



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**

**n. R.E.A. 165936**

**Institutional website: [www.brunellocucinelli.com](http://www.brunellocucinelli.com)**

**REPORT ON THE REMUNERATION POLICY AND COMPENSATION FEE PAID BY BRUNELLO CUCINELLI S.P.A. PREPARED PURSUANT TO ART. 123-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998. APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY IN THE MEETING OF 10 MARCH 2022.**

## ***Introduction***

In compliance with article 123-ter of the Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented ("TUF"), as well as article 84-*quater* of Consob resolution no. 11971/99, as subsequently amended and supplemented ("**Issuers' Regulations**"), which require listed companies to draw up and make available to the public a report on the remuneration of the administration and control bodies, the company Brunello Cucinelli S.p.A. (the "**Issuer**" or "**Company**") has drawn up this report on the remuneration policy and the fees paid (the "**Report**"), approved by the Remuneration and Appointments Committee (the "**Committee**") in the meeting held on March 9<sup>th</sup>, 2022 and by the Board of Directors (the "**Board**") in the meeting held on March 10<sup>th</sup>, 2022.

The Report is available to the public at the Issuer's registered office and at the following address: <http://investor.brunellocucinelli.com/en> in the section relating to the 2022 Shareholders' Meeting.

The Report has been prepared in accordance with the provisions of Schedule no. 7-bis of Annex 3A of the Issuers' Regulations.

The report is divided into two sections:

- (i) the first, programmatic section, dedicated to the description of the policy on the remuneration of Directors, key executives and members of the Board of Statutory Auditors; it also describes the procedures used to adopt and implement the remuneration policy. This section of the Report is submitted to the Shareholders who, pursuant to article 123-ter, paragraph 3-ter, of the TUF, approve it with a binding resolution;
- (ii) the second, describing the fee paid in the financial year ended on December 31<sup>st</sup>, 2021 (the "**Year**") to the members of the management and control bodies and to key executives. The Shareholders' Meeting shall resolve in favour or against the second section of the Report; the resolution is not binding.

On May 21<sup>st</sup>, 2020, the Shareholders' Meeting, pursuant to article 123-ter, paragraph 3-*ter*, of the TUF, approved, with a binding resolution, the remuneration policy contained in the first section of the report provided for pursuant to article 123-*ter*, paragraphs 3 and 3-*bis* of the TUF, with reference to the financial years 2020, 2021 and 2022. Since, following the aforementioned Shareholders' Meeting approval, the concerned remuneration policy had not been amended, the Shareholders' Meeting convened, in a single call, for April 19<sup>th</sup>, 2021, resolved only on the second section of the Report, with a non-binding resolution pursuant to article 123-ter, paragraph 6, of the TUF. In compliance with article 123-ter of the TUF, the Issuer, with reference to the Year, continued to allocate remuneration in accordance with the remuneration policy approved by the Shareholders' Meeting and, therefore, the policy approved by the Shareholders' Meeting on May 21<sup>st</sup>, 2020.

In its meeting held on March 10<sup>th</sup>, 2022, the Board of Directors resolved, after receiving the favourable opinion of the Committee, to submit a new remuneration policy applicable to the financial years 2022, 2023 and 2024 (the "**Remuneration Policy**") to the Shareholders' Meeting convened, in a single call, for April 27<sup>th</sup>, 2022. For the sake of clarity, the Remuneration Policy submitted to the approval of the next Shareholders' Meeting will replace, with reference to the financial year 2022, the previous policy approved by resolution of the Shareholders' Meeting on May 21<sup>st</sup>, 2020.

In the meeting held on March 10<sup>th</sup>, 2022, in particular, the Board resolved to submit to the Shareholders the proposal to integrate the fixed component of the remuneration package of the Company's key resources by introducing a variable component having a mainly medium-long term time frame. The instrument proposed by the Board in order to pursue this purpose is represented by an incentive plan, named "*Stock Grant Plan 2022-2024*" (the "**Plan**"). The Plan is based on the free allocation, in favour of the beneficiaries identified by the Plan itself, of Brunello Cucinelli ordinary shares (the "**Shares**"), after having verified the achievement of certain performance objectives and the existence of those additional conditions set forth in the information document prepared pursuant to article 84-*bis* of the Issuers' Regulations (the "**Information Document**") and in the additional documentation available at <http://investor.brunellocucinelli.com/en>, in the section dedicated to the 2022 Shareholders' Meeting. Subject to and as a result of the approval of the Plan by the Shareholders' Meeting, the Board of Directors shall approve a regulation governing the conditions for the implementation of the Plan (the "**Regulation**").

At the date of the Report, the Issuer's executive directors are the following: Cav. Lav. Brunello Cucinelli (Chairman of the Board of Directors with executive functions), Riccardo Stefanelli (Managing Director and CEO) and Luca Lisandroni (Managing Director and CEO).

As at December 31<sup>st</sup>, 2021, the Issuer's key executives, based on the relevant definition contained in Consob Regulation no. 17221 of 12 March 2010 ("**Regulation on Related Party Transactions**"), are the following: Cav. Lav. Brunello Cucinelli, Executive Chairman; Riccardo Stefanelli and Luca Lisandroni, Managing Directors; Moreno Ciarapica, CFO and manager charged with preparing the company's financial reports.

For information on the programme called "*Generational Transition*" approved by the Issuer's Board of Directors at its meeting held on December 13<sup>th</sup>, 2013, aimed at facilitating the turnover in key positions in the most important offices and departments into which the Company's organisational structure is structured, please refer to paragraph 7.1 of the 2021 Report on Corporate Governance and Ownership Structure , available at the following address: <http://investor.brunellocucinelli.com/en> in the section relating to the 2022 Shareholders' Meeting.

Issuer's shares have been traded on the electronic share market (MTA, now Euronext Milan) organised and managed by Borsa Italiana S.p.A. since April 27<sup>th</sup>, 2012.

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## **SECTION I: Remuneration policy**

### **a) Bodies or persons involved in the preparation and approval of the remuneration policy.**

The definition of the Issuer's remuneration policy is the result of a process involving the Shareholders' Meeting (the 'Meeting'), the Board, the Committee and the Board of Statutory Auditors.

The functions reserved for each subject involved in remuneration matters are briefly described below.

