



Organisational, Management & Control Model



2007

Prevention

Assets

Security

BREMBO ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL



ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

CONTENTS

BREMBO ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL.....	2
GENERAL PART.....	6
DEFINITIONS.....	6
A) FRAMEWORK OF REFERENCE.....	7
1. LEGISLATIVE DECREE No. 231/2001 AND SIGNIFICANT REGULATIONS	7
2. THE OFFENCES CONTEMPLATED IN THE LEGISLATIVE DECREES.....	7
3. REQUIREMENTS FOR THE EXCLUSION OF LIABILITY FOR THE BODY CORPORATE	9
4. GUIDELINES OF THE ITALIAN MANUFACTURERS' FEDERATION (CONFINDUSTRIA).....	10
5. MODEL AND CODE OF ETHICS	11
B) THE BREMBO S.P.A. MODEL.....	12
6. PURPOSE OF THE MODEL	12
7. STRUCTURE OF THE MODEL	13
8. ADOPTION OF THE MODEL AND SUBSEQUENT AMENDMENTS.....	13
9. THE MODEL AND GROUP COMPANIES	14
10. BREMBO SENSITIVE ACTIVITIES.....	14
11. SUPERVISORY COMMITTEE	14
11.1 FLOWS OF INFORMATION TOWARD THE SUPERVISORY COMMITTEE	16
11.1.1 Reports from within the company or from third parties.....	16
11.1.2 Reporting obligations in respect of official deeds.....	17
11.1.3 The system of power of attorney	17
12. DISCIPLINARY FRAMEWORK.....	17
12.1 RECIPIENTS.....	18
12.2 DISCIPLINARY MEASURES APPLICABLE TO WORKERS, OFFICE STAFF AND MIDDLE MANAGERS.....	18
12.3 DISCIPLINARY ACTION AGAINST EXECUTIVES.....	19
13. TRAINING AND INFORMATION REGARDING THE MODEL	19
SPECIAL PART I.....	22

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- 14. TYPES OF OFFENCES COMMITTED IN THE COURSE OF RELATIONS WITH THE PUBLIC ADMINISTRATION..... 22
- 15. SENSITIVE ACTIVITIES IN THE COURSE OF RELATIONS WITH THE PUBLIC ADMINISTRATION..... 24
- 16. GENERAL RULES 25
- 16.1 THE SYSTEM OF POWER OF ATTORNEY 25
- 17. SPECIFIC PROCEDURES..... 26
- 18. CHECKS BY THE SUPERVISORY COMMITTEE 27
- SPECIAL PART II.....29
 - 19. TYPES OF CORPORATE OFFENCES 29
 - 20. SENSITIVE ACTIVITIES PERTAINING TO CORPORATE OFFENCES..... 32
 - 21. GENERAL RULES 32
 - 22. SPECIFIC PROCEDURES..... 33
 - 23. CHECKS BY THE SUPERVISORY COMMITTEE 36
- SPECIAL PART III.....38
 - 24. TYPES OF MARKET ABUSE OFFENCES 38
 - 25. SENSITIVE ACTIVITIES PERTAINING TO MARKET ABUSE OFFENCES 38
 - 26. GENERAL RULES 38
 - 27. SPECIFIC PROCEDURES..... 39
 - 28. CHECKS BY THE SUPERVISORY COMMITTEE 40

GENERAL PART

DEFINITIONS

- A) *Legislative Decree 231/2001 or the Decree*: Legislative Decree No. 231 of 8 June 2001 governing the “administrative liability of legal entities, companies and associations, including bodies devoid of legal personality”.
- B) *Legislative Decree 61/2002*: Legislative Decree No. 61 of 11 April 2002 “governing criminal and administrative offences regarding commercial companies, pursuant to Article 11 of Law No. 366 of 3 October 2001” as further amended and extended;
- C) *Offences*: the offences covered and contemplated under Legislative Decree 231/2001 and Legislative Decree 61/2002 as further amended and extended;
- D) *Brembo*: Brembo S.p.A.;
- E) *Group companies*:
- i) the Italian companies falling under the Company’s direct or indirect corporate control within the meaning of section 2359 of the Italian Civil Code;
 - ii) the overseas companies falling under the Company’s direct or indirect corporate control, within the meaning of section 2359 of the Italian Civil Code, that operate in Italy through a stable organisation;
- F) *Model*: this Organisational, Management and Control Model;
- G) *Company Officers and Directors*: individuals at the highest level of representation, administration and management of the Company or one of its organisational units, endowed with independent powers of expenditure and action, as well as persons who, even if only de facto, manage and exercise control over the Company;
- H) *Employees*: persons employed by Brembo under an employment contract;
- I) *Supervisory Committee*: the body mentioned in Article 9 of this Model;
- L) *Sensitive activities*: Brembo activities at risk to the commission of the offences;
- M) *National Collective Bargaining Agreement*: the National Collective Bargaining Agreements entered into by the most representative trades unions for employees, currently in force and applicable to Brembo;
- N) *Internal Delegation*: the internal attribution of powers related to a specific job description, that in order to be exercised do not require a notarised power of attorney, and that are reflected in the system of organisational communications and notices;
- O) *Power of attorney*: unilateral legal deed through which Brembo attributes powers of representation towards third parties;
- P) *CEO*: Chief Executive Officer.

A) FRAMEWORK OF REFERENCE

1. LEGISLATIVE DECREE No. 231/2001 AND SIGNIFICANT REGULATIONS

Legislative Decree No. 231/2001 introduced the regulatory framework governing the "administrative liability of legal entities, companies and associations, including bodies devoid of legal personality".

A detailed analysis of the content of Legislative Decree 231/2001 reveals that under Article 5(1), a body corporate may be held liable for certain offences that are committed in its interest or to its advantage by:

- a) individuals at the highest levels of corporate representation, administration and management of the company or one of its organisational units endowed with independent powers of expenditure and action, as well as persons who, even if only de facto, manage and exercise control over the company in question
- b) individuals subjected to the management or oversight of one of the persons at the highest levels of corporate management indicated under letter a) (for instance, non-executive employees).

In the case where one of the offences specifically indicated in the regulatory framework of reference is committed, the criminal liability of the individual who materially carried out the offence also entails the "administrative" liability of the company.

Legislative Decree 61/2001 contains provisions governing "criminal and administrative offences regarding commercial companies, pursuant to Article 11 of Law No. 366 of 3 October 2001".

For all the offences committed, the legal entity is punishable with fines; in case of the more serious offences, the legal entity is also exposed to disqualification/suspension, such as disqualification from engaging in business, the suspension or revocation of licences, permits or authorisations, disqualification from contracting with the Public Administration, disqualification from financing, subsidies and other contributions as well as the revocation of those already granted, disqualification from advertising goods and services.

2. THE OFFENCES CONTEMPLATED IN THE LEGISLATIVE DECREES

To date, the framework of reference applies to the following offences:

A) Offences committed in the course of relations with the Public Administration

(as per Articles 24 and 25 of Legislative Decree 231/2001)

- *Misappropriation of public funds (Article 316-bis of the Italian Penal Code);*
- *Undue receipt of benefits to the prejudice of the State (Article 316-ter of the Italian Penal Code);*

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- *Cheating occasioning prejudice to the State or any other public body or with a view to exempt any person from military service* (Article 640(2)(1) of the Italian Penal Code);
- *Aggravated cheating resulting in the receipt of public monies* (Article 640-bis of the Italian Penal Code);
- *Computer fraud* (Article 640-ter of the Italian Penal Code);
- *Corruption for an official deed or performance* (Articles 318 - 321 of the Italian Penal Code);
- *Incitement to corruption* (Article 322 of the Italian Penal Code);
- *Extortion by a public official* (Article 317 of the Italian Penal Code);
- *Corruption for a deed or performance running counter to official duties* (Articles 319, and from 319-bis to 321 of the Italian Penal Code);
- *Corruption in judicial deeds and documents* (Articles 319-ter(2) and 321 of the Italian Penal Code);
- *Corruption of a public servant* (Article 320 of the Italian Penal Code);
- *Embezzlement and extortion by public officials and incitement to corruption of members of the organs of the European Communities and of officers of the European Communities and other overseas States* (Article 322-bis of the Italian Penal Code).

