



Organizational, Management and Control Model

According to Art. 6 of the D.Lgs 231/2001

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GENERAL SECTION

1. DEFINITIONS

- 1.1 *Sensitive activities*: Brembo activities at risk to the commission of the Offences;
- 1.2 *Brembo or Company or Parent Company*: Brembo S.p.A.;
- 1.3 *National Collective Bargaining Agreement (or "CCNL")*: the National Collective Bargaining Agreements entered into by the most representative trade unions for employees, currently in force and applicable to Brembo;
- 1.4 *Legislative Decree 231/2001 or the Decree*: Legislative Decree 231 of 8 June 2001 governing the "administrative liability of legal entities, companies and associations, including bodies devoid of legal personality" as further amended and extended;
- 1.5 *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;
- 1.6 *Employees*: persons employed by Brembo under an employment contract;
- 1.7 *Model*: this Organisational, Management and Control Model;
- 1.8 *Supervisory Committee*: the body contemplated in this Model;
- 1.9 *Power of attorney*: unilateral, notarised deed subject to registration with the Chamber of Commerce's Office of the Registrar of Companies, through which Brembo confers powers of corporate representation on third parties;
- 1.10 *Chairman*: the Brembo S.p.A.'s Chairman of the Board of Directors;
- 1.11 *Offences*: the offences covered and contemplated under Legislative Decree 231/2001 as further amended and extended;
- 1.12 *Group Companies*: the Italian and foreign companies falling under Brembo's direct or indirect corporate control within the meaning of section 2359 of the Italian Civil Code;
- 1.13 *Company Officers*: 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;

ABBREVIATIONS

- *CCI*: Internal Control Committee
- *IA*: Internal Audit Department
- *LES*: Legale and Corporate Department
- *TUA*: Italy's Consolidated Environmental Law (D. Lgs. n. 152/2006)
- *TUF*: Italy's Consolidated Finance Law (Legislative Decree 58 of February 1998 — Draghi Law)

2. COMPANY PROFILE

Brembo S.p.A. is a public limited company organised and existing under the laws of Italy, with registered offices at Via Brembo 25, Curno (BG), and share capital of €34,727,914.00, registered with the Company Register of Bergamo under its VAT reg. No. 00222620163, hereinafter "Brembo" or the "Company".

Shares in Brembo are listed for trading on the regulated market operated by Borsa Italiana S.p.A., and more specifically, in the STAR Segment of the said market.

Brembo is a world leader in the design, development and manufacture of braking systems and components for automobiles, motorbikes and industrial vehicles in the Original Equipment, the aftermarket and racing sectors. The Group recently entered also the passive safety segment design and manufacture.

The extensive product range consists of high-performance brake callipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting the development of new models placed on the market by vehicle manufacturers.

Brembo's production is currently performed in Italy, in the plants of Curno, Mapello and Stezzano, where the Group is headquartered.

The Group's operations are conducted from industrial-commercial facilities in Italy and abroad. Manufacturing plants are located in Italy, Spain, Poland, the Czech Republic, the United Kingdom, the Slovak Republic, Germany, Mexico, Brazil, Argentina, China, India and the United States (Michigan). Other companies located in Sweden, Germany (Leinfelden-Echterdingen), the United Kingdom (London) and Japan carry out distribution and sales activities.

About 10% of 6,000 Group employees are engineers and product specialists working in research and development.

Constant focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. In particular, Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes.

3. FRAMEWORK OF REFERENCE

3.1 LEGISLATIVE DECREE 231/2001

Legislative Decree 231/2001, as further amended and extended, which sets forth the *"Regulatory Framework governing the vicarious corporate liability of legal entities, corporations and associations, including bodies devoid of legal personality"* (hereafter the "Decree"), introduced into the Italian legal system, for the first time, the concept of vicarious corporate liability for specific offences committed in the interest or to the benefit of the entity in question, 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 (Company Officers), 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, employees).

It must be borne in mind that vicarious corporate liability is both:

- “*in addition to and not in replacement of*” the criminal liability incurred by the individuals who materially committed the offence (such liability remaining within the remit of the normal criminal law);
- *direct and independent* of the criminal liability incurred by the individual offenders.

Vicarious corporate liability, introduced by the Decree, is aimed, first and foremost, at occasioning prejudice to the assets of legal entities that have benefitted or profitted from the commission of certain specific criminal offences (the underlying offences).

