awareness of the procedure for reporting suspected unlawful practices, the Group is also particularly committed to promoting anti-corruption training.

Furthermore, the Group operates nationally and internationally in the market in full compliance with national and EU antitrust and tax regulations.

In general, through the safeguards implemented by the Group there were no cases of non-compliance relating to human rights, corruption or taxation issues in 2022, nor were any complaints received from customers regarding violations of regulations.

The Group is also committed to ensuring that the rules of conduct contained in the Code of Ethics are also respected by its suppliers of raw materials and small artisan workshops, which are required to sign it when entering into any form of agreement. With a view to constant improvement, an audit of artisan workshops has also been implemented to assess and mitigate risks related to ethical, social and environmental issues within the supply chain.

However, following a conservative and prudential approach, the Company does not consider the current practices in place vis-à-vis the supply chain sufficient to consider the activities identified as eligible as being aligned with the minimum safeguards criteria.



### ***Disclosure of Taxonomy KPIs***

In accordance with Delegated Regulation (EU) 2021/2178 issued by the European Commission, for each of the economic activities assessed as eligible and aligned with the technical requirements defined by the Taxonomy, the Brunello Cucinelli Group calculated the relevant share of turnover, capital expenditures (CapEx) and operating expenditures (OpEx). 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, subsection 82(a) and Directive 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 2022 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.

From the analyses conducted, no revenue items were identified that could be associated with eligible economic activities with respect to the Climate Delegated Act. Therefore, compared to the total turnover in 2022 (amounting to € 919.7 million), the ineligible portion is 100%.

Based on what is stated in subsection 1.1.3.1 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 and further elaborated within the Frequently Asked Questions (FAQs) published by the European Commission on 19 December 2022 (Section I – no. 13), the Group considers the value of the denominator of the KPI relating to OpEx, as required under the Regulation (amounting to € 38.3 million, corresponding to approximately 5% of the Group’s total OpEx) to be non-material to the business model. For this reason, the Group does not report here the analyses for calculating the numerator of the KPI for OpEx.

With regard to CapEx, while here again the Group considered the investments as not aligned with the Climate Delegated Act, amounts relating to eligible economic activities were nevertheless identified as they are initiatives that allow a reduction in the Group’s emission impact (Annex 1 of Delegated Regulation (EU) 2021/2178, subsection 1.1.2.2, point (c)).

Specifically, these amounts can be associated with the following activities:

- *6.5 Transport by motorbikes, passenger cars and light commercial vehicles;*
- *7.3 Installation, maintenance and repair of energy efficiency equipment;*
- *7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);*
- *7.6 Installation, maintenance and repair of renewable energy technologies.*



## INSIGHTS

With regard to the CapEx related to point c) of Annex 1 of the Delegated Regulation (EU) 2021/2178, subsection 1.1.2.1., following a less stringent interpretation of the Regulation, the Company proceeded with a further analysis according to which capital expenditures related to increases in Right of Use recorded in 2022 were considered eligible, regardless of their contribution to the decarbonisation processes of the activities. In this case, according to this different approach, the percentage of eligible CapEx with respect to the Climate Delegated Act – climate change mitigation target – would be 66.15%.

### *Accounting Policy*

According to the Annexes to the Disclosure Delegated Act (EU) 2021/2178 (hereinafter “Disclosure Delegated Act”), it is required to calculate the percentage of Turnover, CapEx and OpEx associated with eligible and aligned activities. To fulfil this regulatory obligation, as mentioned in the previous paragraphs, the Group identified its eligible activities and calculated the three KPIs required by the Regulation after assessing the alignment of these activities with the criteria. Below we will detail the analyses performed to comply with the disclosure requirements of the Disclosure Delegated Act, indicating the methods used and the accounting items considered for the calculation of the three KPIs.

## TURNOVER

In accordance with the Disclosure Delegated Act, the Group considered the following values for the calculation of the Turnover Ratio:

- **Denominator:** net turnover from the sale of goods and the provision of services after deduction of sales discounts and value-added taxes directly related to the turnover. In order to avoid any possible double counting, intercompany items were eliminated and do not contribute to the determination of the KPI. Consequently, the denominator (€ 919.7 million) of the KPI corresponds to the item “Revenue from sales and services” presented in Note 28 – Revenue from sales and services of the Group’s consolidated financial statements – and is consistent with the provisions of IAS 1, subsection 82(a).
- **Numerator:** the portion of net turnover (taken into account for the calculation of the denominator) associated with eligible and aligned activities. For this assessment, the approach taken involved identifying, through general accounting, potential revenue components associated with eligible economic activities. For the year 2022, the Brunello Cucinelli Group has not assessed any directly performed activities as eligible. Therefore the numerator of the Turnover indicator is zero.



## CAPEX

For the calculation of the denominator of the KPI relating to CapEx, the Group considered the additions in the reporting period relating to tangible assets (land and buildings, leasehold improvements, plant and machinery, commercial industrial equipment and other assets, assets under construction), intangible assets (concessions, licences and trademarks, intellectual property rights and assets under construction and advances) and Right-of-Use Assets (RoU of property, equipment and other tangible assets) and to investment property (properties and land suitable for building), including additions arising from business combinations that took place during the year. The approach used for the extraction of these figures involved a detailed analysis of the general accounts showing the investments made during the year by all companies within the scope of consolidation.