B) Offences of counterfeiting legal tender, public credit documents and stamp paper, mentioned in Article 25-bis of Legislative Decree No. 231/2001

- *Counterfeiting of legal tender, expenditure and introduction of counterfeit legal tender in the State, with conspiracy* (Article 453 of the Italian Penal Code);
- *Alteration of legal tender* (Article 454 of the Italian Penal Code);
- *Expenditure and introduction of counterfeit legal tender in the State, without conspiracy* (Article 455 of the Italian Penal Code);
- *Expenditure of counterfeit legal tender received in good faith* (Article 457 of the Italian Penal Code);
- *Counterfeiting stamp paper, introduction into the State, the purchase, possession or circulation of counterfeit stamp paper* (Article 459 of the Italian Penal Code);
- *Counterfeiting watermarked paper used for the manufacture of public credit documents or stamp paper* (Article 460 of the Italian Penal Code);
- *Manufacture and possession of watermarks or tools designed for counterfeiting legal tender, stamp paper or watermarked paper* (Article 461 of the Italian Penal Code);
- *Use of counterfeit or altered stamp paper* (Article 464 of the Italian Penal Code).

C) Corporate offences (Article 25-ter of Legislative Decrees 231/2001 and 61/2002)

- *False corporate notices* (Article 2621 of the Italian Civil Code);
- *False corporate notices occasioning prejudice to shareholders or creditors* (Article 2622 of the Italian Civil Code);
- *Misrepresentations of fact in prospectuses* (Article 2623 of the Italian Civil Code);
- *Misrepresentations of fact in the reports or notices of independent auditors* (Article 2624 of the Italian Civil Code);
- *Obstruction of auditing* (Article 2625 of the Italian Civil Code);

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- *Undue restitution of contributed assets* (Article 2626 of the Italian Civil Code);
- *Illegal distribution of profits and reserves* (Article 2627 of the Italian Civil Code);
- *Unlawful transactions involving own shares or shares in parent companies* (Article 2628 of the Italian Civil Code)
- *Transactions prejudicial to creditors* (Article 2629 of the Italian Civil Code);
- *Offences committed by way of omission* (Articles 2630 and 2631 of the Italian Civil Code)
- *Fictitious setting up of share capital* (Article 2632 of the Italian Civil Code);
- *Unlawful distribution of corporate assets by receivers* (Article 2633 of the Italian Civil Code)
- *Misrepresentation of corporate assets* (Article 2634 of the Italian Civil Code)
- *Misrepresentations following the concession or promise of benefits* (Article 2635 of the Italian Civil Code)
- *Unlawful influence on the general meeting* (Article 2636 of the Italian Civil Code);
- *Stock manipulation* (Article 2637 of the Italian Civil Code);
- *Obstruction of the exercise of the duties of public oversight authorities* (Articles 2638 of the Italian Civil Code);

D) offences pertaining to terrorism and subversion of the democratic order contemplated in the Italian Penal Code and special laws, and offences involving the violation of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9/12/1999

(Article 25-*quater* of Legislative Decree No. 231/2001)

E) Offences against the person (Article 25-*quinquies* of Legislative Decree No. 231/2001)

- *Reduction to slavery* (Article 600 of the Italian Penal Code);
- *Child prostitution* (Article 600-*bis* of the Italian Penal Code);
- *Child pornography* (Article 600-*ter*(1)(2) of the Italian Penal Code);
- *Possession of pornography* (Article 600-*quater* of the Italian Penal Code);
- *Tourism initiatives for the purposes of exploiting child prostitution* (Article 600-*quinquies* of the Italian Penal Code);
- *Trafficking in human beings* (Article 601 of the Italian Penal Code);
- *The sale and purchase of human beings* (Article 602 of the Italian Penal Code).

F) Market Abuse Offences (Article 25-*sexies* of Legislative Decree 231/2001)

- *Abuse of privileged information* (Article 184 of the Italian Finance Consolidation Act);
- *Market manipulation* (Article 185 of the Italian Finance Consolidation Act);

3. REQUIREMENTS FOR THE EXCLUSION OF LIABILITY FOR THE BODY CORPORATE

Articles 6 and 7 of Legislative decree No. 231/2001 provide for exclusion of liability in the case where the corporation can show that it has adopted and effectively

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

implemented Organisational, Management and Control Models aimed at preventing the commission of the criminal offences in question by high level Company Officers and Directors.

The aforesaid Models must meet the following requirements:

- a) the areas of activity most at risk to the commission of offences (sensitive activities) must be identified;
- b) models must incorporate specific protocols aimed at planning decision-making and the implementation of corporate decisions with regard to the offences to be prevented;
- c) financial management procedures suitable for preventing the offences must be identified;
- d) the models must impose reporting obligations to the body in charge of overseeing the functioning of and compliance with the models themselves;
- e) a disciplinary system aimed at punishing non-compliance with the measures implemented through the Model, must be set up.

Furthermore, the system also requires:

- a) the company to set up an internal control organ (Supervisory Committee) tasked with overseeing the effective functioning of and compliance with the Model, as well as with updating the latter;
- b) the Supervisory Committee not to be guilty of lack or insufficiency of oversight in respect of the implementation of and compliance with the Model;
- c) the company to set up a system for periodically checking and, if necessary, updating the Model;
- d) the material offender to have acted by fraudulently evading the provisions of the Model.

The Decree further provides that the Models may be adopted, in compliance with the aforesaid requirements, on the basis of codes of conduct drawn up by representative trade associations and notified to the Ministry of Justice which, acting in concert with the other relevant Ministries, may, within 30 days, issue its observations with regard to the appropriateness of the Models for preventing the offences in question.

4. GUIDELINES OF THE ITALIAN MANUFACTURERS' FEDERATION (CONFINDUSTRIA)

This Model is based on the "*Guidelines for the construction of Organisational, Management and Control Models*" imparted by Confindustria in the document of 7 March 2002 extended with the schedule of 24 May 2004.

The said Guidelines may be summarised along the following main points:

- a) Identification of areas at risk, with a view to assessing which corporate areas/sectors are at risk to the commission of the offences contemplated in Legislative Decree 231/2001 and Legislative Decree 61/2002;
- b) Preparation of an audit system capable of preventing the risks through the implementation of specific protocols

The most significant components of the audit system have been identified by Confindustria as follows:

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- a) Code of Ethics
- b) Organisational system
- c) Manual and computer procedures
- d) Powers of authorisation and signature
- e) Control and management systems
- f) Staff training and information to staff

The Audit system must conform with the following principles:

- a) Verifiability, documentability, coherence and congruence of each transaction;
- b) Application of principle of the separation of powers (no person may be independently in charge of an entire process);
- c) Documentation of controls;
- d) Setting up of an adequate disciplinary system for the violation of the rules of the code of ethics and procedures imposed under the Model;
- e) Identification of the requirements of the Supervisory Committee, that may be summarised as follows: autonomy and independence; professionalism; ongoing action
- f) Reporting obligations to the Supervisory Committee.

It must be pointed out that departures from the specific points of Confindustria's guidelines do not in themselves affect the validity of the Model. Each individual Model must in fact be drawn up in light of the actual situation of the Company to which it references and could therefore depart from the guidelines that, by definition, are general in nature. This also applies to the schedule to the guidelines, drawn up by Confindustria following the introduction of Article 25-*ter* of the Decree, pertaining to corporate offences, that has also been taken into account in the preparation of this Model.

5. MODEL AND CODE OF ETHICS

The rules of conduct contained in this Model are in line with those set forth in the Code of Ethics approved by the Board of Directors on 11 November 2002, as further updated, even though this Model is drawn up to meet specific goals in compliance with Legislative Decree 231/2001.

From this standpoint, the Model is different in scope when compared to the Code of Ethics. As a matter of fact:

- a) The Code of Ethics is a tool adopted independently by the Company. It promotes guiding values both within and outside Brembo companies, and sets forth ethical rules of conduct that all Brembo collaborators are bound to follow and enforce at all levels, towards and in favour of all the group's stakeholders;
- b) The Model, on the other hand, is designed in response to the specific requirements of the Decree that aims at preventing the commission of certain types of offences (that, committed apparently to the advantage of the company, could entail administrative liability arising from the offence pursuant to the statutory provisions of the Decree itself);
- c) The Model sets down the rules and procedures to be followed in order to exempt Brembo from the liability arising under Legislative Decree 231/2001.

B) THE BREMBO S.P.A. MODEL

6. PURPOSE OF THE MODEL

This "Organisational, Management and Control Model" constitutes the internal regulations binding on Brembo and was approved by the Company's Board by resolution of 11 February 2005, at the motion of the Audit Committee and the Supervisory Committee.

By adopting this Model, Brembo intends to fully comply with statutory provisions, and more specifically, with the principles underlying the Decree, as well as to boost the effectiveness of the audit and corporate governance system, in particular in view of preventing the commission of the offences in question.