#### **The Shareholders' Meeting:**

- is competent to decide on the remuneration of Directors and Auditors;
- resolves on the report on the remuneration policy and the fees paid to the members of the Board of Directors, the Board of Statutory Auditors and the other key executives as defined by the Board of Directors, on the proposal of the Committee;
- pursuant to article 123-ter, paragraph 3-bis, of the TUF, it approves the remuneration policy with the frequency required by the duration of the policy itself, and, in any event, at least every three years or when the policy is amended. As clarified in the introduction, pursuant to article 123-ter of the TUF, while the resolution concerning the first section of the Report is binding, the resolution concerning the second section of the Report is non-binding. As provided for by the aforementioned provision, the Issuer grants compensation only in accordance with the remuneration policy approved by the shareholders;
- resolves on incentive plans based on financial instruments designed to directors, employees and collaborators, including key executives, pursuant to article 114-bis of the TUF.

#### **The Board of Directors:**

- in accordance with the recommendations of the Corporate Governance Code issued by Borsa Italiana S.p.A. (the "Code"), to which the Company adheres, the Company has set up a committee (the composition and powers of which are described below) to make proposals and provide advice regarding remuneration related matters;

- based on the proposal of the Committee, defines the remuneration policy to be applied to Directors, to the Executive Directors, to key managers and, without prejudice to the provisions of article 2402 of the Italian Civil Code, to the members of the Board of Statutory Auditors. It also brings such proposal to the attention of the Shareholders' Meeting for its approval;
- in compliance with the remuneration policy approved by the Shareholders' Meeting (and, if applicable, the conditions for its derogation), approves the report on the remuneration policy and the fees paid, pursuant to article 123-*ter* of the TUF;
- based on the proposal of the Committee, defines the performance objectives related to the variable component of the remuneration of executive directors and key executives;
- prepares, with the assistance of the Committee, the incentive plans based on shares or other financial instruments and submits them to the approval of the Shareholders' Meeting pursuant to article 114-*bis* of the TUF;
- as a result of and subject to approval by the Shareholders' Meeting, implements, with the assistance of the Committee, the incentive plans based on financial instruments.

#### **The Committee:**

The Committee periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of Directors and key executives and is entitled to make proposals to the Board regarding the remuneration policy to be adopted.

The Committee makes proposals and provides advice to the Board of Directors and, in particular, on remuneration matters:

- i. assists the Board in the development of the remuneration policy, including the preparation and implementation of incentive plans based on financial instruments;
- i. submits proposals and expresses opinions on the remuneration of executive directors and other key executives, as well as on the definition of the performance objectives related to the variable component of such remuneration;
- ii. monitors the concrete application of the remuneration policy and verifies, in particular, the actual achievement of performance objectives;
- iii. periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

The Committee and the Board are responsible for the proper implementation of the remuneration policy.

The **Board of Statutory Auditors** plays an advisory role. It provides those opinions required by the law, with particular reference to the opinion concerning the proposals for the remuneration of Directors performing special duties, pursuant

to article 2389, paragraph 3, of the Italian Civil Code, verifying the consistency of the proposals made by the Committee to the Board of Directors, with the remuneration policy approved by the Shareholders' Meeting.

**b) Involvement of a remuneration committee or other committee having competence in the matter.**

During the meeting held on May 21<sup>st</sup>, 2020, the Company's Board of Directors appointed the Committee, which was assigned, among other things, the functions set out in Recommendation no. 25 of the Code. The Issuer, availing itself of the option set forth by the Code, has deemed it appropriate to concentrate the functions pertaining to the Appointments Committee and the Remuneration Committee in a single committee.

The Committee is composed of three non-executive and independent Directors: Annachiara Svelto, as Committee Chairman, Emanuela Bonadiman and Stefano Domenicali.

All members of the Committee meet the independence requirements recommended by the Code. At the time of their appointment, the Board assessed the Committee members' knowledge and experience in accounting and finance as well as in the field of remuneration policies and deemed it adequate for each member of the Committee. In this regard, please refer to the *curricula vitae* of each member, available at the following address:  
<http://investor.brunellocucinelli.com/en/governance/board-of-directors>.

The appointment of the Committee is valid until the approval of the Issuer's financial statements as at December 31<sup>st</sup>, 2022 and, therefore, until the date on which the Shareholders' Meeting is held to approve the financial statements for the year ending on December 31<sup>st</sup>, 2022.

During the Year, the Committee met four times, on January 11<sup>th</sup>, February 9<sup>th</sup>, March 10<sup>th</sup> and May 18<sup>th</sup>, 2021. In the exercise of its functions related to remuneration, the Committee during the Year:

- i. monitored the concrete application of the remuneration policy approved by the Shareholders' Meeting, verifying, in particular, the effective achievement of the performance objectives set for the allocation of the variable compensation to the Managing Directors for the financial year 2020;
- ii. made proposals to the Board of Directors in order to determine the performance objectives related to the variable component of remuneration to be recognized to the Managing Directors for the Year;
- iii. assessed the adequacy, overall consistency and practical application of the Issuer's policy on the remuneration of directors and key executives i.

The meetings, chaired by the Chairman of the Committee and duly minuted, lasted an average of 1 hour and 26 minutes. The meetings were attended by all the members of the Committee and, upon invitation of the Committee itself, by the members of the Board of Statutory Auditors. The Committee had the opportunity to be granted access the corporate functions necessary to perform its duties.

No specific financial resources have been allocated to the Committee as it makes use of the Issuer's means and corporate structures to perform its duties; the Committee may make use of external consultants, whose expenses are borne by the Company.

A meeting of the Committee has already been held on March 9<sup>th</sup>, 2022.

**c) Compensation and working conditions of employees and remuneration policy.**

The Company believes that the remuneration policy set out in this Section I is consistent with the remuneration policies of the Group's employees and pursues similar objectives of attracting, retaining and motivating people with the professional qualities required to successfully manage the Group's activities.

Great attention has always been paid to the working conditions of the Group's employees, with particular regard to the places where they work, so that they are well-kept and cosy, also in relation to the different physical and mental abilities, and to remuneration. In order to adequately remunerate its employees, the Group adopts policies based on the promotion of meritocracy and the recognition of fair remuneration, based on the definition of roles, responsibilities and delegations. Furthermore, the promotion of the principle of diversity and, in particular, of the values of equity and inclusion related to it, plays a central role in the company organisation. Hence, by acknowledging diversity as a feature of the Group's employees, the Company promotes equal opportunities, the recognition of fair remuneration and the promotion of knowledge, skills and professional experience on the basis of impartiality and fairness.