In accordance with the Disclosure Delegated Act, the Group considered the following values for the calculation of the CapEx Ratio:

- **Denominator:** for the calculation of the denominator, the Group considered tangible assets accounted for in accordance with IAS 16 – Note 4 to the annual financial report, intangible assets (excluding goodwill) accounted for in accordance with IAS 38 – Note 3 to the annual financial report, leases accounted for in accordance with IFRS 16 – Note 2 to the annual financial report, and investment properties accounted for in accordance with IAS 40 – Note 5 to the annual financial report. This analysis returned a total value for the year 2022 of: € 174,707 thousand.
- **Numerator:** to determine the numerator, CapEx related to the purchase of outputs from eligible economic activities aligned with the taxonomy and individual measures that enable activities to reduce their emissions were considered. In this regard, the Group included the following values in the numerator of the KPI:
  - For Activity 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles, the increases in Rights of Use of automobiles governed by IFRS 16;
  - For Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment, additions to tangible assets related to equipment governed by IAS 16;
  - For Activity 7.4 – Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings), additions to tangible assets related to equipment governed by IAS 16;
  - for Activity 7.6 – Installation, maintenance and repair of renewable energy technologies, the additions to tangible assets related to systems governed by IAS 16.

Furthermore, note that the extraction of the data associated with the aforementioned categories was performed in a detailed manner using the information available in the general accounts currently in use within the companies included in the scope of consolidation.



## OPEX

In accordance with the Disclosure Delegated Act, the Group considered the following values for the calculation of the OpEx Ratio:

- **Denominator:** for the calculation of the denominator, a detailed analysis of the Group's chart of accounts was performed, identifying the items that can be associated with the cost categories expressly mentioned in the Disclosure Delegated Act.
  - Specifically: Short-term leases, for which the items in the chart of accounts relating to leases recognised in the Income Statement were considered, as they relate to contracts with a duration of less than 12 months and therefore represent exemptions from accounting under IFRS 16;
  - Costs related to maintenance and repairs of buildings and IT equipment incurred during the year. Costs related to employees involved in maintenance and repair activities and also maintenance commissioned to third-party companies were taken into account for this category;
  - Costs associated with day-to-day servicing of assets<sup>153</sup> i.e. costs associated with the reorganisation of facilities and buildings;
  - R&D costs not capitalised and specifically related to the performance of design and aesthetic conception aimed at the study of new products.

The result of these analyses resulted in a value of € 38,288 thousand, which represents about 5% of total operating expenses. Therefore, as required by the Disclosure Delegated Act, the KPI for OpEx is to be considered non-material.

- **Numerator:** Following the indications of the Disclosure Delegated Act (§ 1.1.3.2. of Annex I) and the clarifications provided by the European Commission, it was decided not to give an indication of the value of the numerator of the KPI in question since the denominator is about 5% of total operating expenditures. The low value of the aforementioned ratio is an expression of the reduced relevance of the cost categories required by the taxonomy – which tend to reward asset-intensive business models – compared to a business model in which the cost of external production, personnel, advertising/commercial costs and transport are the most representative expressions of its operating costs.

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<sup>153</sup> Clarification provided by the answer to question 12 of the FAQs published by the European Commission on 02.02.2022.



**Table 36 – Share of capital expenditures arising from products or services associated with economic activities aligned with the taxonomy – Information for 2022**

Attività Economiche	Substantial Contribution		DNSH Criterion	
	Codes	Absolute CapEx (€ thousand)	CapEx share (%)	Climate change mitigation Adattamento ai cambiamenti climatici (%) Acque e risorse marine (%) Economia Circolare (%) Inquinamento (%) Biodiversità ed ecosistemi (%) Climate change mitigation (Y/N) Adaptation to climate change (Y/N) Water and marine resources (Y/N) Circular economy (Y/N) Pollution (Y/N) Biodiversity and ecosystems (Y/N) Minimum Social Safeguards (Y/N) Share of CapEx aligned with the taxonomy, 2022 (%) Share of CapEx aligned with the taxonomy, 2021 Category (enabling activity) (E) Category (transition activity) (T)
<b>A. ACTIVITIES ELIGIBLE UNDER THE TAXONOMY</b>				
<b>A.1 Environmentally sustainable activities (aligned with the taxonomy)</b>				
CapEx Eco-sustainable activities (A.1)	0	0%		
<b>A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)</b>				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	355	0.2%	
Installation, maintenance and repair of energy efficiency equipment	7.3	3,910	2.24%	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	362	0.21%	
Installation, maintenance and repair of renewable energy technologies	7.6	37	0.2%	
<b>CapEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)</b>	<b>4,664</b>	<b>2.85%</b>		
<b>Total (A.1 + A.2)</b>	<b>4,664</b>	<b>2.85%</b>		
<b>B. ACTIVITIES NOT ELIGIBLE UNDER THE TAXONOMY</b>				
CapEx of activities not eligible under the taxonomy (B)	170,043	97.15%		
<b>Total (A + B)</b>	<b>174,707</b>	<b>100%</b>		





**Table 37 – Share of turnover arising from products or services associated with economic activities aligned with the taxonomy – Information for 2022**

Economic Activities			Substantial Contribution		DNSH Criterion															
	Codes	Absolute turnover (€ thousand)	Share of turnover (%)	Climate change mitigation (%)	Adaptation to climate change (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversità ed ecosistemi (S/N)	Minimum Social Safeguards (Y/N)	Share of turnover aligned with the taxonomy, 2022 (%)	Share of turnover aligned with the taxonomy, 2021	Category (enabling activity) (E)	Category (transition activity) (T)
<b>A. ACTIVITIES ELIGIBLE UNDER THE TAXONOMY</b>																				
A.1 Environmentally sustainable activities (aligned with the taxonomy)																				
Turnover from Environmentally Sustainable Activities (A.1)		0	0%																	
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																				
Turnover of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		0	0%																	
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>																	
<b>B. ACTIVITIES NOT ELIGIBLE UNDER THE TAXONOMY</b>																				
Turnover of activities not eligible under the taxonomy (B)		919,700	100%																	
<b>Total (A + B)</b>		<b>919,700</b>	<b>100%</b>																	



## METHODOLOGICAL NOTE

This document was prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative, using the “In accordance with” reporting option envisaged in the most recent version of these Standards (October 2021).