Consequently, with a view to directly and effectively targeting the legal entity that incurs vicarious corporate liability (which is subject to a statute of limitations of five years following the date on which the underlying offence was committed — Article 22 of the Decree), the current regulatory framework provides for four distinct types of punitive measures: fines (Article 10), disqualifications/suspensions (Article 13), the publication of the judgement (Article 18) and confiscation of undue gains (Article 19).

Fines are the main form of penalty inflicted in the event of vicarious corporate liability for criminal offences, and accordingly play a central role in the punitive framework entrenched in the Decree.

In determining the fine to be imposed, account must be taken of a dual quantitative and qualitative threshold, based on a unit system: each underlying Offence giving rise to vicarious corporate liability results in a penalty established in terms of a number of units that must fall within a range of a minimum of 100 and a maximum of 1000 units, and that could reflect a value of between €258 and €1,549.

In determining the number of units the fine is to amount to in each case, due account must be taken (pursuant to Article 11 of the Decree) of the seriousness of the underlying offence, the extent of the legal entity’s liability as well as the prior precautions implemented by the legal entity in question to prevent the commission of the underlying offence.

In case of the more serious offences, the legal entity is also exposed to temporary disqualification/suspension (of no less than 3 months and no more than 2 years)¹, such as:

- a) disqualification from engaging in business;
- b) the suspension or revocation of authorisations, licences, or contracts allowing to commit the offence;
- c) disqualification from contracting with the Public Administration;
- d) disqualification from low-interest financing or similar subsidies or the revocation of those already granted;
- e) disqualification from advertising goods and services.

These measures may be imposed if at least one of the following conditions is met:

- the legal entity has derived significant profits from an underlying Offence that was committed by a Company Officer, or a person subject to the supervision of others (in such latter case, the organisational failures must be found to have caused or enabled the commission of the offence);
- the legal entity had previously been held vicariously liable for the same offence.

Penalties entailing disqualifications or suspensions may be accompanied by an order requiring the publication of the related judgement.

¹ Disqualifications may be permanent if the legal entity has derived significant profit as a result of the underlying Offence and has already been subjected to temporary suspensions at least three times during the previous seven years.

3.2 THE OFFENCES CONTEMPLATED IN THE LEGISLATIVE DECREE

The offences which, pursuant to the Decree, could give rise to vicarious corporate liability, if committed in the interest or for the benefit of a legal entity (hereinafter, the "Offences"), include:

Articles 24 and 25) 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);
- *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);
- *Undue inducement to provide or promise benefits* (Article 319-*quarter* of the Italian Penal Code)
- *Corruption of a public servant* (Article 320 of the Italian Penal Code);
- *Embezzlement, bribery and corruption by public officials and incitement to corruption of members of the organs of the European Community and officers of the European Community and other overseas States* (Article 322-*bis* of the Italian Penal Code).

Article 24-*bis*) Cybercrimes and illegal handling of data (Law No. 48/2008)

- *Misrepresentation in public or private digital documents* (Article 491-*bis* of the Italian Penal Code)
- *Unauthorised access to a computer or electronic system* (Article 615-*ter* of the Italian Penal Code)
- *Unlawful possession and disclosure of access codes to computer or electronic systems* (Article 615-*ter* of the Italian Penal Code)
- *Dissemination of equipment, devices or software designed to disrupt or damage a computer or electronic system* (Article 615-*quinquies* of the Italian Penal Code)
- *Unlawful interception, interruption or obstruction of computerised or electronic communications* (Article 617-*quater* of the Italian Penal Code)
- *Installation of devices designed to intercept, block or disrupt computerised or electronic communications* (Article 617-*quinquies* of the Italian Penal Code)
- *Damage to information, data and software programmes* (Article 635-*bis* of the Italian Penal Code)
- *Damage to computer information, data and programs used by the State or another public body or aimed at providing a public service* (Article 635-*ter* of the Italian Penal Code)
- *Damage to computer or electronic systems* (Article 635-*quater* of the Italian Penal Code)

- Damage to computer or electronic systems used for public-service purposes (Article 635-*quinquies* of the Italian Penal Code)
- Computer fraud by the person or party providing electronic signature certification services (Article 640-*quinquies* of the Italian Penal Code)

Article 24-ter) Organised crime offences [Article introduced by Law No. 94 of 15 July 2009, Article 2, paragraph 29]