The Company policies are aimed at understanding, promoting and including all the diversities in the Group, in full respect of dignity, freedom and autonomy of each individual. The Group's commitment in this area can also be seen in the "Diversity and Inclusion Policy", adopted during the Year, which incorporates the distinctive principles of the philosophy that inspires the Company and formalise to the practices already in place. This policy is applicable to the Company as well as the companies belonging to the Group. The aforementioned Policy defines the Group's *commitment to "understand and welcome diversity within all the organisational and internal management processes, combating unfairness and humiliation of others, reinforcing respect for each individual, at the centre of every process, listening to individuality and enhancing the contribution of each person to the achievement of Group objectives".*

For more detailed information on the working conditions of the Group's employees and remuneration policies, please refer to the Consolidated Non-Financial Disclosure (the "NFD") pursuant to articles 3 and 4 of the Italian Legislative Decree No. 54/2016 relating to the Year as approved by the Board on March 1<sup>th</sup>, 2022 and available to the public in the forms required by law.

*d) Names of any independent experts involved in the preparation of the remuneration policy.*

No independent expert was involved in the preparation of the Issuer's remuneration policy.

*e) Aims pursued with the remuneration policy, principles underlying it and any changes to the remuneration policy.*

The Remuneration Policy described in this section of the Report was adopted by the Board of Directors - at the proposal of the Remuneration Committee - in the Board meeting held on March 10<sup>th</sup>, 2022, also in order to implement the regulatory changes introduced by Consob with resolution no. 21623 dated December 10<sup>th</sup>, 2020, and taking into account the recommendations and guidelines of the Corporate Governance Committee reflected in the principles of the new Corporate Governance Code.

The Remuneration Policy described in this section of the Report has a three-year duration and covers the financial years 2022-2023-2024; if approved by the next Shareholders' Meeting convened for April 27<sup>th</sup>, 2022, in a single call, this Policy will replace the previous one approved by the Shareholders' Meeting held on May 21<sup>st</sup>, 2020.

The principle underlying the Issuer's Remuneration Policy is a fair remuneration, proportionate to the commitment required of the Issuer's Directors, key executives and members of the Board of Statutory Auditors.

The Remuneration Policy aims at attracting, retaining and motivating people with specific skills and professional qualities within the Company, thus fostering successful management and the long-term competitiveness of the Company.

The Remuneration Policy pursues the following objectives: (i) set out the procedures to define the remuneration of the Directors – and in particular of the Executive Directors – , of the key executives and of the Statutory Auditors of the Issuer, in compliance with the applicable laws and regulations and having regard to the relevant national and international best practices; (ii) identify the persons and/or bodies involved in the adoption and implementation of the Remuneration Policy, that - according to their respective competences - propose, resolve and/or define the remuneration of Directors, key executives and Statutory Auditors, express opinions on such matters, or verify the correct implementation of measures resolved or determined by the competent bodies; (iii) ensure transparency on remuneration related matters for investors, both current and potential, through an adequate formalisation of the decision-making processes, and of the principles and logic underlying the Remuneration Policy; (iv) to make the different competent bodies involved in the definition of the remuneration of Directors, key executives and Statutory Auditors accountable; (v) contribute to the Company's strategy, to the pursuit of medium-long term interests and to the sustainability of the business activities carried out by the Company and by the Brunello Cucinelli Group, also to protecting the working conditions and welfare of employees.

With the formalisation of the Remuneration Policy, the Company intends to guarantee the correct design and implementation of the remuneration policies, ensuring that the remuneration systems adopted - in particular - to the Executive Directors and to key executives will contribute to the pursuit of the corporate philosophy and values, of the medium-long term strategies and of the sustainability of the business activities, in a perspective of sound and prudent management of the economic activities and of the underlying risks.

With specific regard to **Executive Directors** and **key executives**, the Remuneration Policy is based on the following principles:

(a) the fixed component shall be set in such an amount as to adequately remunerate the performance of Executive Directors and key executives, even in the event that the variable component (short-term or medium-long term) is not paid in case the objectives to which the variable component is subject have not been achieved.

The fixed component of remuneration, with reference to the Year, represents a prevalent portion of the remuneration compared to the variable component;

(b) the variable component may consist of a short-term component and a medium- long-term component, and may also consist of incentive plans based on financial instruments. The compensation plan must provide that a significant part of such a component is tied to the achievement of medium- long-term objectives.

With reference to the Year, the variable component consisted exclusively of an annual incentive (MBO), linked to economic and ESG objectives. Subject to approval by the Shareholders' Meeting convened for April 27<sup>th</sup>, 2022, starting from the financial year 2022, the variable component of remuneration may include an incentive plan based on financial instrument (please refer to paragraphs k)-l below);

(c) the variable component shall be paid within maximum limits;

(d) the economic performance objectives and, where applicable, environmental and social sustainability objectives to which the allocation of the variable component is based on must be predetermined, measurable, linked (at least for a significant part) to a medium-long term time frame and aimed at creating value for the shareholders, in compliance with the principles inspiring the corporate philosophy. They must be consistent with the Company's strategic objectives and designed to pursue the sustainable success, including, where relevant, also non-financial criteria. The achievement of these objectives is verified by the Board, after evaluation by the Committee;

(e) indemnities may be provided for early termination or non-renewal of the employment relationship;

(f) non-competition agreements may be entered into.

With regard to the **Chairman of the Board of Directors, Non-Executive Directors** and **Statutory Auditors**, the Remuneration Policy provides that remuneration be exclusively fixed.

*f) Description of policies on fixed and variable components of remuneration.*

The Remuneration Policy adopted by the Board of Directors - on the proposal of the Remuneration Committee - in the Board meeting held on March 10<sup>th</sup>, 2022 determines, with reference to the fixed and variable components of remuneration, the underlying criteria and rationale.

For the duration of the term of their respective office, the members of the Board of Directors are entitled to the reimbursement of their expenses and a fixed annual basic remuneration in the amount set by the Shareholders.

Directors performing special duties are also entitled to an additional annual remuneration set in consideration of the powers conferred and the related strategic responsibilities, as well as the participation in the Board Committees, also taking into account the rationale underlying the remuneration policy of the Group's employees.

The fixed remuneration of the Directors is set in an absolute amount and in the payment of predetermined attendance fees, in relation to the meetings in which they take part. The fixed component of the Executive Directors consists of the annual compensation pursuant to article 2389, paragraph 3, of the Italian Civil Code and, in case of an employment relationship between the Executive Director and the Company, of the gross annual remuneration.

Such remuneration is established, also taking into account the level of remuneration adopted by other listed companies in Italy and/or in the sector in which the Group operates, to an extent sufficient to attract, retain and motivate people with the professional qualities necessary to manage the Company.

The remuneration of Executive Directors and key executives consists of: (i) a fixed component; (ii) an annual variable component, linked to the achievement of short-term performance objectives, also having a non-economic nature (i.e. ESG), and consisting (mainly) of a cash remuneration; (iii) a medium-long term variable component, linked to the achievement of medium-long term performance objectives, which at the same time may act as a key resource retention. This component may consist of share-based or cash incentive plans.