The contents of the NFS are inspired by the key concepts of **impact, material topics, due diligence and stakeholder interest** and the principles defined by GRI Standard 1 Foundation, detailed below:

- *Clarity, accuracy and verifiability* 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;
- *Sustainability context*, in order to identify the main sustainability trends in the sector the Company operates in;
- *Completeness and balance* of information, in order to best represent the Group’s sustainability performance, balancing both the positive and any negative aspects;
- *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.

With regard to the policies enacted by the Company relating to the areas defined by the Decree, the following policies are of note and applied at a Group level and in dealings with the main stakeholders:

- *Anti-Corruption Policy*, approved by the BoD on 14 March 2019;
- *“In Harmony with Creation” Human Sustainability Policy*, approved by the BoD on 11 March 2021;
- *Diversity and Inclusion Policy*, approved by the BoD on 11 March 2021;
- *Human Relations Policy*, adopted by the BoD on 11 March 2021;
- *Risk Management Policy – ERM Guidelines*, adopted by the BoD on 14 December 2021.

### *The path to double materiality*

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 Section *Relations with Creation and among people*), the Company sought to express the concept of material topics according to the following formula: **“The topics that drive our commitment”**.



Aligning itself with the new requirements of the GRI Standards (2021) regarding impact materiality and anticipating what will be required, at a European level by the new CSRD<sup>154</sup> and the related ESRS<sup>155</sup>, the Company chose to set up the reporting of the 2022 NFS not only based on **simple materiality** – whose analysis process has also been refined and improved compared to previous NFSs – but also on “**double materiality**”, in a complete version.

In this sense, the 2022 NFS takes into account both impact materiality (inside-out perspective) and financial materiality (outside-in perspective).

Specifically, an updated context analysis listing the topics potentially relevant to the Group served as the basis for the development of simple materiality and double materiality. Specifically, the study of the context made it possible to identify and analyse the main ESG (Environment, Social, Governance) megatrends characterising the broader context of sustainability at national and international levels, i.e. those aspects and events that currently or potentially have the capacity to generate a significant impact on the Group’s industry, consequently influencing the Group’s operations and performance.

Consistent with previous reporting, the main international and national legal and regulatory references on sustainability were analysed. Account was also taken of the views of academia, the media – by conducting a sentiment analysis to investigate the widespread media perception of the Group’s sustainability commitment and performance – investors, standard setters and peers. 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 industry.

In addition to the study of these external sources, internal sources such as corporate documents in force at the Group level, specifically Policies, Procedures, Commitments and so on, were also considered.

The results of the analysis brought to light the issues of priority interest for the Fashion and Luxury sector, which have been reconducted and reclassified according to the scheme that the Group has defined to describe the impact areas of Human Sustainability.

Following the update of the context analysis, for simple materiality the following operational steps were taken:

- **Distribution of the materiality update questionnaire to the Group’s Top Management:** the questionnaire “*Human Sustainability and the topics that drive our commitment – 2022 Materiality Analysis Update Questionnaire*” was prepared and distributed internally to more than **80 company managers from all the Group’s regions**, aimed at identifying the strategic importance of the topics related to the five elements of Human Sustainability for the Brunello Cucinelli Group;
- **Direct involvement of the first sample of stakeholders:** some members of the financial community, small artisan workshops, local region and community and human resources were directly involved in order to assess the strategic relevance of the sustainability issues brought to their attention (see the Section *Human relations: dialogue with stakeholders*). Specifically, for the financial community it was decided to use a specially designed questionnaire as a method of engagement. For the remaining three stakeholder categories engagement days were organised in Solomeo, using the same focus group technique;

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154 Directive (EU) 2022/2464.

155 Still in draft form.



- **Semi-structured interviews with Top Management:** in order to further assess the results that emerged from the results of the questionnaire and the stakeholder engagement days, it was decided to carry out **semi-structured interviews** with the Top Management of Brunello Cucinelli S.p.A., for a total of 12 interviews;
- **Sharing the results of the materiality analysis with top management:** the results of the materiality analysis, represented for the first time in matrix form, were shared and validated by the Company's management (CEO);
- **Representation and reporting of the results of the materiality analysis:** a total of 11 materiality topics emerged – described in Table 38 – which are discussed in the 2022 materiality matrix reproduced in the Section *Relations with Creation and among people*, under the Section *The topics that drive our commitment*.