- Criminal conspiracy (Article 416 of the Italian Penal Code, save for paragraph 6);
- Criminal association for purposes of reducing to or maintaining in slavery, human-trafficking, purchasing and sale of slaves and offences concerning breaches of the provisions on clandestine immigration pursuant to Article 12 of Legislative Decree 286/1998 (Article 416, paragraph 6, of the Italian Penal Code)
- Mafia-type conspiracy (Article 416-*bis* of the Italian Penal Code);
- Mafia-political electoral exchanges (Article 416-*ter* of the Italian Penal Code);
- Kidnapping for ransom (Article 630 of the Italian Penal Code);
- Conspiracy to engage in illegal trafficking of narcotic drugs or psychotropic substances (Article 74 of Presidential Decree 309 of 9 October 1990);
- The unlawful manufacture, importation, offer for sale, transfer, possession or bearing in a public place or on premises open to the public, of assault or assault-type weapons or parts thereof, explosives, illegal weapons and/or several common fire arms (*) (Article 407, paragraph 2, subparagraph (a), point (5), of the Italian Code of Criminal Procedure).

(*) *Excluding "airsoft guns" or gas-driven guns, as well as both long- and short-barrelled air guns driven by compressed air or gas, with a muzzle energy in excess of 7.5 joules, and flare guns, save in the case where they are used for fishing or fall within the category of guns and tools which, by reason of their features, have been classified by the "Central Consultative Committee on Gun Control" as unlikely to cause bodily harm or injury.*

Article 25-bis) Counterfeiting currency [Article introduced through the Legislative Decree 350 of 25 September 2001, Article 6, as subsequently adjusted and converted into Law No. 409 of 23 November 2001, and amended by Law No. 99 of 23 July 2009]

- 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).
- Infringement, alteration or use of trademarks or distinguishing marks or patents, models and designs (Article 473 of the Italian Penal Code)
- Import and marketing of products bearing false markings (Article 474 of the Italian Penal Code).

Article 25-bis.1. Offences in restraint of trade and industry [Article introduced by Law No. 99 of 23 July 2009]

- Obstruction of trade or industry (Article 513 of the Italian Penal Code);
- Fraud in the exercise of trade (Article 515 of the Italian Penal Code);
- Passing off non-genuine food products as genuine (Article 516 of the Italian Penal Code)

- Sale of industrial products with mendacious signs (Article 517 of the Italian Penal Code)
- Manufacture and marketing of goods produced in breach of intellectual property rights (Article 517-ter of the Italian Penal Code);
- Counterfeiting protected designations of origin and protected geographical denominations of food products (Article 517-quater of the Italian Penal Code)
- Unfair competition using threats or violence (Article 513-bis of the Italian Penal Code);
- Fraud against national industries (Article 514 of the Italian Penal Code)

Article 25-ter) Corporate offences

- 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 the reports or notices of independent auditors (Article 2624 of the Italian Civil Code)~~ — **[deleted by Article 37, paragraph 34², of Legislative Decree 39/2010]**;
- Obstruction of auditing (Article 2625 of the Italian Civil Code);
- 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);
- Failure to report a conflict of interest (Article 2629-bis 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);
- Private Corruption (art. 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);

Article 25-quater) 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 December 1999

Article 25-quater 1) Female genital mutilation (Law No. 7/2006)

Practices entailing the mutilation of the female genital organs (Article 583-bis of the Italian Civil Code)

Article 25-quinquies) Offences against the person

- *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)*;

² Cf. Judgment No. 34476 of 22 September 2011 (23 June 2011) - Court of Cassation - United Penal Sections, which clarifies that Legislative Decree 39/2010 (legal auditing), in repealing and reformulating the perceptive content of article 174-bis of TUF. (false statements in the reports or notices of independent auditors), had no influence on the rules applicable to administrative liability for offences dictated by article 25-ter of Legislative Decree 231/2001 because the cases in question are not invoked by the statute and thus cannot form the basis for liability of this nature

- *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).

Article 25-sexies) Market Abuse Offences

- *Insider trading* (Article 184 of the TUF);
- *Market manipulation* (Article 185 of the TUF);

Article 25-septies) Manslaughter (Article 589 of the Italian Penal Code) and serious or very serious negligent injury (Article 590 of the Italian Penal Code), committed as a result of violations of accident-prevention and occupational health and safety regulations (Law No. 123 / 2007)

Article 25-octies) Receiving, laundering and using money, assets and profits obtained illegally [Article added by Legislative Decree 231/2007]

- *Receiving* (Article 648 of the Italian Penal Code);
- *Money-laundering* (Article 648-bis of the Italian Penal Code)
- *Use of money, assets and profits obtained illegally* (Article 648-ter of the Italian Penal Code)