When defining the fixed and variable components, the administrative body takes into account and enhances the powers granted and the functions performed by the person concerned - ensuring consistency between the allocation of any variable components and the importance and scope in which the functions are performed - as well as the need for the variable components to be tied to predetermined criteria, measurable or otherwise certifiable by the administrative body and the Remuneration Committee.

The Remuneration Policy set out in this section of the Report provides that the annual variable component and the medium- long-term variable component are, as a rule, allocated to the delegated bodies.

The remuneration of **non-executive Directors** (including independent Directors) is instead established as a fixed amount and proportioned to the competence, professional skills and commitment required, also taking into account any participation of the same in relevant committees.

The remuneration of the **Chairman of the Board of Directors** is fixed.

**Statutory Auditors** are not entitled to any form of variable remuneration. Therefore, the remuneration of Statutory Auditors is fixed and must be adequate to the competence, professional skills and commitment required by the importance of the role, as well as to the size of the Company.

The Remuneration Policy approved by the Board of Directors in its meeting held on March 10<sup>th</sup>, 2022 makes a distinction between short- and medium-long term variable components; the former is linked to predetermined, measurable objectives connected to the creation of value in a time frame of normally one year (i.e., related to a single business year objectives), while medium-long term variable remuneration components are tied to predetermined, measurable objectives linked to the creation of value in a medium-long term time frame of at least 24 months.

The Remuneration Policy states that the short-term variable remuneration component should normally be determined within the following limits:

- for delegated bodies, the target variable component must be no less than 25% and no more than 2 times the fixed component;
- for other key executives, the target variable component must be no less than 10% and no more than 30% of the fixed component.

The Remuneration Policy provides that the fixed component be determined to adequately remunerate performance in the event that the short-term variable component is not paid due to the failure to achieve the performance targets set by the administrative body.

The same criteria and the same approach are applied when determining the remuneration of other key executives, by the delegated bodies or by the administrative body itself (where competent to decide).

The Remuneration Policy, in order to pursue the medium-long term interests and the sustainable success of the Group, provides for the assignment to the delegated bodies and to any additional key executives of medium-long term variable remuneration components, to be determined on the basis of the following elements: (i) the functions performed within the company and the related responsibilities assigned to the concerned subject; (ii) the ability to contribute to the sustainable medium-long term success of the Group; (iii) the overall remuneration received; (iv) the loyalty and retention needs of key resources.

The Remuneration Policy establishes that the medium- long-term variable remuneration component should normally be determined within the following limits:

- for delegated bodies, the target variable component must be no less than 30% and no more than 5 times the fixed component;
- for other key executive, the target variable component must be no less than 20% and no more than 40% of the fixed component.

When defining the variable remuneration components (whether short or medium-long term component), it is possible to adopt certain thresholds below which the bonus will not be paid at all (on an *on/off* basis), as well as incentive systems for any over-performance (but not exceeding 150% of the target bonus). The regulations governing the allocation of variable components may include clauses to protect the Company (e.g. claw-back mechanism).

The accrual of the incentive remuneration components is, as a rule, subject to the condition to maintain the directorship or employment relationship with the Issuer or with the subsidiary concerned from time to time.

***g) Policy adopted with regard to non-monetary benefits.***

The Issuer's remuneration policy allows the payment of non-monetary benefits to executive directors and key executives in line with practice and provided that they are appropriate to the role held. Non-monetary benefits include healthcare coverage and the use of a car.

***h) Description of the performance objectives on the basis of which the variable components of remuneration are allocated.***

As already described in letter f) above, the Remuneration Policy approved by the Board of Directors in its meeting held on March 10<sup>th</sup>, 2022 makes a distinction between short and medium-long term variable components.

A brief description of the performance objectives defined by the Issuer with reference to each component is provided below:

- the short-term variable remuneration components are tied to the achievement of predetermined, measurable objectives, connected to the creation of value in a time frame which is normally equal to one year (i.e., related to a single business year objectives). These objectives include (a) economic parameters such as revenues and profitability (established in accordance with the Group's strategic plans); and (b) non-economic parameters related to environmental, social and governance sustainability matters (so-called Environmental, Social & Governance indicators or ESG);
- the medium-long term variable remuneration components are tied to pre-determined, measurable objectives related to the creation of value in a medium-long term time frame (of at least 24 months). These objectives

mainly consist of economic parameters of revenues and profitability (established in accordance with the Group's strategic plans).

For information on the Plan that the Board of Directors intends to submit for approval to the Shareholders' Meeting called for April 27<sup>th</sup>, 2022, please refer to paragraphs k-l) below, as well as to the Information Document available at <http://investor.brunellocucinelli.com/en>, in the section dedicated to the 2022 Shareholders' Meeting.

*i) Criteria adopted to assess the performance objectives underlying the allocation of shares, options, other financial instruments or other variable components of remuneration.*

With regards to the variable component, including, subject to the Shareholders' Meetings approval and starting from the financial year 2022, the component consisting of incentive plans based on financial instruments, the criteria to be used for the assessment of the objectives are parameters that reflect the creation of value for shareholders and other stakeholders in the medium-long term and the sustainability of the company's results, in accordance with the principles inspiring the company's philosophy.

In particular, with regards to the payment of variable compensation to the Managing Directors for the Year, please refer to Section II of this Report.

*j) Information aimed at highlighting the contribution of remuneration policy to corporate strategy, the pursuit of long-term interests and the sustainability of the company.*

As described in paragraphs e) and f) of this Report, the Board of Directors believes that the Issuer's remuneration policy is consistent with the pursuit of value creation and commercial and financial objectives in the medium-long term.

Consistently with these purposes and with the principle of sound and prudent management of the Issuer as the guiding principle of the corporate philosophy, the remuneration of Executive Directors and key executives is structured in such a way as to:

- i. strike a balance between the fixed and variable components of remuneration with the aim of creating value in the medium- long term in a sustainable manner for the Issuer;
- ii. connect the variable component of remuneration to the achievement of performance objectives, of economic nature, on the one hand, and related to the sustainability of the Issuer (i.e. ESG relevant areas), on the other, aligned with the creation of value in the medium-long term and with the actual results achieved by the Company;
- iii. to recognise appropriate remuneration aimed at attracting, retaining and motivating people with the professional qualities required to successfully manage the Group's activities. The proposal formulated by the Board of

Directors to include in the Remuneration Policy and, therefore, starting from the year 2022, an incentive element, the Plan, further consolidates the pursuit of this purpose. The Plan, subject to approval by the Shareholders' Meeting, would constitute an element aimed at aligning the interests of the beneficiaries with those of the Company and the shareholders over the time frame set by the Plan, recognising their contribution to the Company's increase in value.