**Table 38 – Description of the material topics**

The topics that drive our commitment (material topics)	Description
Procurement and management of raw materials	Selection and use of the finest raw materials as an essential condition for guaranteeing maximum quality, while at the same time seeking to protect and respect Creation, guaranteeing a lower environmental impact from their use, as well as their traceability
Combating climate change	The Group's commitment to the progressive reduction of its environmental impact, also in terms of setting climate neutrality targets
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 increasing harmony with Creation and human sustainability in keeping with the Group's objectives
Support for local communities and the surrounding region	Contribution to the promotion of the artistic and cultural heritage of the area of reference and to the organisation of projects and initiatives aimed at improving the socio-economic conditions of local communities, promoting traditional craft and textile skills in order to improve the local cashmere, cotton and silk economies
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 the small artisan workshops as the custodians of the craftsmanship, creativity and quality of Brunello Cucinelli products over time
Sustainable growth and healthy profitability	A constant balance between profit and the concept of giving and the fair payment of taxes as a source of socio-economic value creation, in keeping with the ideal of Humanistic Capitalism and Human Sustainability
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
Special and authentic relationship with the customer	Uniqueness of the relationship with the customer, which is not reduced to the mere moment of purchase, but lasts over time, in keeping with the concept of "omnipersonal client experience", and contributes to strengthening the sense of belonging to the brand and trust in the Group's work in perfect coherence with our ideals of Humanistic Capitalism and Human Sustainability
Diversity, inclusion and equity	Understanding, promotion and inclusion of all the diversities present in Brunello Cucinelli, with full respect for the dignity, freedom and autonomy of each individual, through the implementation of the necessary measures to prevent all possible forms of discrimination – verbal and otherwise – in the workplace
Protection of human rights and dignity of work	Group commitment with respect to the protection of human and labour rights, with respect to both human resources and suppliers, in compliance with the main international references on the subject
Dignity and beauty in the workplace	Great attention is paid to workplaces and working conditions that reflect the same economic and moral dignity that underlies the company.



Table 39 below lists the material topics for the Brunello Cucinelli Group, associated with the areas indicated in the Decree, the aspects of the GRI Standards, the SDGs the Group intends to contribute to and the Ten Principles of the United Nations Global Compact. The internal and external scope of impact of the topics is also presented.

**Table 39 – Linking of material topics to the areas of Italian Legislative Decree 254/2016, the GRI Standards and the SDGs and scope of impact, internal and external (material topics in bold)**

Elements of Human Sustainability	Material topics and topics aligned with Legislative Decree 254/2016	Area of Legislative Decree 254/2016	GRI aspect	Topic boundary		SDGs (direct and indirect contribution)	Ten Principles of the Global Compact
				Internal	External		
Environmental Sustainability	<ul style="list-style-type: none"> <li>• <b>Procurement and management of raw materials</b></li> <li>• <b>Combating climate change</b></li> <li>• <b>Sustainable supply chain management</b></li> <li>• Balance between giving and taking in relationships with Creation</li> </ul>	Environment Social impacts	GRI 201 – Economic performance	Group	Raw material suppliers	8	<ul style="list-style-type: none"> <li>• Principle I: Promotion of and respect for universally recognised human rights</li> <li>• Principle II: Not being complicit in human rights abuses, even indirectly</li> <li>• Principle III: Support for workers' freedom of association and recognition of the right to collective bargaining</li> <li>• Principle IV: Elimination of all forms of forced and compulsory labour</li> <li>• Principle V: Effective elimination of child labour</li> <li>• Principle VII: Adoption of a preventive approach to environmental challenges</li> <li>• Principle VIII: Initiatives promoting greater environmental responsibility</li> <li>• Principle IX: Development and dissemination of environmentally friendly technologies</li> </ul>
			<ul style="list-style-type: none"> <li>Procurement practices</li> <li>GRI 301 – Materials</li> <li>GRI 302 – Energy</li> <li>GRI 303 – Water and effluents</li> <li>GRI 304 – Biodiversity</li> <li>GRI 305 – Emissions</li> <li>GRI 306 – Waste</li> <li>GRI 407 – Freedom of association and collective bargaining</li> <li>GRI 408 – Child labour</li> <li>GRI 409 – Forced or compulsory labour</li> <li>GRI 414 – Supplier social assessment</li> </ul>		<ul style="list-style-type: none"> <li>Small artisan workshops</li> <li>Wholesale and retail customers</li> </ul>	12	
Economic sustainability	<ul style="list-style-type: none"> <li>• <b>Sustainable growth and healthy profitability</b></li> <li>• <b>Brand identity</b></li> <li>• <b>Special and authentic relationship with the customer</b></li> </ul>	Social impacts	GRI 201 – Economic performance	Group	All Group Stakeholders (generation and sharing of the value created)	8	
			GRI 417 – Marketing and labelling			12	



Elements of Human Sustainability	Material topics and topics aligned with Legislative Decree 254/2016	Area of Legislative Decree 254/2016	GRI aspect	Topic boundary		SDGs (direct and indirect contribution)	Ten Principles of the Global Compact
				Internal	External		
Cultural sustainability	<ul style="list-style-type: none"> <li>• <b>Support for local communities and the surrounding region</b></li> <li>• <b>Quality and craftsmanship Made in Italy</b></li> </ul>	Social impacts Human rights	GRI 204 – Procurement practices GRI 407 – Freedom of association and collective bargaining GRI 408 – Child labour GRI 409 – Forced or compulsory labour GRI 413 – Local communities GRI 414 – Supplier social assessment	Group	Community and territory Small artisan workshops	8 11 12 15 16	<ul style="list-style-type: none"> <li>• Principle I: Promotion of and respect for universally recognised human rights</li> <li>• Principle II: Not being complicit in human rights abuses, even indirectly</li> <li>• Principle III: Support for workers' freedom of association and recognition of the right to collective bargaining</li> <li>• Principle IV: Elimination of all forms of forced and compulsory labour</li> <li>• Principle V: Effective elimination of child labour</li> </ul>
Spiritual sustainability	<ul style="list-style-type: none"> <li>• <b>Dignity and beauty in the workplace</b></li> </ul>	Social impacts Human rights Personnel management	GRI 401 – Employment	Group (Human resources)	Human resources Small artisan workshops	3 8 10	<ul style="list-style-type: none"> <li>• Principle I: Promotion of and respect for universally recognised human rights</li> </ul>
Moral sustainability	<ul style="list-style-type: none"> <li>• <b>Diversity, inclusion and equity</b></li> <li>• <b>Protection of human rights and dignity of work</b></li> <li>• Occupational health and safety</li> <li>• Governance</li> <li>• Ethics, integrity and anti-corruption</li> <li>• Human privacy</li> <li>• Dignity and responsibility: focus on the development and well-being of human resources</li> </ul>	Personnel management Human rights Social impacts Fighting corruption	GRI 202 – Market presence GRI 205 – Anti-corruption GRI 207 – Tax GRI 401 – Employment GRI 403 – Occupational health and safety GRI 404 - Training and education GRI 405 – Diversity and equal opportunities GRI 406 – Non-discrimination GRI 418 – Customer privacy	Group (Human resources)	Small artisan workshops Suppliers of raw materials Customers	3 4 5 8 10 16	<ul style="list-style-type: none"> <li>• Principle I: Promotion of and respect for universally recognised human rights</li> <li>• Principle VI: Elimination of all forms of discrimination in employment and occupation</li> <li>• Principle X: Fighting corruption in all its forms</li> </ul>