The Model pursues the following goals:

- a) adequate information to employees and all those who act on behalf of Brembo or are linked to Brembo, in respect of activities at risk to the commission of offences;
- b) diffusion and consolidation of a corporate culture based on legality, with the express suppression by Brembo of any behaviour that runs counter to law or internal provisions and in particular, the provisions contained in this Model;
- c) promoting and spreading a culture of risk management and prevention, with a view to attaining Brembo's targets as set from time to time;
- d) the setting up of an efficient and balanced corporate organisation with special emphasis on decisions and transparency in decision-making, checks to be carried out both before and following decisions, as well as internal and external communications.

The Model lays down measures designed to improve the efficiency of business operations in constant compliance with statutory and regulatory provisions, identifying and eliminating risk situations in a timely manner.

Brembo shall adopt and implement efficient organisational and procedural choices for:

- a) ensuring that human resources are recruited, managed and trained in accordance with the principles and policies set forth in Brembo's Code of Ethics as well as in compliance with applicable statutory provisions, in particular, Article 8 of the Workers' Charter;
- b) promoting collaboration towards the most efficient implementation of the Model by all parties involved in corporate operations as well as ensuring the protection and confidentiality of persons who provide true information that is useful for identifying violations of the rules;
- c) ensuring that powers, competencies and responsibilities are distributed and allocated within the corporate organisation in accordance with the principles of transparency, clarity and verifiability and are always in line with Brembo's actual business objectives;
- d) ensuring that corporate objectives at all levels are realistic and empirically feasible;
- e) identifying and describing Brembo's business operations, the subdivision of tasks and the Company's organisational chart, in documents that are constantly updated and that provide a clear indication of the powers, competencies and

responsibility of the various parties in the course of individual business activities;

- f) implementing training programmes with a view to ensuring that all those who operate with or within the Company or who are directly or indirectly involved in activities at risk, are thoroughly familiar with the Code of Ethics and the Model.

7. STRUCTURE OF THE MODEL

The Model is subdivided into this "General Part" that contains the salient points of the same and deals with the functioning of the Supervisory Committee and the disciplinary framework, and into three "Special Parts" focusing on the various types of offences contemplated in Legislative Decrees 231/2001 and 61/2002, that is to say, offences committed in the course of relations with the Public Administration, the so-called corporate offences and market abuse offences.

Brembo's Board of Directors is empowered to subsequently extend this Model by Board resolution, in the case where it becomes necessary to introduce further Special Parts dealing with new offences that may in the future be included within the scope of application of Legislative Decrees 231/2001 and 61/2002.

8. ADOPTION OF THE MODEL AND SUBSEQUENT AMENDMENTS

Without prejudice to the express provisions set forth hereinunder, Brembo's Board of Directors is the sole organ empowered to adopt and amend the Model designed to prevent the commission of offences in general and in particular, those contemplated in Articles 24, 25, and 25-ter of the Decree (paragraph 2 of this Model "*The Offences contemplated in the Legislative Decrees*").

The Board of Directors shall, in a timely manner, amend the Model in the case where significant violations or evasion of the provisions of the same, indicate that the Model's unsuitability to effectively prevent offences. Moreover, the Board shall bring timely updates to the Model, including at the behest of the Supervisory Committee, so as to ensure that the Model is in line with future changes in the regulatory framework or in Brembo's organisation or business activities.

The Supervisory Committee shall, in any event, promptly report to the Managing Director, without delay, any events that highlight the need for a revision of the Model. In such cases, the Managing Director shall call a Board of Directors' meeting for the purpose of passing the resolutions falling within the purview of the Board.

The same shall apply, insofar as is compatible, to changes, to be introduced by the relevant corporate departments, in the procedures required for implementing the Model. Any and all such procedural changes must be notified to the Supervisory Committee.

In departure from the provisions set forth in the preceding point, the Managing Director may bring non-substantive changes to the Model insofar as such changes may be required in the interests of greater clarity or efficiency. Any and all such changes must be notified to the Board of Directors and the Supervisory Committee.

9. THE MODEL AND GROUP COMPANIES

Through its organisational structure, Brembo shall notify the Model and any and all subsequent versions of the same, to all Group companies.

Group Companies shall adopt this "Organisational, Management and Control Model" for the purposes indicated in the Decree.

Each Group company shall adopt the Model, under its own responsibility, after having identified the areas at risk to the commission of offences and the measures best suited to preventing the same.

Towards this end, the Group companies may request the support of the Internal Audit department. During the procedure for identifying activities at risk and adopting the Model, and until the Model has been approved, each Group company shall adopt internal control measures aimed at preventing unlawful behaviour, availing for such purpose, of the collaboration of the Internal Audit department.

Group companies shall inform the Supervisory Committee of the adoption and implementation of the Model and shall give timely notice of any and all problems encountered in complying with the provisions of the same.

10. BREMBO SENSITIVE ACTIVITIES

The analysis of Brembo's corporate processes, carried out to identify the areas at risk to offences contemplated in Legislative Decree 231/2002 and Legislative Decree 661/2002, revealed that sensitive activities pertain to:

- a. offences against the Public Administration
- b. corporate offences
- c. market abuse offences

As a result, in light of Brembo's corporate reality, sensitive activities are mainly those dealt within the specific "Special Parts" of this Model.

The Supervisory Committee shall be empowered to identify further activities at risk that – depending on changes in the statutory framework or Brembo's business operations – could be included in the list of sensitive activities.

11. SUPERVISORY COMMITTEE

The task of constantly overseeing the effective functioning of the Model and compliance therewith is entrusted to the "Supervisory Committee" endowed with autonomy, professionalism and independence in the exercise of its duties.

The Supervisory Committee will be invested with:

- a) Overseeing the effectiveness of the Model, consisting in checking that the behaviour is in keeping with the Model;
- b) Checking the appropriateness of the Model, that is to say its actual (rather than merely formal) ability to prevent undesirable behaviour, in general;
- c) Analysing that the Model remains stable and effective over time;
- d) Dynamically updating the Model, in the case where analysis shows the need for corrections and adjustments. Such updates shall generally be made in two distinct and integrated stages:

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- Submission of proposed updates of the Model to the corporate boards/departments capable of concretely implementing the same within the corporate fabric.
- Follow-up or assessing the implementation and the effectiveness of the proposed solutions.

The Supervisory Committee shall report directly to the Board of Directors, save where expressly provided otherwise.

The Board of Directors shall appoint the members of the Supervisory Committee from amongst persons selected solely on the basis of the requirements of professionalism, integrity, competence and functional autonomy.

The Supervisory Committee shall be endowed with autonomous powers of initiative and internal control within Brembo, so as to allow it to effectively exercise its functions as indicated in the Model and subsequent provisions or procedures adopted in implementation of the same.

In compliance with the requirements set forth in the preceding point, the Supervisory Committee shall be made up of:

- a) the person in charge of Audit,
- b) two other members appointed by Brembo's Board of Directors

The Supervisory Committee shall appoint from amongst its members a Chairman to whom specific tasks may be delegated.

The members of the Supervisory Committee, as well as the persons delegated with specific tasks by the Supervisory Committee for any reason or cause whatsoever, must be bound by a confidentiality obligation in respect of any and all information of which they may become aware in the exercise of their office or tasks.

The Supervisory Committee shall undertake its tasks especially through streamlined and efficient cooperation with Brembo's internal control organs and departments.

The Supervisory Committee shall not and may not be endowed, not even on a substitutive basis, with managerial, decision-making, organisational or disciplinary powers in respect of Brembo's business activities.

In order to undertake its task of overseeing the effective implementation of the Model adopted by Brembo, the Supervisory Committee shall be attributed with the following tasks and powers of initiative and control that the said Committee shall exercise in compliance with law and in full respect for the individual rights of employees and any and all other persons involved:

- a) the power to undertake periodic inspections and checks, at the minimum intervals established in light of the various sectors of intervention;
- b) the power to access any and all information and documents concerning activities at risk, it being understood that the Supervisory Committee may obtain such information from any and all the persons bound to comply with the Model;
- c) the power to receive periodic reports from the Internal Audit department;
- d) the power to avail of the staff of the Internal Audit department, and if necessary, identifying staff dedicated to assisting the Supervisory Committee;

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- e) the power to avail, after notifying the Managing Director thereof, of outside consultants in the case of particularly complex problems or issues requiring specific skills;
- f) the power to submit to the Managing Director and the Human Resources Director, proposals for the imposition of the disciplinary sanctions contemplated in the paragraph specifically devoted to such topic;
- g) the duty to submit periodically, and at least once a year, a written report on the activities undertaken, together with a reasoned statement of account of any and all expenses, where applicable, to the Managing Director, the Chairman of the Board of Auditors and the Chairman of the Audit Committee. The reports, to be recorded in the minutes of the meetings of the aforesaid organs, may contain proposals for the extension or amendment of the Model.
- h) The periodic reports by the Supervisory Committee must be drawn up especially so as to enable the Board of Directors to make the necessary assessments for updating the Model and must at least contain, explain or report:
 - any and all problems encountered in respect of the implementation of the procedures set forth under the Model or adopted in implementation or in light of the Model and the Code of Ethics;
 - a summary of the reports received from internal and external collaborators with regard to the Model;
 - the disciplinary procedures and sanctions applied by Brembo, with reference solely to activities at risk;
 - an overall assessment of the functioning of the Model, with indications, if necessary, pertaining to proposed extensions, corrections or amendments.