***k) - l) Vesting periods and deferred payment systems, if any, and information on any provisions requiring the holding of financial instrument after their acquisition.***

The Issuer's Remuneration Policy approved by the Board of Directors on March 10<sup>th</sup>, 2022 provides for share-based incentive plans of the Issuer as an additional remuneration element; these are prepared by the Board of Directors with the assistance of the Committee and approved by the Shareholders' Meeting pursuant to article 114-*bis* of the TUF.

These plans are generally intended for people who hold strategically important roles or, in any case, are able to make a significant contribution to the pursuit of the Brunello Cucinelli Group's strategic objectives. These subjects are usually identified as follows: (i) the Issuer's Executive Directors and key executives; (ii) the directors and managers of the Issuer's subsidiaries.

The criteria the Board of Directors must comply with when drawing up the plans are the following: a) a vesting period that, at least for a substantial part of the benefit to be assigned, provides for a duration of more than one year; b) the vesting of the right to receive Brunello Cucinelli Shares at the end of the vesting period must be subject to predetermined and measurable performance objectives. The same must be connected to the creation of sustainable value for shareholders and other stakeholders in line with the prospects and strategic development plans of the Issuer and the Group; c) the plans must be structured in such a way as to pursue at least the purposes of fostering the loyalty of the beneficiaries, providing incentives for them to remain with the Group; d) the plans must include the beneficiaries' commitment , according to which beneficiaries will be under the obligation to hold continuously, for a period defined by the Board, a part of the shares assigned; e) plans must include adequate *ex post* correction mechanisms (so-called claw back mechanism).

As of the date of approval of this Report, no share-based incentive plan pursuant to article 114-*bis* of the TUF is in place.

Furthermore, with reference to the remuneration policy applicable to the Year:

- there are no vesting periods or deferred payment systems;
- there are no *ex-post* mechanisms to the variable component (*malus*) or return of variable compensation (*claw-back*);
- there are no retention clauses for financial instruments.

During its meeting held on March 10<sup>th</sup>, 2022, the Board of Directors approved to bring to the Shareholders' Meeting the "Stock Grant Plan 2022-2024", based on the free allocation, in favour of the beneficiaries identified by the Plan itself, of Brunello Cucinelli ordinary shares, subject to and depending on the achievement of specific performance objectives. This element, subject to and after the relevant Shareholders' Meeting approval, would introduce, starting from the 2022 financial year, a medium-long term variable component of remuneration that would be added to the short-term variable component (*MBO*).

In accordance with the general criteria described above with reference to incentive plans based on financial instruments, the Plan proposed by the Board has the following features:

- i. has the purpose of granting, free of charge, to the beneficiaries under the terms of the Information Document (the "**Beneficiaries**"), the right to receive an equal number of shares of the Issuer subject to the achievement of certain performance objectives (the "**Objectives**") and the satisfaction of the further conditions set forth in the Plan (the "**Rights**"). The number of shares subject to possible award will be determined on the basis of the achievement and/or over-achievement of the aforementioned objectives. In lieu of the award of the shares, the Company reserves the right to replace the shares, in whole or in part, with the payment of a substitute sum;
- ii. the Beneficiaries of the Plan are the Managing Directors of the Issuer and may also be those employees or directors of the Issuer or of the companies belonging to the Group who hold strategically important roles or, in any case, able to make a significant contribution to commercial development and, in general, to the pursuit of the strategic objectives of the Brunello Cucinelli Group;
- iii. the award of the Rights to the Beneficiaries is subject to (a) the achievement of the Objectives (see below); and (b) the existence of the condition of permanence, as described in the Information Document. As to point (a), the Objectives are defined by the Board of Directors, upon the proposal of the Committee, and are related to the creation of sustainable value for shareholders and other stakeholders, in line with the prospects and strategic development plans of the Company and the Group. The Board and the Committee are also responsible to verify the achievement of the Objectives, to be performed following the approval of the consolidated financial statements related to the years to which they refer. In particular, the Objectives identified by the Plan are the following:
  - for the Issuer's Managing Directors and for the other Beneficiaries who have an employment relationship with the Issuer, consist of a minimum annual consolidated EBIT to be achieved in the financial year 2022 and in the financial year 2023, respectively, and a minimum cumulative consolidated EBIT to be achieved during the three-year period 2022, 2023 and 2024;

- for the Beneficiaries who have a directorship and/or employment relationship with a subsidiary of the Issuer, consist of a minimum annual consolidated EBIT to be achieved in the financial year 2022 and in the financial year 2023, respectively, and minimum cumulative revenues of the subsidiary concerned to be achieved during the three-year period 2022, 2023 and 2024;
- iv. the vesting of the Rights and the consequent award of the shares to each Beneficiary is divided into three different *tranches*: (i) a first *tranche* equal to 25% of the total number of Rights, which may accrue in a fixed amount (on an *on/off* basis) only if the EBIT Target related to 2022 financial year is met or exceeded; (ii) a second *tranche* equal to 25% of the total number of Rights, which may vest in a fixed amount (on an *on/off* basis) only if the EBIT Target related to 2023 financial year is met or exceeded; (iii) a third (and final) *tranche* equal to 50% of the total number of Rights, which may vest for the Managing Directors only in a variable amount depending on the level of achievement of the minimum cumulative consolidated EBIT Target to be reached in the three-year period including 2022, 2023 and 2024 financial years, as analytically described in the Information Document, and for the other Beneficiaries in a fixed amount (on an *on/off* basis) only in case of achievement or over-achievement of the Target related to the minimum cumulative EBIT or of the Target related to the minimum cumulative revenues of the Group company to be achieved during the three-year period including 2022, 2023 and 2024 financial years;
- v. the shares, in the number corresponding to the related accrued Rights, will be granted to each Beneficiary by and no later than the 60th calendar day following the date of approval of the 2022 Group's consolidated financial statements, with respect to the shares due to the Beneficiaries following the accrual of the first *tranche* Rights, for the 2023 financial year, in respect to the shares due to the Beneficiaries following the accrual of the second *tranche* Rights, and for the 2024 financial year, in respect to the shares due to the Beneficiaries following the accrual of the third *tranche* Rights.
- vi. the Plan provides for only one allocation cycle;
- vii. the Beneficiaries will be obliged to continuously hold a number of shares equal to 30% of the shares subject to assignment until the end of 12 months from the date of the actual allocation;
- viii. the Plan provides for claw back clauses in cases where, in accordance with the terms and conditions set out in the Plan Regulation, it appears that the Objectives (a) have been ascertained by the Board of Directors on the basis of data that have turned out to be manifestly incorrect; (b) the Beneficiary concerned has been found to have acted fraudulently or with serious negligence to the detriment of the Company or detrimental to its interests.