With regard instead to “**double materiality**”, note that:

- For “**impact materiality**”, the stakeholders involved in engagement activities and Top Management<sup>156</sup> were asked to assess the relevance of impacts – positive (opportunities) and negative (risks), current and potential – related to sustainability issues, from an inside-out perspective, i.e. the direct or indirect generation by the Group of impacts on the external context (environment, people and community);
- For “**financial materiality**”, the Company’s CFO and Co-CFO were interviewed, asked to assess the current and potential positive (opportunities) and negative (risks) financial impacts related to sustainability issues from an outside-in perspective, i.e. the impacts generated by external events on the Company’s cash flows. Furthermore, the assessments made by the financial community members who responded to the questionnaire were taken into account as an additional element to support the interpretation of the financial materiality outcomes.

The identification of impacts related to potentially relevant issues to be brought to the attention of stakeholders and top management took into account various inputs, including the risks mapped through the Company’s risk assessment (ERM 2022).

Specifically, ESG (inherent) risks deemed “relevant” from the point of view of impact materiality were used, taking into consideration, among the metrics used in the ERM, the relative impacts from the point of view of human resource management, relations with the surrounding community, health and safety impacts and environmental effects. At the same time, the (inherent) risks that were considered “not relevant” – since their assessment did not take the above metrics into account in the ERM – were also included among the impacts submitted to stakeholders, as they could still be significant from the point of view of the external context (environment, people and community). In addition to the types of inherent risks described above, the analysis of impact materiality also took into account the risks previously mapped and reported in the 2021 NFS and other impact elements that emerged from the 2022 update of the context analysis, having current and potential effects on the external environment.

Then, for each topic opportunities were considered based on the 2021 NFS and the analyses performed for the update of the 2022 context analysis, having current and potential impacts on the external context.

Note that the stakeholders involved in the engagement activities assessed all the aforementioned risks and opportunities. The members of top management who had already been involved in the 2022 ERM update only assessed the opportunities and risks that had not been mapped in the risk assessment.

Instead, with regard to financial materiality, the identification of positive impacts (opportunities) and negative impacts (risks) related only to material topics and subject to assessment by the CFO and Co-CFO – in their capacity as company officers with specific financial expertise – was carried out taking into account both the risks that emerged from the 2022 ERM analysis related to sustainability issues and having current and potential impacts on the Group, and of the risks and opportunities reported in the 2021 NFS and emerging from the update of the 2022 context analysis, having current and potential impacts on the Group.

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<sup>156</sup>Note that the assessment of the inside-out perspective, while not explicitly required by the GRI Standards, was also shared with the Group’s Top Management. Specifically, the company officers who were also involved in the Company’s risk assessment process (ERM 2022 analysis update) were consulted.





### *The assessment of positive impacts (opportunities) and negative impacts (risks)*

For the **inside-out perspective**, the assessment of positive and negative impacts took the following parameters and scales into account:

- **Scale** (level of severity of the negative impact/ magnitude of the benefit generated by the opportunity taking into account the **duration of the effects generated**);
- **Scope** (spread of the impact, in terms of the **territorial extent of the effects generated**);
- **Degree of remediability** (remediability of negative effects, depending on the **time** and **resources required**, and the **completeness** of such remediability) - the latter only for negative impacts.

The three parameters (two in the case of opportunities) were aggregated within the proposed rating scale also aligned with ERM metrics. Therefore, each impact was assessed with the attribution of a single score.

For the **outside-in perspective**, the assessment of positive and negative impacts took the following parameters and scales into account:

- The **Company's ability to continue to use or access resources** (financial, manufacturing, natural, intellectual, human, social/relational);
- The **Company's dependence on its network of relationships** (with financial institutions and suppliers of financial capital; suppliers of raw materials and small artisan workshops; customers; society/local community in general; other internal and external stakeholders).

### *Assessment of double materiality outcomes*

The calculation of the final materiality score assigned to the positive impacts (opportunities) and negative impacts (risks) identified according to the inside-out and outside-in perspective was done taking into account the guidelines shared by EFRAG with respect to the draft ERS Standards.

The outcomes of double materiality are reported in the Section *Risks and opportunities: identification, assessment and management along the value chain* in Chapter 2.

### *The reporting scope and calculation methodologies*

In accordance with the requirements of the Decree, the reporting scope coincides with that of the 2022 Consolidated Financial Statements, with due clarifications in the following paragraphs, with no changes from the previous NFS.

While the companies Logistica e Distribuzione S.r.l. and Market Service US, Inc. fall within the scope of reference, they do not contribute to the reporting of the quantitative and qualitative data disclosed in the document, as they do not have employees and do not have any environmental impacts recorded for specific types of business.

