



BRUNELLO CUCINELLI

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

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

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

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

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

**REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSALS CONCERNING THE FIFTH  
ITEM ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS'  
MEETING OF BRUNELLO CUCINELLI S.P.A. CONVENED, IN A SINGLE CALL, FOR 27  
APRIL 2023.**

Item No. 5 on the Agenda - *Appointment of the Board of Directors pursuant to article 147-  
ter of Italian Legislative Decree no. 58/1998 and articles 13 et seq. of the Company's Bylaws.*

*5.1 Determination of the number of members of the Board of Directors;*

*5.2 Determination of the term of the Board of Directors' office;*

*5.3 Appointment of the members of the Board of Directors;*

*5.4 Appointment of the Chairman of the Board of Directors;*

*5.5 Determination of the remuneration of the members of the Board of Directors.*

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

Dear Shareholders,

This Report has been drawn up pursuant to article 125-*ter*, paragraph 1, of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and additions (the "**TUF**") and article 84-*ter* of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999 and subsequent amendments and additions (the "**Issuers' Regulation**"). This Report was approved by the Board of Directors of Brunello Cucinelli S.p.A. (the "**Company**" or "**Brunello Cucinelli**") at its meeting held on March 15<sup>th</sup>, 2023 and is made available to the public, within the terms of the law and regulations, at the Company's registered office, on the Company's website at the following address <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>, as well as with the other methods provided for by the applicable regulations.

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With reference to the fifth item on the agenda, we inform you that the office of the current Board of Directors, appointed by the Shareholders' Meeting of May 21<sup>st</sup>, 2020, will expire with the approval of the financial statements as at December 31<sup>st</sup>, 2022.

Accordingly, the Shareholders' Meeting convened, in a single call, for April 27<sup>th</sup>, 2023 shall proceed with the appointment of the new members of the Board of Directors, pursuant to Articles 13 and 14 of the Bylaws, to the contents of which, transcribed below, reference is made for the provisions concerning (i) the number of members of the Board of Directors; (ii) the term of office of the Board of Directors; (iii) the manner of appointment of the members of the Board of Directors; (iv) the appointment of the Chairman of the Board of Directors; and (v) the remuneration of the members of the Board of Directors.

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### **Appointment of the members of the Board of Directors**

#### **Submission of candidate lists for the office of Director**

With reference to the appointment procedures, please note that the appointment of Directors, pursuant to Article 14 of the Bylaws and Article 147-*ter* of the TUF, will be made on the basis of lists of candidates submitted by shareholders who, at the time of submitting the list, also jointly, hold at least 1% of the share capital made up of ordinary shares, as established by Consob, pursuant to Article 147-*ter*, paragraph 1, of the TUF and Article 144-*septies*, paragraph 1, of the Issuers' Regulation, in the Consob's Executive Determination No. 76 of January 30<sup>th</sup>, 2023. Ownership of the minimum shareholding required for the submission of lists is determined by taking into account the shares registered in favour of the shareholder on the day the lists are filed with the Company. The relevant communication made by the authorised intermediary may be transmitted to the Company even after the filing provided that it is made

by the deadline set for the Company to publish the lists themselves, i.e. by the 21<sup>st</sup> (twenty-first) day prior to the date of the Shareholders' Meeting (*i.e.* by **April 6<sup>th</sup>, 2023**).

The lists, formed in accordance with Article 14 of the Bylaws and applicable regulations, must be signed by the Shareholders submitting them and accompanied by the necessary documentation, and must be filed by the 25<sup>th</sup> (twenty-fifth) day prior to the date of the Shareholders' Meeting (*i.e.* by **Sunday, April 2<sup>nd</sup>, 2023**). Lists may be filed in one of the following ways, as indicated in the notice of call: (i) by hand delivery at the Company's registered office, from Monday to Friday from 08:00 to 17:30, or (ii) by registered letter with return receipt to the Company's registered office, or (iii) by certified electronic mail, to the address [brunellocucinelli.spa@legalmail.it](mailto:brunellocucinelli.spa@legalmail.it).

It is understood that (i) each Shareholder, (ii) Shareholders belonging to the same group, and (iii) Shareholders who are parties to a shareholders' agreement pursuant to Article 122 of the TUF concerning the Company's shares, may not submit or vote for more than one list, even if through a third party or trust company; endorsements and votes cast in violation of this prohibition shall not be attributed to any list. Furthermore, each candidate may be present only in one list, otherwise ineligibility will occur, and candidates who do not comply with the maximum number of positions held established by applicable law and the relevant implementing provisions in force cannot be included in the lists.

The lists shall contain a number of candidates not exceeding the number of members to be elected (equal to 15 candidates, pursuant to Article 14.1 of the Bylaws), listed according to a progressive number.