Brembo's staff and collaborators shall be entitled to report violations of the Model and the Code of Ethics respectively, to the Supervisory Committee and the Audit Committee.

With regard to the preceding point, Brembo shall adopt measures designed to ensure that the identity of persons reporting such information to the Supervisory Committee and the Audit Committee, is always kept confidential, provided that such information is true and useful for uncovering violations of the procedures of the Audit system or the Model and its related implementing procedures.

11.1 FLOWS OF INFORMATION TOWARD THE SUPERVISORY COMMITTEE

11.1.1 Reports from within the company or from third parties

Within the corporate framework, the Supervisory Committee must receive not only the documents required under the various parts of the Model, but also any and all information that reaches the Internal Audit, including from third parties, pertaining to the implementation of the Model itself within areas at risk. Such information shall include in general any and all reports of the commission of an offence covered under the Decree and subsequent laws in respect of the Group's business, or any behaviour that is not in keeping with the rules of conduct in force within the Group.

Such reports must be forwarded to the Supervisory Committee and the Audit Committee, even by Group companies.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

The Supervisory Committee shall keep adequate records of any and all oral, written or electronically transmitted reports of violations or suspected violations of the Models it may receive.

The Supervisory Committee and the Audit Committee shall ensure that persons making such reports are protected against any and all forms of retaliation, discrimination or penalisation, and shall keep the identity of such persons confidential, save in respect of statutory disclosure obligations or disclosure required to protect the rights of Brembo or any and all persons accused unjustly, erroneously and/or in bad faith.

11.1.2 Reporting obligations in respect of official deeds

The Supervisory Committee must necessarily be informed of any and all reports (including those made by Group companies) regarding:

- a) orders and/or notices by the judicial police or any and all other authorities, pertaining the investigations, including against unknown parties, in respect of an offence covered under the Decree as further extended;
- b) requests for legal assistance forwarded by company directors, officers and/or employees, in the case of the launching of legal proceedings in respect of an offence covered under the Decree as further extended;
- c) reports prepared by the Internal Audit within the framework of its oversight activities, that uncover facts, acts, events or omissions that are critical in respect of compliance with the requirements of the Decree;
- d) reports received in respect of the actual implementation of the Model at all levels of the Company, with an indication of the disciplinary action taken and any sanctions imposed (including on employees) or the filing without further action of such reports, providing reasons for the same.

11.1.3 The system of power of attorney

The Supervisory Committee must be informed of the system of power of attorney and the conferment of powers of attorney, and any subsequent changes in the same.

12. DISCIPLINARY FRAMEWORK

The Model imposes rules of conduct aimed at preventing the commission of the offences contemplated under the Decree and more generally, at ensuring the proper application of internal procedures (see Articles 6(2)(e) and 7(4)(b)).

The rules imposed under the Model are adopted by Brembo in complete autonomy, given the need to ensure compliance with the regulatory framework binding on the Company.

The setting up of a proper disciplinary framework is essential to the functioning of the Model. Since disciplinary action refers to the violation of rules of the Model, such action may be taken regardless of whether or not criminal charges are brought or the offences are successfully prosecuted.

12.1 RECIPIENTS

Any the Brembo's employees, directors and collaborators as well as any and all parties with which Brembo maintains contractual relationships (but only in respect of the said agreements), are subject to the disciplinary system.

The Supervisory Committee shall check compliance with the reporting procedures, as from the beginning of the relationship with Brembo, in respect of the existence and content of the disciplinary system.

Disciplinary proceedings must, in any event, comply with the features of the legal status of the party against which they are brought. Towards such end, the Supervisory Committee shall always be involved in such proceedings.

12.2 DISCIPLINARY MEASURES APPLICABLE TO WORKERS, OFFICE STAFF AND MIDDLE MANAGERS

The corporate disciplinary system is based on the rules set forth in such regard in the Italian Civil Code, the Workers' Charter and the applicable National Collective Bargaining Agreement.

The disciplinary measures applicable to blue collars, white collars and middle managers contemplated under the National Collective Bargaining Agreement include:

- a) verbal reprimand;
- b) written warning;
- c) a fine of up to three hours of remuneration;
- d) suspension from work without pay up to a maximum of three days;
- e) dismissal with notice;
- f) dismissal without notice.

The system highlights behaviour meritorious of disciplinary action, on the basis of the seriousness of each case, listing the sanctions applicable in consequence thereof.

Apart from the examples of such behaviour provided in the applicable National Collective Bargaining Agreement, workers engaging in the following behaviour (listed in order of increasing seriousness) shall be exposed to disciplinary action:

- a) workers who violate the internal procedures set forth in the Model as a result of "non-compliance with service-related provisions";
- b) workers who violate the internal procedures set forth in the Model by engaging in behaviour consisting in "tolerance of anomalies during work operations" or "non-compliance with service-related duties and obligations, without entailing prejudice to the service or Brembo's interests";
- c) workers who violate the internal procedures set forth in the Model or engage, during the course of activities in areas at risk, in behaviour that is not compliant with the requirements of the Model, in the case where such behaviour amounts to "refusal to carry out orders pertaining to service obligations" or "habitual negligence or habitual non-compliance with statutory or regulatory obligations or service obligations in the course of their work" or, in general, any and all negligence or deliberate failure to comply with laws or regulations or service obligations, that is not otherwise punishable;
- d) workers who, during activities in areas at risk, engage in behaviour that is not compliant with the requirements of this Model, in the case where such behaviour amounts to "irregularity, recklessness or negligence, or non-

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- compliance with laws, regulations or service obligations, compromising the safety and regularity of the service and entailing serious damage to Brembo's or third party property";
- e) workers who, during activities in areas at risk, engage in behaviour that is clearly in breach of the requirements of this Model, to such an extent as to entail the concrete application against Brembo of the measures contemplated in the Decree, such behaviour being regarded as "wilful violation of laws, regulations or official duties that may occasion or have occasioned serious prejudice to Brembo or third parties";
 - f) workers who have directly committed an offence contemplated in Legislative Decree 231/2001.

The Supervisory Committee must necessarily be involved in the investigations into the violation and the procedure for the imposition of disciplinary sanctions following the breach of the Model, in the sense that no disciplinary proceeding may be closed without further action and no disciplinary action may be imposed for a violation of the Model without prior consultation with and the issue of an opinion by the Supervisory Committee.

12.3 DISCIPLINARY ACTION AGAINST EXECUTIVES

In the case of a violation of the Model by a company executive, the Company shall apply the most appropriate measures provided for under applicable regulations and the National Collective Bargaining Agreement.

In such cases, moreover, the executive may face the revocation of any powers that may have been delegated to him and, if possible, a change in his job description.

The Supervisory Committee must necessarily be involved in the investigations into the violation and the procedure for the imposition of disciplinary sanctions to executives following the breach of the Model, in the sense that no disciplinary proceeding may be closed without further action and no disciplinary action may be imposed against an executive, for a violation of the Model without prior consultation with and the issue of an opinion by the Supervisory Committee.

13. TRAINING AND INFORMATION REGARDING THE MODEL

In order to enhance the effectiveness of this Model, Brembo intends to ensure proper awareness about and divulgation of the rules of conduct contained herein, with differing degrees of detail in function of the extent to which recipients are involved in sensitive activities.

The adoption of the Model must be notified to all company employees and stakeholders at the time of its approval.

New recruits will be provided with an information package (National Collective Bargaining Agreement, Code of Ethics, Welcome Kit, ..), designed to ensure that they are aware of the principles deemed to be of fundamental importance within the Company. All new recruits will be bound to provide Brembo with a written declaration attesting that they have received the information package, are fully aware of the documents thereto attached and undertake to comply with the provisions therein contained.