For a more detailed description of the terms and conditions of the Plan, please refer to the additional documentation made available by the Company and, in particular, to the Information Document available at <http://investor.brunellocucinelli.com/en>, in the section dedicated to the 2022 Shareholders' Meeting.

As regards the recommendation contained in the Code according to which the share-based remuneration plans for executive directors and top management should provide that a substantial part of the plan has an overall vesting period of the Rights and a lock-up period on the shares granted of at least five years, the Plan approved by the Board and subject to examination by the Shareholders' Meeting called for April 27, 2022 provides, in any case, that (i) a significant portion of the Rights, equal to 50%, will vest after three years from the grant; and that (ii) each Beneficiary is to comply with a lock-up period on the shares granted equal to 12 months from the date of the actual grant. For this reason, the Board of Directors has determined that the time frame of the Plan is in any case suitable and functional for achieving the objectives of providing incentives and retaining the loyalty of the beneficiaries that the Plan pursues.

***m) Policy on treatment in the event of termination of office or employment.***

No policy concerning the treatment of Directors and key executives in the event of termination of their respective office or employment relationship has been adopted by the Company.

With reference to the Plan to be examined by the Shareholders' Meeting convened for April 27<sup>th</sup>, 2022, the right to the be assigned with of the Shares depends, in addition to the achievement of the Objectives described under paragraph k-l) above, on the circumstance that at the date of approval by the Board of Directors of the consolidated financial statements of the Group relating to (as the case may be) the financial year 2022 or to the financial year 2023 or to the financial year 2024, the beneficiary is still in office or maintains the relationship with the company concerned (or is no longer in office or is no longer employed in the events falling within the Good Leaver definition, as defined in the Information Document).

This condition is in line with the Plan's aim of retaining Beneficiaries.

***n) Information related to any non-compulsory insurance, social security or pension coverage.***

With reference to any non-compulsory social security coverage, Moreno Ciarapica (key executives) and Luca Lisandroni (CEO) joined the "Previndai" fund. This fund provides for the monthly payment of a sum of money to increase the severance pay (the Italian "trattamento di fine rapporto"). The Issuer pays 50% of this amount (included in the calculation of non-monetary benefits in Table 1).

The Issuer has subscribed an insurance policy for the civil liability of directors, including independent directors, and auditors, as well as other corporate bodies of the Issuer and its subsidiaries.

- o) Any remuneration policy adopted with reference to independent directors, membership of committees and performance of particular duties.*

The remuneration policy adopted by the Issuer with reference to the independent Directors, their membership in Committees and the performance of specific duties has already been described above in paragraph f) of this Report, to which reference should be made.

- p) Other companies that may be used as a reference for the definition of the remuneration policy.*

For the purposes of the Issuer's remuneration policy, the remuneration policies of other companies operating in the same industry of the Issuer shall be taken into consideration.

- q) Elements of the remuneration policy which may be waived.*

At the date of the Report, no elements of the remuneration policy that could be waived were identified.

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## **SECTION II: Fees paid**

This section is divided into two parts and shows on a name basis the remuneration of the members of the management and control bodies.

### ***First part***

Description of the items making up the remuneration of the members of the management and control bodies.

- The Chairman of the Board of Directors received a fixed remuneration as resolved by the Board of Directors.
- The Managing Directors received a fixed and a variable fee as resolved by the Board of Directors (see below).
- The independent directors received a fixed fee as resolved by the Shareholders' Meeting, in addition to reimbursement of expenses incurred in performing their duties.
- Non-executive and non-independent directors who are managers of the Issuer received a fixed annual remuneration as employee.
- Directors also received an attendance fee for attending Board of Directors' meetings.
- The Chairmen and other members of the Remuneration and Appointments Committee and the Control and Risk Committee, received a fixed remuneration as resolved by the Board of Directors.

- The Statutory Auditors received a fixed fee as resolved by the Shareholders' Meeting, in addition to reimbursement of expenses incurred in performing their duties.

For the financial year ending on December 31<sup>st</sup>, 2021, Managing Directors Luca Lisandroni and Riccardo Stefanelli received a fixed and a short-term variable fee .

For more detailed information, please refer to Notes 2 and 3 at the end of Table 1 in Part Two of this Section II of this Report.

The variable component of the remuneration paid to the Managing Directors for the period relating to the Financial Year was determined on the basis of the parameters detailed below, each of which was given a percentage weight of 50%:

- an economic parameter, represented by the achievement of two separate targets, each having a percentage incidence equal to 25%, and structured as follows: (a) a Group turnover target for the Year; and (b) an EBITDA Margin target as resulting from the annual consolidated financial statements for the year 2021;
- a qualitative parameter, consisting of the achievement of objectives relating to environmental, social and governance sustainability issues (so-called Environmental, Social & Governance indicators or ESG), related to the sustainability plan named "*Il tempo Nuovo*".

For the purposes of the proposal of variable remuneration to be assigned to the Managing Directors in case of achievement of the objectives outlined above, the vote expressed by shareholders with respect to the remuneration policy approved by the Shareholders' Meeting, with a binding resolution, on May 21<sup>st</sup>, 2020, which provided for the use of variable components of remuneration, was taken into account.

The Committee, in its meeting held on March 9<sup>th</sup>, 2022, and the Board, in its meeting held on March 10<sup>th</sup>, 2022, assessed that the objectives set for the Year were achieved. On the one hand, the Group's consolidated financial statements, which showed a consolidated turnover figure and an EBITDA Margin in line with the objective set by the Board with its resolution dated March 11<sup>th</sup>, 2021 were approved, and, on the other hand, the implementation of the ESG related activities described in the proposed variable remuneration were achieved; in this latter regard, ESG related activities included : the sustainability plan and related training, development and definition of enterprise risk management ("ERM") policies and guidelines "risk appetite framework" and "risk inventory" as well as the monitoring of the Brunello Cucinelli for Humanity project. For further information on the activities carried out during the Year with reference to ESG related matter, please refer to the 2021 NFD, available at the following address:  
<http://investor.brunellocucinelli.com/en/services/archive/investor/non-financial-disclosure>.

The variable remuneration for the Year paid to the two Managing Directors represents, respectively, with regards to the Managing Director Luca Lisandroni, a percentage equal to approximately 32% of the total remuneration and 47% of the

fixed component only; with regards to the Managing Director Riccardo Stefanelli, it represents a percentage equal to approximately 32% of the total remuneration and 48% of the fixed component only. The variable remuneration of the Managing Directors for the Year therefore complied with the limit indicated in the remuneration policy applicable to the Year, which provided that the portion of variable remuneration deriving from the achievement of the objectives set from time to time did not exceed 35% of the total remuneration, even in the event of over performance.