Lists presenting a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so as to ensure the presence of the lesser represented gender to the extent provided for by the *pro tempore* regulations in force concerning gender balance (as referred to below).

Pursuant to Article 14.3 of the Bylaws, the lists must be accompanied by the following documents:

- (i) statements whereby the individual candidates accept their candidacies;
- (ii) statements whereby the individual candidates declare, under their own responsibility, that no cause of ineligibility and/or incompatibility exist <sup>(1)</sup>, and that they possess the requisites prescribed by the applicable laws and regulations for the respective positions, including those concerning honorability and, if applicable, independence;
- (iii) the *curriculum vitae* of each of the candidates, containing their personal and professional profiles, including management and control positions held in other companies and their

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<sup>(1)</sup> Please note that the requirements for assuming office that must be the subject of the declaration include, *inter alia*, the non-existence of grounds for ineligibility pursuant to Article 2382 of the Italian Civil Code.

potential suitability to be qualified as independent in accordance with the criteria established by law or adopted by the Company;

(iv) the appropriate certification issued by the authorized intermediary, attesting the ownership of the number of shares necessary to submit the lists with reference to the day on which the lists are filed.

It is also recalled that pursuant to Article 2383 of the Italian Civil Code, a declaration must be filed regarding the non-existence of the causes of ineligibility set forth in Article 2382 of the Italian Civil Code and of disqualifications from the office of director adopted against candidates in a European Union Member State.

Lastly, reference is made to the recommendations issued by Consob in Communication No. DEM/9017893 of 26 February 2009 concerning the absence of relations of connection, even indirect, pursuant to Article 147-ter, paragraph 3, of the TUF and Article 144-quinquies of the Issuers' Regulation, with shareholders who hold, even jointly, a controlling or relative majority interest in the Company, identifiable on the basis of the communications of significant shareholdings pursuant to Article 120 of the TUF or the publication of shareholders' agreements pursuant to Article 122 of the TUF. This declaration must also specify any existing relations, if significant, with shareholders who hold, even jointly, a controlling interest or relative majority, if identifiable, as well as the reasons why such relations were not considered decisive for the existence of the aforementioned relations, or the absence of the aforementioned relations must be indicated. In particular, at least those relations listed in the aforementioned Consob Communication (available at [www.consob.it](http://www.consob.it)) must be indicated, if significant.

#### Composition of the Board of Directors

Each list must contain the candidacy of the minimum number of persons meeting the independence requirements as established by the applicable laws and regulations.

For the purposes of the composition of the lists, Shareholders are invited to take into account - *inter alia* - the fact that the Company adheres to the recommendations of the Corporate Governance Code of Listed Companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (the "**Corporate Governance Code**").

That being said, in accordance with the applicable laws and regulations, it should be noted that:

- (i) pursuant to Article 147-ter, paragraph 4, of the TUF, "*at least one of the members of the board of directors, or two if the board of directors consists of more than seven members, must meet the independence requirements established for statutory auditors in Article 148, paragraph 3 of the TUF*";
- (ii) Recommendation 5 of the Corporate Governance Code states that "*the board of directors shall include at least two independent directors, other than the chairman*" and "*in large companies with concentrated ownership, independent directors shall*

*constitute at least one third of the board of directors” (²).*

Recalling the further provisions of the Corporate Governance Code on the composition of the Board of Directors (to which reference is made for anything not specified below), please note that:

- (i) as specified in Article 2 of the Corporate Governance Code, the Board of Directors must be composed of executive and non-executive Directors, all of whom must be endowed with professionalism and competences adequate to the tasks entrusted to them; the number and competences of non-executive Directors must be such as to ensure that they have a significant weight in the adoption of the Board’s resolutions and to guarantee effective monitoring of management;
- (ii) the Board of Directors is called upon to set up internal committees with investigative, proposing and advisory functions in the fields of appointments, remuneration and control and risks. In this regard, it should be noted that: (a) pursuant to Recommendation 26 of the Corporate Governance Code, at least one member of the Board of Directors (member of the "remuneration committee") must have adequate knowledge and experience in financial matters or remuneration policies; (b) pursuant to Recommendation 35 of the Corporate Governance Code, at least one member of the Board of Directors (member of the "control and risk committee") must have adequate knowledge and experience in accounting and financial matters or risk management.

In compliance with Recommendation No. 7 of the Corporate Governance Code, the Board of Directors, by resolution dated March 11<sup>th</sup>, 2021, established, also taking into consideration the observations made by the Directors in the context of the board evaluation activity conducted in 2021, that the circumstance that a director of the Company is granted a total remuneration exceeding, in a financial year, the amount of EUR 100,000, whether paid (or acknowledged) by Brunello Cucinelli or by Group companies, generally invalidates the independence requirement.