Training activities will be targeted at familiarising recipients with the provisions of Legislative Decree 231/2001 and Legislative Decree 61/2002, to varying degrees, in

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

terms of content and training methods, in function of the job description of recipients, the level of risk involved in the area in which they operate as well as on the basis of whether or not they are empowered to represent Brembo towards third parties.



SPECIAL PART I

OFFENCES COMMITTED IN THE COURSE OF RELATIONS WITH THE PUBLIC ADMINISTRATION

SPECIAL PART I

14. TYPES OF OFFENCES COMMITTED IN THE COURSE OF RELATIONS WITH THE PUBLIC ADMINISTRATION

This special part refers to offences committed in the course of relations between Brembo and the Public Administration. The following paragraphs provide a brief description of the individual offences contemplated in Legislative Decree 231/2001, Articles 24 and 25:

a) **Misappropriation of public funds**, punishable under Article 316-*bis* of the Italian Penal Code and committed by whosoever, whilst not serving the Public Administration, having obtained from the State or another public body or the European Community, contributions, subsidies or funding earmarked to promote initiatives aimed at the construction of works or the undertaking of public interest activities, fails to use them for the said purposes.

b) **Undue receipt of benefits to the prejudice of the State**, punishable under Article 316-*ter* of the Italian Penal Code and committed by whosoever, save where the facts constitute the offence punishable under Article 640-*bis* of the Italian Penal Code, through the use or the submission of false documents or representations or documents attesting things that are untrue, or through the omission of information due, unduly acquires for himself or for others, contributions, funding, facilitated loans or other subsidies of the same nature, howsoever called, granted or paid by the State, other public bodies or the European Community.

c) **Aggravated cheating**, punishable under Article 640 of the Italian Penal Code and committed by whosoever, by tricks and deceit, induces another into error and thereby procures for himself or others an unjust profit at another's expense, if the offence is committed against the State or another public body or for the purpose of exempting another from military service.

d) **Aggravated cheating resulting in the receipt of public monies**, punishable under Article 640-*bis* of the Italian Penal Code and constituted by the offence punishable under Article 640 of the Italian Penal Code (*Cheating*), in the case where such offence pertains to contributions, funding, facilitated loans or other subsidies of the same nature, howsoever called, granted or paid by the State, other public bodies or the European Communities.

e) **Computer fraud**, punishable under Article 640-*ter*(2) of the Italian Penal Code and committed by whosoever, by altering any way the functioning of a computer or electronic system or interfering without authorisation, in any manner whatsoever, with data, information or programmes stored in a computer or electronic system or any system thereto related, procures for himself or others an unjust profit at another's expense, if the offence is committed against the State or other public body.

f) **Corruption for an official deed or performance**, punishable under Article 318 of the Italian Penal Code and committed by a public official who, in order to undertake

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

an official duty, receives for himself or another, in cash or kind, remuneration that is not due to him or accepts a promise thereof.

g) ***Incitement to corruption***, punishable under Article 322 of the Italian Penal Code and committed by whosoever offers or promises cash or kind not due to a public official or a public servant who is a public employee, with a view to inducing the same to undertake an official duty, in the case where such offer or promise is not accepted.

h) ***Extortion by a public official***, punishable under Article 317 of the Italian Penal Code and committed by a public official or a public servant who, abusing his office or powers, constrains or induces another to unduly give or promise cash or other benefits, to himself or another.

i) ***Corruption for a deed or performance running counter to official duties***, punishable under Article 319 of the Italian Penal Code and committed by a public official who, by omitting or delaying or having omitted or delayed an official duty, or by undertaking or having undertaken an act running counter to his official duties, receives, for himself or another, cash or other benefits or accepts a promise thereof.

l) ***Corruption in judicial deeds and documents***, punishable under Article 319-ter(2) of the Italian Penal Code and made up of the offences of corruption, when committed to favour or harm a party to civil, criminal or administrative proceedings.

m) ***Corruption of a public servant***, punishable under Article 320 of the Italian Penal Code and made up of the offence punishable under Article 319 of the Italian Penal Code, if committed by a person in charge of a public service and the offence punishable under Article 318 of the Italian Penal Code, if committed by a public employee.

n) ***Embezzlement and extortion by public officials and incitement to corruption of members of the organs of the European Community and of officers of the European Community and other overseas States*** punishable under Article 322-bis of the Italian Penal Code and made up of the offences punishable under Articles 314, 316, from 317 to 320 and 322(3) and (4) of the Italian Penal Code, if committed:

- by members of the Commission of the European Communities, of the European Parliament, the Court of Justice or the Court of Auditors of the European Communities;
- by officials and agents employed under contract in accordance with the charter of officials of the European Communities or the regime applicable to agents of the European Communities;
- by persons under the order of any of the Member States or of any other public or private body of the European Communities who act in capacities corresponding to those of officials and agents of the European Communities;
- by the members and staff of bodies set up on the basis of the Treaties founding the European Communities;
- by whosoever, within the framework of the other Member States of the European Union, undertake functions or activities corresponding to those of public officials and of persons in charge of a public service.

The provisions of Article 321 and 322(1) and (2) of the Italian Penal Code shall also apply if cash or other benefit is provided, offered or promised:

- a) to the persons mentioned above who shall be assimilated with public officials in the case where they exercise corresponding functions, and with persons in charge of a public service, in all other cases;
- b) to persons who undertake functions or activities corresponding to those of public officials and of persons in charge of a public service within the framework of other overseas States or international public organisations, in the case where the offence is committed to procure for the offender or others an undue advantage in international economic transactions.

15. SENSITIVE ACTIVITIES IN THE COURSE OF RELATIONS WITH THE PUBLIC ADMINISTRATION

The main sensitive activities that Brembo has identified within its organisation include:

- a) Contractual relationships with the Public Administration and parties in charge of a public service;
- b) The management of public benefits and financial resources;
- c) Risk Management;
- d) The management of purchases and sponsorships;
- e) Participation in negotiations and public tenders;
- f) Transactions involving facilitated loans;
- g) Transactions involving relations with the financial administration;
- h) The obtention of authorisations and permits for real estate management and the occupation/use of public land;
- i) The submission of applications and declarations to Public Bodies;
- j) Business Development-Investor Relator:
 - Relations with oversight bodies (Stock-market, CONSOB,..)
 - Acquisitions
 - Management of joint ventures
 - Asset disposal
- k) The recruitment of staff, in the case where proposed candidates have or have recently had direct or indirect relationships with the State or Public Administrations, including overseas public bodies or organisations of the European Union, or where the transactions in question are directly or indirectly correlated to the bodies or organisations mentioned above, or involve recourse to so-called "social shock-absorbers" and government incentives for job creation;
- l) Shipping, transit, delivery, withdrawal and customs clearance transactions effected directly by Brembo or on the latter's behalf, in the case where such transactions involve public administrations or bodies or where Brembo provides a public service, including for overseas States;
- m) Inspections and checks carried out by Public Bodies pursuant to statutory and regulatory provisions, particularly those governing environmental protection, social security, health and accident-prevention at the workplace, immigration or the expatriation of nationals of non-EU countries;

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- n) the management of relationships with public officials for the obtention of licences and permits to engage in business activities;
- o) contact with public bodies for the management of formalities, checks, inspections etc. in respect of corporate and business activities (with special emphasis on applications for construction permits, the management of waste and noise generation requirements, worker health and safety at the workplace and on construction sites, the obtention and management of subsidies and funding for research, the management of relationships with the financial administration, the management of the social security contributions of staff, as well as applications for the licences and permits for engaging in business)
- p) The appointment of outside consultants;
- q) The use of the Company's typical goods and services for advertising and image-enhancing purposes.

16. GENERAL RULES

All sensitive activities must be undertaken in strict compliance with applicable statutory requirements, the provisions of the Code of Ethics, the Group's values and policies as well as the rules contained in this Model.

Brembo must be endowed with the organisational tools (organisational charts, organisational communications, procedures, etc.) based on the general principle of diffusing and divulging the same within the company (and, if necessary, even within other Group companies) and a clear and formal definition of roles, and providing a complete description of tasks and powers of each corporate department and the hierarchical structure.

Internal procedures are characterised by the following features:

- a) separation, within each process, of the person who commences it (decision-making initiative), the person who performs and completes it and the person who checks it;
- b) documentary trace of each significant stage of the process;
- c) adequate level of formalisation;
- d) performance-based incentive plans for persons with decision-making and expenditure powers involving relations outside the Company, based on realistically attainable targets.