No variable remuneration was paid, or recognised, for the Year to key executives other than Managing Directors.

The Issuer did not have any incentive plans based on financial instruments in place for the Year. At the date of this Report, the Issuer has not adopted *ad hoc* provisions regulating the indemnity of Directors and key executives in the event of early termination of their employment relationship.

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The tables below show the information required by paragraph 1.5 of the first part of section II of Schedule No. 7-bis of Annex 3A of the Issuers' Regulations.

**Table 1 - Annual change in total remuneration of Directors and Statutory Auditors**

*(in thousands of euros)*

FIRST AND LAST NAME	POSITION	2021	2020	2019	2020 vs 2019	2021 vs 2020
Brunello Cucinelli	Chairman of the Board of Directors	802,4	804	802,4	<b>0,2%</b>	<b>-0,2%</b>
Riccardo Stefanelli	Managing Director	926,1	1.092,8	694,5	<b>57,4%</b>	<b>-15,3%</b>
Luca Lisandroni	Managing Director	952,3	1.100,7	707,6	<b>55,6%</b>	<b>-13,5%</b>
Camilla Cucinelli	Non-Executive Director	265,1	273,4	242,7	<b>12,6%</b>	<b>-3,0%</b>
Carolina Cucinelli	Non-executive Director	140,2	91,8	50,8	<b>80,7%</b>	<b>52,7%</b>
Giovanna Manfredi	Non-executive Director	339,4	352,8	344,8	<b>2,3%</b>	<b>-3,8%</b>
Andrea Pontremoli	Independent Director	42,8	45	45,3	<b>-0,7%</b>	<b>-4,9%</b>
Annachiara Svelto	Independent Director	68,2	42	n/a	<b>n/a</b>	<b>62,4%</b>

Emanuela Bonadiman	Independent Director	42,8	26,8	n/a	<b>n/a</b>	<b>59,7%</b>
Maria Cecilia La Manna	Independent Director	42,4	26,8	n/a	<b>n/a</b>	<b>58,2%</b>
Ramin Arani	Independent Director	33,2	20	n/a	<b>n/a</b>	<b>66,0%</b>
Stefano Domenicali	Independent Director	42,8	26,8	n/a	<b>n/a</b>	<b>59,7%</b>
Paolo Prandi	Chairman of the Board of Statutory Auditors	62	61,5	59,5	<b>3,4%</b>	<b>0,8%</b>
Alessandra Stabilini	Statutory Auditor	48	47,4	45,5	<b>4,2%</b>	<b>1,3%</b>
Gerardo Longobardi	Statutory Auditor	48	47,4	45,5	<b>4,2%</b>	<b>1,3%</b>

**Notes:**

*Information not available refers to the remuneration of subjects who did not serve as director before May 21<sup>st</sup>, 2020.*

**Table 2 - Annual change in performance**

(in thousands of euros)

Data extracted from the income statement of the consolidated financial statements as at December 31 <sup>st</sup> , 2021	2021	2020	2019	2021 vs 2020	2020 vs 2019
Net revenue	712.179	544.013	607.761	30,9%	-10,5%
Operating result	77.036	-14.818	83.376	>-100,0%	<-100,0%
Operating result	56.295	-32.069	53.083	>-100,0%	<-100,0%

**Table 3 - Average remuneration of employees**

(in thousands of euros)				
2021	2020	2019	2021 vs 2020	2020 vs 2019
47.354,6	45.346,9	45.051,33	<b>4,4%</b>	<b>0,7%</b>

**Notes:**

The data shown in the table refer to the average gross annual remuneration of the Group's employees. For the purposes of the calculation, those persons whose remuneration is shown in Table no. 1 of this Section II of the Report (i.e. Directors who are also employees of the Issuer) have been excluded.

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**Part two**

The following tables analytically report the remuneration paid during the financial year by the Issuer to the members of the administration and control bodies. The shareholdings in the Issuer's share capital held by the members of the administration and control bodies and of the managers with strategic responsibilities are also shown.

It should also be noted that, during the year:

- no exceptional circumstances made it necessary to waive from the remuneration policy contained in the first section of the report, which was last approved by the Shareholders' Meeting, with a binding resolution, on May 21<sup>st</sup>, 2020;
- no *ex-post* correction mechanisms of the variable component (malus or claw-back of variable compensation) were applied.

**Table 1 - Remuneration paid to members of management and control bodies and to key executives.**

(in thousands of euros)

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
Brunello Cucinelli (1)	Executive Chairman Board of Directors	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022			Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				802,4	-	-	-	-	802,4	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				802,4	-	-	-	-	802,4	-	-
Luca Lisandroni (2)	Managing Director - CEO	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				645,1	-	300	-	7,2	-	952,3	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				645,1	-	300	-	7,2	-	952,3	-

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
Riccardo Stefanelli (3)	Managing Director - CEO	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022			Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				626,1	-	300	-	-	926,1	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				626,1	-	300	-	-	926,1	-	-
Camilla Cucinelli (4)	Director	01/01 - 31/12/2021	Shareholders' meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				265,1	-	-	-	-	265,1		
(II) Remuneration from subsidiaries and associates					-	-	-	-			
(III) Total				265,1	-	-	-	-	265,1		

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
Giovanna Manfredi (5)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022			Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				338,1	-	-	-	1,3	-	339,4	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				338,1	-	-	-	1,3	-	339,4	-
Carolina Cucinelli (6)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				140,2	-	-	-	-	-	140,2	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				140,2	-	-	-	-	-	140,2	-
Andrea Pontremoli (7)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
						Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				32,8	10	-	-	-	42,8	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				32,8	10	-	-	-	42,8	-	-
Annachiara Svelto (8)	Director	01/01 - 31/12/2021	Shareholders' meeting that approved the financial statements to 31/12/2022								
(I) Remuneration in the company preparing the financial statement				33,2	35	-	-	-	68,2	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				33,2	35	-	-	-	68,2	-	-
Emanuela Bonadiman (9)	Director	01/01 - 31/12/2021	Shareholders' meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				32,8	10	-	-	-	42,8	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				32,8	10	-	-	-	42,8	-	-