It should also be noted that the Bylaws provide that the composition of the corporate bodies of administration and control must, in any case, ensure gender balance in accordance with current legislation. In this regard, reference should be made to the amendments introduced by Law No. 160 of 27 December 2019 ("**Budget Law 2020**"), which increased the quota reserved for the less represented gender from one-third to two-fifths of the board of directors of listed companies (rounded up to the next whole number if it is not a whole number, except for the bodies made up of three members for which the rounding down will be to the next lower unit).

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(²) Please note that Brunello Cucinelli qualifies as a 'large company' and 'concentrated ownership company' under the Corporate Governance Code.

It should also be noted that in the context of the self-assessment process of the Board of Directors and its Committees (so-called "board evaluation") referring to the 2022 financial year and completed on March 13<sup>th</sup>, 2023, the current qualitative composition of the Board of Directors has resulted to be adequate in terms of competencies, experience and personal characteristics with respect to the Company's management and organizational exigencies.

Method of Appointment of the Members of the Board of Directors

With regard to the appointment procedures, please refer to Article 14.7 of the Bylaws, as transcribed at the end of this Report.

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Please note that lists for which the above provisions are not observed will be considered as not having been submitted.

With regard to the terms and procedures for the preparation and delivery of the lists, please also refer to the detailed provisions of the notice of call of the Shareholders' Meeting to be published within the legal terms.

**Determination of the number of members of the Board of Directors; Determination of the term of office of the Board of Directors; Appointment of the Chairman of the Board of Directors; Determination of the remuneration of the members of the Board of Directors**

Moreover, Shareholders who intend to submit a list are recommended to prepare and file together with the list, a proposal for the Shareholders' Meeting resolution on: (i) the number of members of the Board of Directors; (ii) the term of office of the Board of Directors; (iii) the appointment of the Chairman of the Board of Directors; and (iv) determination of the remuneration of the members of the Board of Directors.

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For the sake of completeness and for the purposes of the presentation of the proposed resolutions in this Report, the full text of Articles 13 and 14 of the Bylaws in force are reproduced below:

*“Article 13 - Composition of the Administrative Body*

*13.1 The Company is managed by a Board of Directors composed of 9 (nine) to 15 (fifteen) members, appointed by the ordinary General Meeting.*

*13.2 The members of the Board of Directors, which may include non-shareholders, hold office for a period not exceeding three corporate years and until the adoption of the financial statements related to their last charge practice and are re-eligible.*

*13.3 Before the appointment of the Board of Directors, the General Meeting determines the number of its members and their duration in office.*

*13.4 At least one member of the Board of Directors is drawn from the minority list that obtained the highest number of votes and is not connected in any way, neither indirectly, to the shareholders who submitted or voted the list that obtained the highest number of votes.*

*13.5 Unless otherwise resolved by the Meeting, the prohibition of competition set forth in art. 2390 of the Italian Civil Code applies to Directors.*

#### *Article 14 - Procedure for the Appointment to the Board of Directors*

*14.1 1 Members of the Board of Directors shall be appointed, in accordance with laws and regulations in force concerning the balance between genders, on the basis of lists, submitted by the shareholders pursuant to the following sub-sections in compliance with the laws and regulations in force from time to time, including no more than 15 (fifteen) candidates. Candidates shall be listed in numerical order.*

*14.2 Only those shareholders who, alone or together with other shareholders, hold at the time of the submission of the list, a shareholding at least equal to that determined by the National Commission for Listed Companies and the Stock Exchange (CONSOB) according to art. 147-ter, section 1, of Italian Legislative Decree 58/1998 and in accordance with the provisions set out by the CONSOB regulation 11971/1999 and following amendments and integrations (the "Issuers Regulation"), will be entitled to submit the lists. The Board of Directors will disclose in the notice of the General Meeting call to approve the appointment of the directors, the participation threshold that justifies the submission of the lists of candidates. The ownership of the minimum shareholding for the submission of the lists is determined with respect to the shares registered in favour of the shareholder on the day on which the lists are lodged in the Company.*

*14.3 Each shareholder may submit or participate in submitting, through a third party or a trust Company, one list only. They may also submit or participate in submitting, through a third party or a trust Company, and vote for one list only: (i) shareholders belonging to the same group, (ii) belonging to the same shareholders' agreement concerning the Company's shares according to art. 122 of Italian Legislative Decree. No. 58/1998.*

*Each candidate may appear on one list only on pain of ineligibility.*

*The lists, subscribed by those presenting them, shall be deposited at the registered office of the Company at least 25 (twenty five) days before the date fixed for the General Meeting on first call, together with:*

- i) the acceptance of the nomination by individual candidates;*
- ii) the statements with which the same certify, under their own responsibility, there are no reasons for ineligibility or incompatibility, as well the existence of the requirements prescribed by laws and regulations, including those concerning the integrity and, if appropriate, the independence;*