16.1 THE SYSTEM OF POWER OF ATTORNEY

All business unit and central staff executives were directly involved in an in-depth analysis aimed at making it simpler and easier to identify the executives and corporate department heads invested with powers to bind Brembo and therefore to delegate their powers. This analysis led to the preparation of the following models:

- a) "Brembo's General Model of Power of attorney", that identifies the structure of powers at the macro level, providing a legend of the corporate departments. This document identifies the powers to bind Brembo in the course of routine day-to-day and extraordinary company management, as well as, the further powers, that are not binding on Brembo, related to positions within the organisational structure;

- b) The "Model of Specific Powers", that identifies the main powers that may be attributed. This document identifies the powers to bind Brembo, subdivided by corporate department (powers that must be conferred by notarised powers of attorney signed by the CEO) and the powers related to corporate positions that may be exercised without the need for a notarised power of attorney (internal delegation).

17. SPECIFIC PROCEDURES

In the case of significantly sensitive activities:

- a) a manager must be placed in charge of the procedure for implementing transactions;
- b) the manager is empowered to request and require information and explanations from all the corporate departments, operating units and individuals involved in each transaction.

In the case of significantly sensitive activities involving the management of financial resources, the following shall always apply:

- a) the persons who make or implement decisions cannot be the same as those who record the decided transactions in the books and none of the aforesaid persons may be the same as those in charge of carrying out the checks and audits required under law and under the procedures imposed by the Audit system;
- b) limits must be placed on independent expenditure powers, by imposing a quantitative ceiling on spending powers, in line with the managerial duties and organisational responsibilities of the individual involved.
- c) the limits mentioned above may be exceeded only in compliance with the applicable procedures for authorisation and each application for such authorisation must be supported by adequate reasons.
- d) transactions entailing the use of economic or financial resources must be expressly justified and duly documented and recorded in accordance with the principles of accounting and professional propriety. The decision-making process must be verifiable;
- e) the application for the use of financial resources must be reasoned and show that the amount requested is appropriate;
- f) in the case of routine transactions of amounts falling under the established ceiling, the reasons may be limited to a reference to the class or type of expenditure entailed through the transaction;
- g) in the case of transactions other than routine transactions or entailing expenditure in excess of the established ceiling, the reasons must be analytical in nature.

The Board of Directors or the party delegated by the same shall establish and amend, if necessary, the requirement for joint signatures for certain types of transactions or transactions entailing expenditure in excess of a given ceiling. Any and all such changes or amendments must be notified to the Supervisory Committee.

All agreements with third parties must contain a specific clause regulating the consequences of the violation by such third parties of the provisions of Legislative Decree 231/2001 (for instance, express termination clauses providing for penalties).

All the employees involved in relations with institutions and oversight and supervisory authorities shall be bound not only to comply with all the principles and rules set forth in this Model and in the Code of Ethics, but also to sign a description of the sensitive activities that they undertake.

18. CHECKS BY THE SUPERVISORY COMMITTEE

The Supervisory Committee shall, with the support of the Internal Audit and the other relevant corporate departments, carry out periodic checks of the system of delegated powers in force, and the coherence thereof with the overall system of organisational communications through which powers are delegated and conferred, and shall recommend changes in the case where the powers of representation conferred on certain persons are not proportionate to their actual managerial duties and/or job description, or where other anomalies are found.



SPECIAL PART II
CORPORATE OFFENCES

SPECIAL PART II

19. TYPES OF CORPORATE OFFENCES

This special part deals with corporate offences. The following paragraphs provide a brief description of the offences contemplated in Legislative Decree 231/2001, Article 25-*ter* and Legislative Decree 61/2002:

a) ***False corporate notices***, punishable under Article 2621 of the Italian Civil Code and committed by any company director, managing director, general manager, member of the Board of Auditors or receiver who, with the intention of misleading shareholders or the public and to obtain for himself or others an unjust profit, include in financial statements, reports of other corporate communications required by law and targeted at shareholders or the public, material facts that are untrue, even though subjected to assessment, or omit information that must be disclosed under law, in respect of the economic, balance-sheet or financial situation of Brembo or the latter's corporate Group, significantly distorting such situation so as to mislead the addressees of the corporate notices, with regard to the actual situation.

Liability applies even in the case where the information pertains to assets held or managed by Brembo on behalf of third parties.

b) ***False corporate notices***, punishable under Article 2622 of the Italian Civil Code and committed by any company director, managing director, general manager, member of the Board of Auditors or receiver who, with the intention of misleading shareholders or the public and to obtain for himself or others an unjust profit, include in financial statements reports of other corporate communications required by law and targeted at shareholders or the public, material facts that are untrue, even if subjected to assessment, or omit information that must be disclosed under law, in respect of the economic, balance-sheet or financial situation of Brembo or the latter's corporate Group, significantly distorting such situation so as to mislead the addressees of the corporate notices, with regard to the actual situation, and thus occasion material losses to shareholders or creditors.

c) ***Misrepresentations of fact in prospectuses***, punishable under Article 2623 of the Italian Civil Code and committed by whosoever, being fully aware of the falsity thereof, with a view to obtaining for himself or for others an unjust profit and with the intention of misleading the addressees of the said prospectuses, includes false information or omits information or data in the prospectuses required for the purposes of soliciting investments or obtaining listing on regulated markets, or in documents to be published when launching takeover bids, including through the exchange of shares, in such manner as to mislead the aforesaid addressees.

d) ***Misrepresentations of fact in the reports or notices of independent auditors***, punishable under Article 2624 of the Italian Civil Code and committed by an auditor who, whilst fully aware of the falsity thereof, in order to obtain for himself or for others an unjust profit and with the intention of misleading the addressees of reports or other notices, in such reports or notices attests to false information or omits information regarding the economic, balance-sheet or financial situation of

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

Brembo, or any other body or party subjected to auditing, in such manner as to mislead the aforesaid addressees in respect of the aforesaid situation.

e) **Obstruction of auditing**, punishable under Article 2625 of the Italian Civil Code and committed by any company director who, by hiding documents or other deceitful means, hinders or in any event obstructs auditing and internal control activities legally carried out by shareholders, other corporate organs or the independent auditors.

f) **Undue restitution of contributed assets**, punishable under Article 2626 of the Italian Civil Code and committed by any company director who, other than for the purpose of a lawful share capital reduction, make restitution, even if only simulated restitution, of contributed assets to shareholders or redeem shareholders from the obligation to make such contributions.

g) **Illegal distribution of profits and reserves**, punishable under Article 2627 of the Italian Civil Code and committed by any company director who distributes profits or advances on profits that have not yet been realised or that under law are earmarked for reserves, or who distributes reserves that may not be distributed under law, even if the said reserves are not made up profits.

h) **Unlawful transactions involving own shares or shares in parent undertakings**, punishable under Article 2628 of the Italian Civil Code and committed by any company director who unlawfully acquires or subscribes shares in his own company, thereby compromising the amount of share capital or capital reserves that may not be distributed under law, or by any company director who unlawfully acquires or subscribes shares issued by parent undertakings, thereby compromising the amount of share capital or capital reserves that may not be distributed under law.

i) **Transactions prejudicial to creditors**, punishable under Article 2629 of the Italian Civil Code and committed by any company director who, in violation of the statutory provisions protecting creditors, effects share capital reductions or mergers with other companies, or de-mergers, occasioning losses to creditors.

l) **Failure to perform reporting, disclosure or filing obligations**, punishable under Article 2630 and committed by whosoever, being bound thereto under law by reason of his office within a company or a consortium, fails to perform, within the statutory time limits, reporting, disclosure or filing obligations with the Companies Register, entailing the imposition of administrative penalties.

m) **Failure to call the general meeting of shareholders**, punishable under Article 2631 and committed by company directors and members of the Board of Auditors who fail to call the general meeting of shareholders in the cases required under law or under the Articles of Association.

n) **Fictitious setting up of share capital**, punishable under Article 2632 of the Italian Civil Code and committed by company directors and shareholders who, even only partially, fictitiously set up or increase the share capital through the attribution of shares to an extent that, on the overall, exceeds the share capital, the reciprocal

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

subscription of shares, the significant overvaluation of contributions in kind or receivables, or of Brembo's assets, in the case of transformation of the Company.

o) ***Unlawful distribution of corporate assets by receivers***, punishable under Article 2633 of the Italian Civil Code and committed by any receiver who, by distributing the Company's assets amongst shareholders prior to paying the Company's creditors or making sufficient provision to satisfy the same, occasion losses to creditors.

p) ***Misrepresentation of corporate assets***, punishable under Article 2634 of the Italian Civil Code and committed by company directors, general managers and receivers, who, whilst standing in conflict of interests with Brembo, with a view to obtaining for themselves or others an unjust profit or other benefit, pass or participate in the passage of resolutions for the disposal of corporate assets, thereby intentionally occasioning pecuniary losses to Brembo.