Article 25-novies) Offences in breach of intellectual property rights [Article added by Law No. 99 of 23 December 2009]

- *Unlawful dissemination of copyrighted works or parts thereof over publicly accessible electronic networks, using connections of any nature or kind whatsoever* (Article 171, paragraph 1, point (a-bis) of Law No. 633/1941);
- *Offences pursuant to the point above committed in respect of third party works not aimed at being published should the respective honour or reputation be offended* (Article 171, paragraph 3, of Law No. 633/1941);
- *Abusive duplicating of computer programs to make a profit; importation, distribution, sale or possession for commercial or entrepreneurial purposes or leasing of programs on media which do not bear the relevant SIAE (Italian Authors and Publishers Association) mark; arrangements of means to remove or avoid the protection devices of computer programs* (Article 171-bis, paragraph 1, of Law No. 633/1941);
- *Reproduction, transfer onto a different support, distribution, communication, presentation or public demonstration of database contents; extraction or reuse of the database; distribution, sale or leasing of databases* (Article 171-bis, paragraph 2, of Law No. 633/1941);
- *The unlawful copying, reproduction, transmission or public dissemination using any means whatsoever, of all or part of intellectual property earmark for television or cinema circuit, as well as the sale or rental or discs, tape or similar storage media or any other storage medium containing phonograms or videograms of assimilated musical, cinematographic or audiovisual works or sequences of motion picture frames; literary, theatrical, scenic or didactical, musical or theatrical-musical, and multimedia works, including those incorporated into collective or composite works or databases; the unlawful copying, reproduction, transmission or dissemination, sale, marketing or transfer for any reason or cause whatsoever as well as the unlawful import of over fifty copies or reproductions of copyrighted or similarly protected works; uploading a copyrighted work or any part thereof on to an electronic network system using connections of any nature or kind whatsoever* (Article 171-ter of Law No. 633/1941);
- *Failure to notify the SIAE of the identification data of the storage media not subject to marking, or the issue of false statements in such regard* (Article 171-septies of Law No. 633/1941);

- *Fraudulent production, sale, importation, promotion, installation, modification, public and private use of equipment or part of equipment for decoding audiovisual programmes of restricted access via ether, satellite, cable, in analogical or digital form (Article 171-octies of Law No. 633/1941).*

Article 25–novies Intimidation or bribery of witnesses, or subornation of perjury [Article added by Law No. 116, Article 4, of 03 August 2009]

- *Inducement to refrain from rendering testimony or rendering false testimony before judicial authorities (Article 377-bis of the Italian Penal Code).*

Article 25 –undecies Environmental offences [Article added by Legislative Decree 121, Article 2, of 7 July 2011]

- *Killing, destruction, capture, withdrawal, possession of protected wild animal or plant species (Article 727-bis of the Italian Penal Code);*
- *Destruction or deterioration of habitat within a protected site (Article 733-bis of the Italian Penal Code);*
- *Breaches of the provisions of the Consolidation Law on the Environment (TUA) governing liquid waste, and, in particular, the unlawful discharge of industrial waste water containing hazardous substances (Article 137 TUA); Unauthorised engagement in waste management activities (Article 256 TUA);*
- *Pollution/Failure to clean up polluted sites (Article 257 TUA);*
- *Non-compliance with reporting, register maintenance and record-keeping obligations in respect of waste (Article 258 TUA);*
- *Unlawful trafficking in waste (Article 259 TUA);*
- *Conspiracy to engage in the unlawful trafficking of waste (Article 260 TUA);*
- *Non-compliance with obligations pertaining to the Italian computerised waste traceability control system (SISTRI) (Article 260-bis TUA);*
- *Sanctions regarding the operation of facilities — Non-compliance with permit requirements for atmospheric emissions (Article 279 TUA);*
- *Trade in protected animal or plant species or possession of reptiles or mammals that could endanger public health and safety (Law 150/1992);*
- *Use of ozone-depleting substances (Article 3 of Law 549/1993);*
- *Intentional or negligent pollution of the sea through discharge of waste from ships (Legislative Decree 202/2007)*