While included within the Group's consolidated scope, as of 2022 the subsidiary Brunello Cucinelli Denmark ApS is no longer included in the calculation of environmental and social indicators (relating to human resources) as the



local boutique has been closed. Similarly, as the liquidation of the company Brunello Cucinelli Netherlands B.V. was completed in 2022, the latter does not contribute to the consolidated collection of environmental and social information and data in this report.

Finally, with regard to the incorporation of the subsidiary Brunello Cucinelli Kuwait for Readymade and Novelty Clothes' Retail WLL, which took place during the second half of 2022, the qualitative and quantitative information concerning the environmental, social and economic impacts of the aforementioned company will be included in the Group's NFS starting from the 2023 financial year. In fact, the subsidiary's directly managed boutique in the prestigious The Avenues mall in Kuwait City became operational in January 2023.

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) for the first time in 2020 (with reference to emissions generated in 2019) and updated in 2021 (with reference to emissions generated in 2020) and 2022 (with reference to emissions in the year 2021) through the calculation of the GHG emissions inventory.

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.

From the point of view of the GRI 400 series, note that the GRI 403-7 disclosure applies only to Italy, and specifically to the Company Brunello Cucinelli S.p.A. as it focuses on business relations with small artisan workshops and suppliers of raw materials. GRI Indicator 403-10 is also not relevant for the Group's foreign locations, as no production work is carried out in these regions, hence the non-relevance of the risk of occupational diseases.

Finally, GRI Standard 202-2 and 405-2 disclosures refer exclusively to the **significant operating sites**, i.e. Italy (Brunello Cucinelli S.p.A.), Russia for the Europe Region, and Japan, China Mainland, Hong Kong and the United States for the Non-Europe Region.

The collection of qualitative and quantitative information for the drafting of the 2022 NFS involved all company departments responsible for the aspects dealt with in the various chapters. Data are reported in aggregate form for Group business regions.



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 1,000<sup>157</sup>;
- 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 accidents<sup>158</sup>, 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 (MAT-TM, 2022, 2021 and 2020 Table of National Standard Coefficients). For the value of the relative densities, reference was made to the 2022, 2021 and 2020 “Greenhouse gas reporting: conversion factors” provided by UK Government GHG Conversion Factors for Company Reporting – 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 2020 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 2021 (Version 1.0, 31 May 2022), 2020 (Version 1.0, 31 May 2021) and 2019 (Version 1.1, 8 September 2020). 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 2022 and 2021 data and to the 2018 database (published in 2020) for 2020 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.

Note also that any decimals in the document’s tables are rounded up.

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 (also covered by GRI Standard 302-3);
- Emission intensity (also covered by GRI Standard 305-4);
- Percentage of recycled plastic used;

<sup>157</sup> In line with INAIL guidelines.

<sup>158</sup> Because the transport was not organised directly by the company.



- Number of new hires of female employees in managerial positions;
- Number of audits conducted out of the total number of small artisan workshops.

Moreover, in 2022 a social impact assessment analysis was performed, the scope of which includes the following three projects of the Casa di Moda for the local area and community: the “Project for Beauty”, the recovery and construction of the new production plant near Solomeo, and the replanting project in the region surrounding Solomeo. This analysis was performed in a manner consistent with the Social Return on Investment (SROI) method<sup>159</sup>.

Note that the data emerging from the social impact assessment performed using the SROI method are not subject to verification by the auditing company tasked with external assurance of the NFS.

The Group is also compliant with Regulation EU 2020/852: the response to the qualitative and quantitative requirements of the European Taxonomy is reported at the beginning of the “*Addendum*” Section.

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<sup>159</sup>Note that the data emerging from the social impact assessment performed according to the SROI method are not subject to audit by the auditing firm tasked with the external assurance of the NFS.



## GRI CONTENT INDEX

The following table details the GRI Standards used to draw up the Brunello Cucinelli Group’s 2022 NFS. The standards and individual indicators – or disclosures – of the latest published version are listed with reference to the page of the document they are dealt with. Any omissions and their justifications are explained in a note.

Note that the 2021 version of the GRI Universal Standards, 2018 version of GRI Standard 303 – Water and Wastewater and GRI 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.

<b>Statement of Use</b>	The Company Brunello Cucinelli S.p.A. has reported information on the sustainability performance of the Brunello Cucinelli Group in accordance with GRI Standards for the reporting period from 1 January 2022 to 31 December 2022.
<b>GRI 1 used</b>	GRI 1: Foundations 2021

GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
<b>General disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	Cover pp. 1, 54, 55, 61, 143			
	2-2 Entities included in the organisation’s sustainability reporting	pp. 226, 227			
	2-3 Reporting period, frequency and contact point	Cover pp. 1, 244			
	2-4 Restatements of information	pp. 58, 113, 116, 121, 201, 202, 226-229			
	2-5 External assurance	pp. 2, 240 The conformity opinion was issued by an independent party – the auditing firm – whose work and responsibility is governed by Italian Legislative Decree no.254/2016.			
	2-6 Activities, value chain and other business relationships	pp. 38, 40-42, 127-129, 160, 161			
	2-7 Employees	p. 173			
	2-8 Workers who are not employees	p. 174			
	2-9 Governance structure and composition	pp. 61-70			
	2-10 Nomination and selection of the highest governance body	p. 64			
	2-11 Chair of the highest governance body	pp. 63, 65			
	2-12 Role of the highest governance body in overseeing the management of impacts	pp. 30-33, 70-72, 76, 78, 80-82, 96, 149, 150, 163, 183			
	2-13 Delegation of responsibility for managing impacts	pp. 63, 70, 71, 76			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	pp. 20, 22, 71, 221			
	2-15 Conflicts of interest	p. 95 There is no specific communication to stakeholders regarding possible conflicts of interest, but only where required by regulations or the Related Parties Procedure.			
	2-16 Communication of critical concerns	pp. 76, 81-83, 96, 163			
	2-17 Collective knowledge of the highest governance body	p. 78 In 2022 there was no specific induction programme for the BoD. Nonetheless, the Chairman of the Issuer's BoD promotes initiatives to enable directors other than the Company's managers (i.e. independent directors) to acquire an adequate knowledge of the Company's business dynamics, philosophy and corporate values (including those of Humanistic Capitalism and Human Sustainability). Note that on 6 December 2022 the BoD reviewed and approved the new Sustainability Plan and the initiatives outlined therein to ensure its implementation.			
	2-18 Evaluation of the performance of the highest governance body	The BoD is subject to a self-assessment process that is independent and carried out at least every three years, as required by the Corporate Governance Code. The results are subsequently discussed in the Committees and the BoD. In 2022 the self-assessment was not performed.			
	2-19 Remuneration policies	pp. 67, 68 Rif. Remuneration policy			
	2-20 Process to determine remuneration	pp. 67, 68 Rif. Remuneration policy			
2-21 Annual total compensation ratio		2-21. a 2-21. b 2-21. c	Confidentiality constraints	It was not possible to report on this indicator in the 2022 NFS for reasons of confidentiality of the information.	



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	pp. IV, V			
	2-23 Policy commitments	<p>pp. 71, 72, 75, 95, 100, 105, 138-140, 149, 150, 183-185</p> <p>a.i. The main international references cited in the Policies, Codes and Procedures adopted by the Company are as follows:</p> <ul style="list-style-type: none"> <li>- General Assembly of the United Nations resolution 217A (III), <i>Universal Declaration of Human Rights</i>, A/RES/217(III) (10 December 1948).</li> <li>- General Assembly of the United Nations resolution 70/1, <i>Transforming our world: the 2030 Agenda for Sustainable Development</i>, A/RES/70/1 (25 September 2015).</li> <li>- United Nations Framework Convention on Climate Change, <i>Paris Agreement</i>, CP/2015/10/Add.1 (13 December 2015).</li> <li>- UN Global Compact, <i>The Ten Principles</i> (24 June 2004).</li> <li>- Organisation for Economic Co-operation and Development, <i>OECD Guidelines for Multinational Enterprises</i> (25 May 2011).</li> <li>- International Labour Organisation, <i>Conventions on Fundamental Labour Rights and Principles</i>.</li> </ul> <p>c. Where the Policies, Codes and Procedures are publicly available on the Company's Investor Relations website, a footnote to the document is included with a link. The content of any documents not published online is in any case described within this NFS.</p>			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	pp. 70, 72, 75, 76, 96, 97, 100, 105, 138-140, 150, 184, 185 a.ii. Based on its desire to combine its policy commitments with the ERM model, the Company has adopted risk assessment metrics in its Risk Model aimed at integrating the different elements of Human Sustainability. Specifically, this is reflected in metrics assessing the impact on human resources, the surrounding community, the environment and the health and safety of workers. a.iv. Note that part of the material made available to human resources on the Sympo platform was dedicated to the ideals of Humanistic Capitalism and Human Sustainability, in addition to the D&I training course uploaded to that platform. Moreover, sustainability policies are published on the Company intranet.			
	2-25 Processes to remediate negative impacts	p. 185 In the event of critical issues/ negative incidents reported by stakeholders, the Company puts in place all organisational, technical and procedural measures necessary to remedy what has occurred. Specifically, grievance procedures have been put in place in the event of any conduct subject to labour law. These procedures are set out in the Employee Handbooks (provided to human resources when hired) in force for the Group's various legal entities. Moreover, the D&I Policy provides for the right to report any problematic or unacceptable conduct in violation of the principles outlined in the document. The Company keeps track of the reports received through the Supervisory Body with regard to complaints received directly in its mailbox and through the Human Resources Department with regard to critical issues subject to labour law.			





GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	pp. 95, 96, 139			
	2-27 Compliance with laws and regulations	During the last three years there were no cases of non-compliance with environmental or socio-economic laws or regulations within the Brunello Cucinelli Group.			
	2-28 Membership associations	pp. 156-159			
	2-29 Approach to stakeholder engagement	pp. 19, 22, 29, 72-79, 153, 154			
	2-30 Collective bargaining agreements	p. 176			
<b>Material topics</b>					
GRI 3: Material topics 2021	3-1 Process to determine material topics	pp. 19-29, 84, 219-226			
	3-2 List of material topics	pp. 21, 23, 25, 27, 85-90, 222-224			
<b>Economic performance</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 52-60, 87, 91-93, 223			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	pp. 58, 59			
	201-2 Financial implications and other risks and opportunities due to climate change	pp. 91-93			
<b>Market presence</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 183-187, 224			
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	p. 187			
<b>Procurement practices</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 86, 127-130, 223, 224			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	pp. 128, 130			
<b>Anti-corruption</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 90, 94-97, 224			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
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. The business areas potentially exposed to risks related to corruption are the purchase of raw materials, the provision of work to small artisan workshops and the provision of consultancy services in various capacities. With respect to these areas, there were no incidents of corruption in 2022.</p> <p>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. 97			
	205-3 Confirmed incidents of corruption and actions taken	p. 97			
<b>Taxes</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 87, 90, 98, 99, 224			
GRI 207: Tax 2019	207-1 Approach to tax	pp. 98, 99			
	207-2 Tax governance, control, and risk management	pp. 98, 99			
	207-3 Stakeholder engagement and management of concerns related to tax	pp. 98, 99			
	207-4 Country-by-country reporting	p. 99			
<b>Materials</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 85, 105-107, 130-137, 223			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pp. 132-134, 137			
<b>Energy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 87, 105-107, 112-115, 223			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	pp. 112, 113			
	302-3 Energy intensity	p. 113			
	302-4 Reduction of energy consumption	pp. 114, 115			
<b>Water and effluents</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 87, 105-107, 119-123, 223			
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared	p. 119			
	303-2 Management of water discharge-related impacts	pp. 121, 122			
	303-3 Water withdrawal	pp. 120, 121			
	303-4 Water discharge	p. 123			
<b>Biodiversity</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 87, 105-111, 223			
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	p. 110			
<b>Emissions</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 86, 105-109, 114-119, 223			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pp. 115, 116			
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 115, 116			
	305-4 GHG emissions intensity	pp. 115, 116			
	305-5 Reduction of GHG emissions	pp. 109, 114, 115			
<b>Waste</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 87, 105-107, 123-127, 223			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 123-127			
	306-2 Management of significant waste-related impacts	pp. 123-127			
	306-3 Waste generated	pp. 125-127			
	306-4 Waste diverted from disposal	pp. 125-127			
	306-5 Waste directed to disposal	pp. 125-127			
<b>Employment</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 171-182, 198-202, 224			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pp. 179-182			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pp. 198-202			
	401-3 Parental leave	pp. 200-202			
<b>Occupational health and safety</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 90, 139, 163, 171-176, 192, 198, 199, 203-206, 224			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	p. 204 The Company does not currently have a certified occupational health and safety management system.			
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 203, 204 Workers are in direct contact with the RSPP and department managers, who are present each day at the Solomeo site, so in the event of problems, accidents and/or incidents, reports are made immediately and directly. The report is followed by an interview with the people involved in the incidents, as well as those in charge, in order to reconstruct the dynamics and identify improvement/resolution solutions.			
	403-3 Occupational health services	pp. 204, 205			
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 204, 205			
	403-5 Worker training on occupational health and safety	pp. 192, 204, 205			
	403-6 Promotion of worker health	pp. 198, 199			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 139, 163			
	403-8 Workers covered by an occupational health and safety management system	The Company does not currently have a certified occupational health and safety management system.			
	403-9 Work-related injuries	p. 206			
	403-10 Work-related ill health	The Company continuously monitors the risk of occupational diseases, although its magnitude is very low. The trend of zero cases of occupational diseases continued in 2022.			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
<b>Training and education</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 171-176, 186-197, 224			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	pp. 189, 190			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	pp. 186, 192-195			
	404-3 Percentage of employees receiving regular performance and career development reviews	pp. 195, 196			
<b>Diversity and equal opportunity</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 64, 89, 171-176, 183-187, 197, 224			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	pp. 64, 176			
	405-2 Ratio of basic salary and remuneration of women to men	p. 197			
<b>Non-discrimination</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 171-176, 183-187, 224			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Note that in 2022 a case of employee discrimination was reported in the subsidiary in the United States. The case was promptly investigated by the Company in order to examine the report received. The analysis confirmed the unfounded nature of the discrimination case.			
<b>Freedom of association and collective bargaining</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 100, 139, 140, 163, 171-176, 224			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	pp. 100, 139, 140, 163, 176			
<b>Child labour</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 100, 138-140, 163, 224			
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	As in the previous two years, no situations at risk violating child labour regulations were identified within the Group during 2022.			



GRI STANDARD	PRIVACY POLICY	DOCUMENT PAGE/OTHER SOURCES	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASONS	EXPLANATION
<b>Forced or compulsory labour</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 89, 100, 138-140, 163, 224			
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	As in the previous two years, no situations were identified within the Group during 2022 that were at risk of violating forced labour regulations.			
<b>Local communities</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 76-79, 88, 110, 111, 116-119, 143-159, 224			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	pp. 76-79, 110, 111, 116-119, 150-159 a. The percentage of activities involving the local community in 2022 is 0.2%. This value was calculated by comparing the economic value distributed to the local community in the year with the total economic value generated by the Group in the same period.			
<b>Supplier social assessment</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 86, 138-140, 163, 223, 224			
GRI 414: Supplier social assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	p. 163			
<b>Marketing and labelling</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 42-52, 87, 88, 223			
GRI 417: Marketing and labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	As in previous years, once again in 2022 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.			
<b>Customer privacy</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 47, 90, 101-103, 224			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 103			
<b>Other material topics</b>					
<b>Combating climate change</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 86, 105-108			
<b>Brand identity</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 29, 42-46, 87, 223			



## AUDITORS' REPORT



**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**

**BRUNELLO CUCINELLI SPA**

**YEAR ENDED 31 DECEMBER 2022**

**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*

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 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 15 March 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "Addendum – Brunello Cucinelli and the European Taxonomy", required by article 8 of European Regulation 2020/852.

**Responsibilities of the Directors and the Board of Statutory Auditors for the NFS**

The directors of Brunello Cucinelli SpA are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" updated in 2021 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**

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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:
  - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - 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, letter 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 Company Pinturicchio Srl, which we selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its 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 the Brunello Cucinelli Group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and with the 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.

Rome, 5 April 2023

PricewaterhouseCoopers SpA

*Signed by*

Stefano Amicone  
(Revisore Legale)

Paolo Bersani  
(Procuratore)

*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 2022 translation.*



To request information on the contents of this Consolidated Non-Financial Statement, contact the following email address:

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