q) ***Misrepresentations following the concession or promise of benefits***, punishable under Article 2635 of the Italian Civil Code and committed by any company director, managing director, general manager, member of the Board of Auditors or receiver who, following the contribution or promise of benefits, violate, by omission or commission, the obligations inherent to their office, thereby occasioning losses to Brembo

r) ***Unlawful influence on the general meeting***, punishable under Article 2636 of the Italian Civil Code and committed by whosoever, by simulation or fraud, gives rise to a majority at a general meeting of shareholders, with a view to procuring an unjust profit for himself or others.

s) ***Stock manipulation***, punishable under Article 2637 of the Italian Civil Code and committed by whosoever divulges false information or effects simulated transactions or engages in other deceitful acts that could concretely provoke a significant change in the price of listed or unlisted financial instruments or exert a significant impact on public confidence in the financial stability of banks or banking groups.

t) ***Obstruction of the exercise of the duties of public oversight authorities***, punishable under Articles 2638 of the Italian Civil Code and committed by any company director, managing director, general manager, member of the Board of Auditors or receiver of companies or other entities, or any other party subjected under law to public oversight authorities or bound by reporting obligations towards the same, who, in the statutory notices to be forwarded to the aforesaid authorities, and in order to obstruct the same in the exercise of their oversight tasks, include material facts that are untrue, even if subjected to assessments, in respect of the economic, balance-sheet or financial situation of the parties subjected to oversight or, for the same purpose and using other fraudulent means, hide, in whole or in part, facts that ought to be reported in respect of the said situation, even in the case where the information involves assets held or managed by Brembo on behalf of third parties; or by any company director, managing director, general manager, member of the Board of Auditors or receiver of companies or other entities, or any other party subjected under law to public oversight authorities or bound by reporting obligations towards

the same, who, in any manner or form whatsoever, and even by omitting the notices due to the aforesaid authorities, knowingly obstruct the same in the exercise of their functions.

20. SENSITIVE ACTIVITIES PERTAINING TO CORPORATE OFFENCES

The main sensitive activities that Brembo has identified within its organisation include:

- a) Filing, archiving and storing of documents and information pertaining to the Company's business;
- b) Drawing up of financial statements, directors' reports, the consolidated financial statements and other corporate notices;
- c) Management of shareholders' contributions, profits and reserves, transactions involving participating interests and share capital, and other extraordinary transactions such mergers and de-mergers;
- d) Drawing up of notices to shareholders and/or third parties in respect of the balance-sheet, economic and financial situation of Brembo and the group;
- e) Influence on the general meeting;
- f) Auditing carried out by the Board of Auditors and the Independent Auditors.

21. GENERAL RULES

All persons involved in the sensitive activities dealt with in this Special Part are expressly prohibited and specifically required to refrain from:

- a) encouraging, engaging or participating in behaviour constituting the offences considered above (Article 25-*ter* of the Decree);
- b) encouraging, engaging or participating in behaviour that, whilst not constituting in itself the offences considered above, could potentially entail the commission of such offences.

Accordingly, all persons involved in the sensitive activities dealt with in this Special Part, are expressly bound and specifically required:

- a) to behave in a proper, transparent and collaborative way, in accordance with statutory provisions and internal corporate procedures, in any and all activities targeted at drawing up the financial statements and other corporate notices, so as to provide shareholders and third parties a true and fair account of Brembo's balance-sheet, capital structure and financial situation;
- b) to ensure the greatest probity, in strict compliance with statutory provisions and internal corporate procedure, so as to safeguard the assets of investors, taking the greatest care and paying the greatest attention when acquiring, processing or illustrating data and information pertaining to financial products and the issuers thereof;
- c) to strictly comply with any and all statutory provisions aimed at protecting the Company's share capital against disgregation and to always act in compliance with the internal corporate procedures based on the aforesaid provisions, so as not to compromise the guarantees of creditors and third parties in general;

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- d) to ensure the proper functioning of Brembo and its corporate organs, ensuring and facilitating any and all forms of internal control of company management required under law, as well as the holding of free and proper ballots at general meetings;
- e) to comply with the rules applicable to the proper pricing of financial instruments, strictly refraining from provoking significant departures from the actual market situation;
- f) to ensure that all statutory and regulatory reporting obligations towards Oversight Authorities are promptly met, with full disclosure in good faith of all the required information, and without obstructing the said oversight authorities in the exercise of their duties, in any manner or form whatsoever.

The persons involved in the sensitive activities covered under this Special Part must in general be fully aware of and comply with:

- a) the Corporate Governance principles followed by Brembo and set forth in the Corporate Governance Code approved by the Board of Directors on 28 June 2000;
- b) the Code of Ethics approved by the Board on 11 November 2002, as subsequently updated;
- c) Brembo's System of Delegated Powers, approved by the Board on 11 November 2002, as subsequently updated;
- d) Instructions regarding the management of disclosure obligations in respect of transactions with related parties, and framework of reference, approved by the Board on 14 October 2002, as subsequently updated;
- e) The Code of Conduct on Internal Dealing, approved by the Board on 19 December 2002, as subsequently updated;
- f) Shareholders' Meetings Regulations approved by the Board on 03 May 2000, as subsequently updated;
- g) The Audit system and the corporate procedures, documents and provisions pertaining to the hierarchical and functional layout of the Company, and the organisational structure of the Group;
- h) In general, any and all applicable Italian and overseas statutory and regulatory provisions.

22. SPECIFIC PROCEDURES

Apart from the general rules contained in this Special Part, the specific procedures described below must also be followed:

1. Preparation of notices to shareholders and/or the market, in respect of the Company's balance-sheet, capital structure and financial situation (financial statements for the year and consolidated financial statements, together with the Directors' Report on Operations, quarterly and six-monthly reports, "Form 20 (20-F)", etc.)

The aforesaid documents must be drawn up on the basis of specific corporate procedures that:

- a) must clearly and fully define the data and information that each corporate department is to provide, the accounting policies for the processing of such

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- data and the timetable for submitting the same to the relevant corporate departments;
- b) must require data and information to be transmitted to the relevant corporate department through a system (including a computer system) that allows for each step in the process to be traced, with the possibility of identifying the persons who input data into the system;
 - c) must lay down policies and procedures for the processing of data to be carried in the consolidated financial statements and for the forwarding of the same by the companies falling within the consolidation area.

Current procedures will be extended with the following:

- a) preparation of a basic training programme for all the heads of corporate departments involved in the drawing up of the financial statements and related documents, with a view to familiarising the same with the main concepts and legal and accounting issues related to financial statements, with special emphasis on training for new recruits as well as providing for periodic updating courses;
- b) setting up of mechanisms designed to ensure that periodic announcements to the markets are drawn up with the involvement of all the corporate departments concerned, so as to ensure that all the information released is correct and agreed upon by all the said departments. These mechanisms must determine the frequency of such announcements, the parties involved, the topics to be dealt with, flows of information and the issue of appropriate certifications.

2. Preparation of prospectuses

Persons involved in drawing up prospectuses must follow procedures that are based on the principle of compatibility with:

- a) the procedures followed for the preparing notices to shareholders and/or the market, in respect of Brembo's balance-sheet, capital structure and financial situation;
- b) information contained in previously published notices, if any;
- c) forecasts drawn up jointly by the various corporate departments involved, and approved by the Board of Directors.
- d) provisions requiring periodic information-training programmes for Brembo's management and staff, focusing on the rules governing the offence of misrepresentations of fact in prospectuses and the technical accounting and economic principles applicable to the drawing up of prospectuses.

3. Management of relationships with the independent auditors

In all its dealings with its independent auditors, Brembo shall strictly comply with:

- a) the procedure governing the assessment of candidate accounting firms and the selection of the independent auditors;
- b) the principle that consultancy services unrelated with auditing may not be rendered by the independent auditors or by any firm or professional partnership belonging to the same network of accounting firms to which the independent auditors belong.

Any and all derogations from the above may be authorised only by the Audit Committee.

4. Information released as part of public, press and investor relations at the Group level (relationships with institutional investors, price sensitive information)

Brembo has adopted a specific procedure for the management, coordination and disclosure outside of the group of confidential and price sensitive information.

Furthermore, Brembo has adopted its own Code of Conduct pursuant to the Rules of Borsa Italiana, in force as from 1 January 2003. This code governs the reporting obligations of persons defined as "relevant" within the meaning of the said Rules.