*iii) the curriculum vitae of each of the designated persons on their personal and professional skills with an indication of the administrative and inspector tasks held in other companies and any eventual eligibility to qualify themselves as independent, in the same way as according to law and the rules proper of the Company.*

*The certificate proving the ownership, upon deposit of the list at the Company, of the minimum shareholding needed for the submission of the lists shall be submitted together with the lists deposit, or on the different term provided by the laws and regularly applicable.*

*14.4 Each list must contain the application of the minimum number of subjects with the independence requirements established by the laws and regulations applicable to the independent directors.*

*The independent director who, after appointment, loses the independence requirements, shall immediately notify the Board of Directors.*

*The loss of the independence requirements results in removal from office, unless such requirements are still held by a minimum number of directors as established by the legislation from time to time in force.*

*The lists that have a number of candidates equal to or greater than three shall be made from candidates belonging to both genders, so that at the candidates belonging to the less represented gender are represented to the extent provided for by the laws and regulations in force from time to time. The list that has not complied with the above regulations is considered as not submitted.*

*14.5 Any person entitled to vote will vote for one list only.*

*14.6 Any changes that occur up to the date of the General Meeting must be timely notified to the Company.*

*14.7 The election of the Board of Directors shall proceed in accordance with the prevailing legislation regarding the gender balance, as specified below:*

*a) from the list that obtains the majority of the votes expressed by those entitled (the "Majority List") will be taken, following the order in which they appear in the list, all the directors to be elected but one;*

*b) the remaining director will be derived by the list that obtained the second highest number of votes and that is not connected in any way, directly or indirectly, with the shareholders who submitted or voted the Majority List (the "Minority List").*

*If votes being equal between two or more lists, the votes obtained by the lists are after divided by one, two, three and so on, depending on the number of the directors to be nominated. The resulting ratios are progressively assigned to the potential candidates listed in each of these lists in the order respectively provided. The ratios thus attributed to the potential candidates from the various lists are arranged in one decreasing list. The potential candidates obtaining the highest ratios will be selected. Referring to the potential candidates who have obtained the*



*same ratio, the potential candidate on the list that has not yet elected any director or that has elected the lowest number of directors will be selected. If none of these lists has yet elected a director, or all the lists have elected the same number of directors, as part of these lists the candidate who obtained the highest number of votes will be elected.*

*If list votes and ratios being equal, a new vote by the General Meeting will take place, and the candidate who obtains a simple majority of votes will be elected.*

*If only one list is submitted, all the directors shall be chosen, in numerical order, only from the submitted list, provided that it obtains a majority of the votes: if no list has been submitted, the General Meeting shall resolve by simple majority of votes, without following the procedure described above; in any case, it must comply with the prevailing legislation concerning the balance between genders.*

*If with the candidates elected following the terms and conditions described above is not ensured the appointment of as many independent directors than the existing legislation requires:*

*a) in the presence of a Majority List the candidates who are independent (equal to the number of the missing independent directors) elected as the last of the progressive order of the Majority List will be replaced by the independent directors not elected on the same list in the progressive order;*

*b) in the absence of a Majority List the candidates who are not independent (equal to the number of the missing independent directors) elected as the last on the lists from which no independent director has been obtained will be replaced by the not elected independent directors of the same lists in the progressive order.*

*Furthermore, if with the candidates elected through the above described procedures it is not ensured the composition of the Board of Directors accordingly with the prevailing legislation concerning the balance between genders, the candidate of the most represented gender elected last in progressive order in the Majority List will be replaced by the first candidate of the less represented gender not elected in the Majority List in numerical order.*

*This substitution procedure will be applied until it is assured the composition of the Board of Directors, in accordance with the prevailing legislation concerning the balance between genders.*

*If this procedure does not determine the required effect, the substitution will be applied through a resolution passed by a simple majority, after a candidate belonging to the less represented gender has applied.*

*14.8 If the office of one or more directors expires, for any reason, their eventual replacement is carried out in accordance with the art. 2386 of the Italian Civil Code.*

*The Board of Directors and subsequently the General Meeting shall proceed to the appointment to ensure (i) the participation of independent directors in the minimum number required by the legislation currently in force, and (ii) the compliance with the regulations at the time being in*

*force, concerning the balance between genders.*

*14.9 If the majority of the directors elected by the General Meeting fails, for resignation or other causes, the entire Board of Directors will retire and the art. 2386, sub-section 4, of the Italian Civil Code will be applied”.*

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We therefore invite you to submit your candidacies for the office of Director in accordance with the aforementioned provisions of the Bylaws and as indicated in the notice of call of the Shareholders' Meeting, and to submit your proposals regarding the number of members of the Board of Directors to be appointed, the candidacy for the office of Chairman of the Board of Directors, the term of office of the directors and their remuneration.

Solomeo, 15 March 2023

For the Board of Directors  
**The Chairman**  
Cav. Lav. Brunello Cucinelli