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
Maria Cecilia La Manna (10)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022			Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				32,4	10	-	-	-	42,4	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				32,4	10	-	-	-	42,4	-	-
Ramin Arani (11)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				33,2	-	-	-	-	33,2	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				33,2	-	-	-	-	33,2	-	-
Stefano Domenicali (12)	Director	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
						Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				32,8	10	-	-	-	42,8	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				32,8	10	-	-	-	42,8	-	-
Paolo Prandi (13)	Chairman of the Board of Statutory Auditors	01/01 - 31/12/2021	Shareholders' meeting to approve the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				62	-	-	-	-	62	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				62	-	-	-	-	62	-	-
Gerardo Longobardi (14)	Standing Auditor	01/01/ - 31/12/2021	Shareholders' meeting approving the financial statements as at 31/12/2022								
(I) Remuneration in the company preparing the financial statement				48	-	-	-	-	48	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-
(III) Total				48	-	-	-	-	48	-	-

(A)	(B)	(C)	(D)	1	2	3	4	5	6	7	8
First and last name	Position	Period for which the position was held	Expiry of term of the position	Fixed remuneration	Remuneration of membership of committees	Variable remuneration non-equity	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Total severance indemnity
Alessandra Stabilini (15)	Standing Auditor	01/01 - 31/12/2021	Shareholders' meeting approving the financial statements as at 31/12/2022			Bonus and other incentives	Profit-sharing				
(I) Remuneration in the company preparing the financial statement				48	-	-	-	-	48	-	-
(II) Remuneration from subsidiaries and associates					-	-	-	-	-	-	-
(III) Total				48	-	-	-	-	48	-	-

**Notes:**

(1) The Cav. Lav. Brunello Cucinelli's remuneration, as resolved by the Board of Directors on July 14<sup>th</sup>, 2020, includes EUR 2,400 for attendance at Board meetings (6 attendance fees of EUR 400 each).

(2) Luca Lisandroni's remuneration, with reference to the fixed component, includes his remuneration as a manager of the Issuer and the remuneration for the office of Chief Executive Officer; it also includes the amounts of EUR 30,000 for the office of member of the Board of Directors and EUR 3,200 for attendance at Board meetings (8 attendance fees of Euro 400 each). With reference to the variable component, Luca Lisandroni's remuneration amounts to EUR 300,000 and will be paid in the first half of the 2022 financial year after having verified the quantitative and qualitative (ESG) objectives set forth in the first part of Section II of this Report have been achieved. Finally, the amount of EUR 7,200 was paid to Luca Lisandroni as non-monetary benefits referred to in Section I, letters g) and n), of the Report.

(3) Riccardo Stefanelli's remuneration, with reference to the fixed component, includes his remuneration as a manager of the Issuer and the remuneration for the office of Chief Executive Officer; it also includes the amounts of EUR 30,000 for the office of member of the Board of Directors and EUR 2,800 for attendance at Board meetings (7 attendance fees of EUR 400 each). With reference to the variable component, the remuneration due to Riccardo Stefanelli amounts to EUR 300,000 and will be paid in the first half of the 2022 financial year following the verification of the achievement of the quantitative and qualitative (ESG) objectives set forth in the first part of Section II of this Report.

(4) Camilla Cucinelli's fixed remuneration as a manager of the Issuer amounts to EUR 263,913.90 and EUR 1,200 for attendance at Board meetings (3 attendance fees of Euro 400 each). Camilla Cucinelli waived her specific remuneration for her position as Director.

(5) Giovanna Manfredi's fixed remuneration as Issuer's manager amounts to EUR 335,249.64 and of EUR 2,800 for attendance at the Board meetings (7 attendance fees of € 400 each). Giovanna Manfredi waived her specific remuneration for her position as Director. Finally, the amount of EUR 1,330 was paid to Giovanna Manfredi as non-monetary benefits referred to in Section I, letters g) and n), of the Report.

(6) Carolina Cucinelli's fixed remuneration as an employee of the Issuer amounts to EUR 138,173.87 and EUR 2,000 for attendance at Board meetings (5 attendance fees of Euro 400 each). Carolina Cucinelli waived her specific remuneration for her position as Director.

(7) Andrea Pontremoli's remuneration consists of EUR 30,000 for the office of Director and EUR 10,000 for the office of member of the Control and Risk Committee. Attendance fees for Board meetings amounted to EUR 2,800 (10 attendance fees of EUR 400 each).

(8) Annachiara Svelto's remuneration consists of EUR 30,000 for her position as Director, EUR 20,000 for her position as Chairman of the Control and Risk Committee and EUR 15,000 for her position as Chairman of the Remuneration and Appointments Committee. Attendance fees amounted to EUR 3,200 (8 attendance fees of EUR 400 each).

(9) Emanuela Bonadiman's remuneration consists of EUR 30,000 for her position as Director and EUR 10,000 for her position as member of the Remuneration and Appointments Committee. Attendance fees for Board meetings amount to EUR 2,800 (7 attendance fees of EUR 400 each).

(10) Maria Cecilia La Manna's remuneration consists of EUR 30,000 for her position as Director and EUR 10,000 for her position as member of the Control and Risk Committee. Attendance fees for Board meetings amounted to EUR 2,400 (6 attendance fees of EUR 400 each).

(11) Ramin Arani's remuneration consists of EUR 30,000 for his position as Director. Attendance fees for Board meetings amounted to EUR 3,200 (8 attendance fees of EUR 400 each).

(12) Stefano Domenicali's remuneration consists of EUR 30,000 as a director and EUR 10,000 as a member of the Appointment and Remuneration Committee. Attendance fees for Board meetings amounted to EUR 2,800 (7 attendance fees of EUR 400 each).

(13) Paolo Prandi's remuneration for the office of Chairman of the Board of Statutory Auditors, as resolved by the Shareholders' Meeting of May 21<sup>st</sup>, 2020, is equal to EUR 62,000 on an annual basis.

(14) Gerardo Longobardi's remuneration for the office of Standing Auditor, as resolved by the Shareholders' Meeting of May 21<sup>st</sup>, 2020, is equal to EUR 48,000 on an annual basis.

(15) Alessandra Stabilini's remuneration for the position of Standing Auditor, as resolved by the Shareholders' Meeting of May 21<sup>st</sup>, 2020, is equal to EUR 48,000 on an annual basis.

**Table 2: Shareholdings of members of management and control bodies and key executives.**

FIRST AND LAST NAME	OFFICE	COMPANY IN WHICH SHAREHOLDING IS HELD	SHARES OWNED AT THE END OF THE PREVIOUS YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	SHARES OWNED AT THE END OF THE CURRENT YEAR
Giovanna Manfredi	Director	Brunello Cucinelli S.p.A.	1.156.100	0	0	1.156.100
Moreno Ciarapica	Key executive	Brunello Cucinelli S.p.A.	23.800	0	0	23.800