5. Transactions involving share capital

Any and all transactions involving the share capital of Brembo and any and all companies falling under Brembo's corporate control, as well as transactions involving the incorporation of companies, the purchase and sale of participating interests, mergers and de-mergers must be effected in accordance with the corporate governance rules and internal procedures applicable at both the Company and Group levels.

6. Notices to Oversight Authorities and management of relationships with the same (CONSOB, SEC, Borsa Italiana)

In order to prevent the commission of offences arising from false information and misrepresentations of fact notified to public oversight authorities and from obstructing the functions of the same, companies subject to the oversight of public authorities pursuant to statutory regulations must comply with the internal corporate procedures governing specific responsibilities in respect of:

- a) periodic reports to the authorities as required under law and regulations;
- b) the forwarding to the oversight authorities of the documents required under laws and regulations (for instance, financial statements and the minutes of the meetings of Corporate Boards);
- c) the forwarding of the information and documents specifically requested by public regulatory and oversight authorities;
- d) the conduct to be followed in the case of inspections and assessments.

The said procedures must be based on the following underlying principles:

- a) implementation of all the organisational-accounting activities required to extract data and information for the proper drawing up of reports and the timely forwarding thereof to the oversight authorities, in accordance with applicable regulations and established time limits;
- b) sufficient formalisation of the procedures in question and subsequent documentation of the performance of all the activities required thereunder, with special reference to data processing;

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- c) the greatest possible collaboration, during inspections, by the corporate departments and organisational units under inspection. In particular, all the documents requested by inspectors must be made available to the latter in full and in a timely manner, following authorisation from the person in charge of liaising with the oversight authority.
- d) Company representatives, expressly appointed for such purpose, must be present during inspections. All the inspection proceedings must be recorded in specific minutes which in turn must be appropriately archived and stored for future reference. The head of the corporate department involved must inform the Supervisory Committee in writing, of any and all critical areas highlighted in the written findings of the inspectors.

7. Other rules aimed at preventing corporate offences in general

Current procedures and the rules of corporate governance must be extended to include the following:

- a) a programme of periodic information-training courses for staff, focusing on the rules of corporate governance and corporate offences;
- b) compulsory periodic meetings between the Board of Auditors, the Audit Committee and the Supervisory Committee, aimed at overseeing compliance with the rules and regulations governing corporate affairs and corporate governance;
- c) forwarding to all the members of the Board of Directors and the Board of Auditors, sufficiently in advance, of all the documents pertaining to the items placed on the agenda of Board meetings;
- d) formalisation and/or updating of internal regulations and procedures focusing on compliance with company law.

23. CHECKS BY THE SUPERVISORY COMMITTEE

Without prejudice to the discretionary power of the Supervisory Committee to order an internal audit inclusive of specific checks, following reports of possible anomalies (see the relevant portions of the General Part of this Model), the Internal Audit Department shall carry out periodic sample checks on corporate activities at risk to the commission of corporate offences, with a view to ensuring that the said sensitive activities are carried out in compliance with the rules set forth in this Model as well as the internal procedures in force within the Company.

Towards such end, the Internal Audit shall be afforded unrestricted access to all the relevant corporate documents.



SPECIAL PART III

MARKET ABUSE

SPECIAL PART III

24. TYPES OF MARKET ABUSE OFFENCES

This special part deals with market abuse offences. The following paragraphs provide a brief description of the offences contemplated in Article 25-*sexies* of Legislative Decree 231/2001 and in Legislative Decree 61/2002:

a) ***Abuse of privileged information***, punishable under Article 184, part V, section II of the Italian Finance Consolidation Act (TUF) and committed by whosoever, being in possession of privileged information as a result of holding office as a member of the administrative, management or audit organs

of the issuer or a shareholder of the issuer, directly or indirectly, on his own account or on behalf of third parties, purchases, sells or effects other transactions involving financial instruments, using the said privileged information, or discloses such information to others for purposes unrelated to the normal duties and activities he undertakes by virtue of his office, profession or position.

b) ***Market manipulation*** punishable under Article 185, part V, section II of the Italian Finance Consolidation Act (TUF) and committed by whosoever disseminates false information or effects simulated transactions or engages in other deceitful activities aimed at provoking a significant change in the prices of financial instruments.

25. SENSITIVE ACTIVITIES PERTAINING TO MARKET ABUSE OFFENCES

The main sensitive activities that Brembo has identified within its organisation include:

- a) Notices to outside parties (stock-market, CONSOB, shareholders, the media, etc);
- b) Acquisition/disposal of shares;
- c) Management of privileged information: new products and markets, annual and interim accounting data, forecasts and quantitative targets in terms of corporate performance, notices regarding mergers/de-mergers and new initiatives of particular importance as well as negotiations and/or agreements in respect of the acquisition and/or disposal of significant assets, M & A activities.

26. GENERAL RULES

All persons involved in the sensitive activities (company officers & directors) dealt with in this Special Part are expressly prohibited and specifically required to refrain from:

- a) encouraging, engaging or participating in behaviour constituting the offences considered above (Article 25-*sexies* of the Decree);
- b) encouraging, engaging or participating in behaviour that, whilst not constituting in itself the offences considered above, could potentially entail the commission of such offences.

Accordingly, all persons involved in the sensitive activities (company officers & directors) dealt with in this Special Part, are expressly bound and specifically required:

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF BREMBO S.p.A.

- a. to behave in a proper, transparent and collaborative way, in accordance with statutory provisions and internal corporate procedures, in any and all activities targeted at drawing up the financial statements and other corporate notices, so as to provide shareholders and third parties a true and fair account of Brembo's balance-sheet, economic and financial situation;
- b. to ensure the greatest probity, in strict compliance with statutory provisions and internal corporate procedure, so as to safeguard the assets of investors, taking the greatest care and paying the greatest attention when acquiring, processing or illustrating data and information pertaining to financial products and the issuers thereof;
- c. to strictly comply with any and all statutory provisions aimed at protecting the Company's share capital against disgregation and to always act in compliance with the internal corporate procedures based on the aforesaid provisions, so as not to compromise the guarantees of creditors and third parties in general;
- d. to comply with the rules applicable to the proper pricing of financial instruments, strictly refraining from provoking significant departures from the actual market situation;
- e. to ensure that all statutory and regulatory reporting obligations towards Oversight Authorities are promptly met, with full disclosure in good faith of all the required information, and without obstructing the said oversight authorities in the exercise of their duties, in any manner or form whatsoever.

The persons involved in the sensitive activities covered under this Special Part must in general be fully aware of and comply with:

- a. the Corporate Governance principles followed by Brembo and set forth in the Corporate Governance Code approved by the Board of Directors on 28 June 2000;
- b. the Code of Ethics approved by the Board on 11 November 2002, as subsequently updated;
- c. Brembo's System of Delegated Powers, approved by the Board on 11 November 2002, as subsequently updated;
- d. Instructions regarding the management of disclosure obligations in respect of transactions with related parties, and framework of reference, approved by the Board on 14 October 2002, as subsequently updated;
- e. The Code of Conduct on Internal Dealing, approved by the Board on 19 December 2002, as subsequently updated;
- f. Shareholders' Meetings Regulations approved by the Board on 03 May 2000, as subsequently updated;
- g. The Audit system and the corporate procedures, documents and provisions pertaining to the hierarchical and functional layout of the Company, and the organisational structure of the Group;
- h. In general, any and all applicable Italian and overseas statutory and regulatory provisions.

27. SPECIFIC PROCEDURES

Apart from the general rules contained in this Special Part, the specific procedures described below must also be followed:

- a. setting up of a procedure aimed at identifying the Company executives bound to submit the reports and notices mentioned in Article 114(7) of the Italian

Finance Consolidation Act (TUF): Methods for establishing and updating the register of people who have access to confidential and price sensitive information;

- b. informing the executives identified pursuant to the preceding point, of their status and their related reporting and disclosure obligations;
- c. identifying the person in charge of receiving and managing information to be disclosed to the market;
- d. updating of the procedure "Handling of Confidential Information and Disclosure of Documents and Information".

28. CHECKS BY THE SUPERVISORY COMMITTEE

Without prejudice to the discretionary power of the Supervisory Committee to order an internal audit inclusive of specific checks, following reports of possible anomalies (see the relevant portions of the General Part of this Model), the Internal Audit Department shall carry out periodic sample checks on corporate activities at risk to the commission of market abuse offences, with a view to ensuring that the said sensitive activities are carried out in compliance with the rules set forth in this Model as well as the internal procedures in force within the Company.

Towards such end, the Internal Audit shall be afforded unrestricted access to all the relevant corporate documents.