Law No. 146 / 2006 : Transnational organised crime

- *Criminal conspiracy (Article 416 of the Italian Penal Code)*
- *Mafia-type conspiracy (Article 416-bis of the Italian Penal Code)*
- *Criminal conspiracy to smuggle foreign processed tobacco products (Article 291-
quater of Presidential Decree 43/1973)*
- *Conspiracy to engage in illegal trafficking of narcotic drugs or psychotropic substances (Article 74 of Presidential Decree 309 of 9 October 1990)*
- *Receiving, laundering and using money, assets and profits obtained illegally (Article 648, 648-bis e 648-ter of the Italian Penal Code) [Deleted with the introduction of Article 25-octies]*
- *Migrant trafficking (Article 12 of Legislative Decree 286/1998)*
- *Inducement to refrain from rendering testimony or rendering false testimony before judicial authorities (Article 377-bis of the Italian Penal Code);*
- *Complicity after the fact (Article 378 of the Italian Penal Code)*

3.3 OFFENCES COMMITTED ABROAD

The Company may be held vicariously liable for offences committed abroad (pursuant to Article 4 of the Decree).

Pursuant to Article 6, paragraph 2 of the Italian Penal Code,³ vicarious corporate liability as defined in the Decree may arise even if only a part of the conduct or event in question, takes place in Italy.

With regard to offences committed entirely abroad by Company Officers or their subordinates in the interest of the Company, the latter may incur vicarious corporate liability in the cases contemplated in Articles 7, 8, 9 and 10 of the Italian Penal Code, provided that the competent authorities of the country in which the underlying Offence was committed, fail to proceed in respect of the latter.

3.4 CONSTITUENTS AND REQUIREMENTS FOR THE EXCLUSION OF LIABILITY FOR THE ENTITY

Vicarious corporate liability can only be incurred if the underlying Offence was committed "in the interest or to the benefit" of the legal entity in question, and not in the "in the sole interest of the offender or third parties".

As per the Ministerial Report accompanying the Decree, the notion of "interest" is subjective in nature, and denotes the purpose for which the offender committed the Offence, whilst the "benefit" or "gain" refers to the objective profits accrued by the legal entity as a result of the Offence.⁴

In terms of the subjective criteria or *mens rea* to be established in respect of the legal entity with regard to the Offence, it is worth underlining that vicarious corporate liability arises by reason of the legal entity's defective organisational structure, or more specifically, the lack of an adequate management and oversight plan designed to effectively prevent the commission of Offences.

Articles 6 and 7 of the Decree provide, in fact, for exclusion of liability in the case where the entity can show that:

- it has adopted and effectively implemented "Organisational, Management and Control Model" aimed at preventing the commission of the criminal offences;
- it has set up a fully independent Supervisory Committee within the company, vested with autonomous powers of initiative and oversight, as well as with specific supervisory duties in respect of compliance with and the implementation and updating of the Model;
- the Offence in question was committed by fraudulently circumventing the Model;
- that the Supervisory Committee was not derelict in the discharge of its duties.

More specifically, in order to avoid vicarious corporate liability, the legal entity in question must show that its organisational structure was not at fault, and that is to say, that the Offence was committed despite the proper implementation of all reasonable measures to prevent the commission thereof and to reduce the risk of the same.

It must be borne in mind that the exemption applies only if the Model entails:

1. the identification of areas at risk of the commission of Offences, through an appropriate risk assessment process;
2. the drafting of specific protocols aimed at planning decision-making and the implementation of corporate decisions with regard to the offences to be prevented;
3. specific financial management procedures aimed at preventing the commission of the Offences;
4. reporting obligations to the Supervisory Committee;

³ Article 6, paragraph 2, of the Italian Penal Code: "The offence shall be deemed to have been committed within the territory of the State, when all or part of action or omission constituting the offence or the event that results therefrom, takes place within such territory".

⁴ As per the case law of the Supreme Court, the "interest" is what drove the high-level executive or employee to commit the offence, whilst the "gain" is the objective profit deriving from the offence after the fact (Court of Cassation, 2nd Criminal Section, decision No. 3615 dated 20.12.2005 – 30.01.2006).

5. an adequate disciplinary system for the violation of the rules of the code of ethics and procedures imposed under the Model.

The executive body shall be responsible for adopting the Model.

The Decree 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.

4. BREMBO'S MODEL

4.1 STRUCTURE OF BREMBO'S MODEL

Brembo's Model is made up of:

- a General Section illustrating the company's profile, the regulations of reference, underlying principles and the elements making up the model (corporate governance system, internal control system, principles governing the system of delegated powers, code of ethics), the function of the Model, the ways in which the Model is constructed and structured, the recipients of the Model, relations with group companies, the Supervisory Committee Rules, as well as the disciplinary system and the measures to be implemented in terms of staff training, outreach, sensitisation and professional updating.
- the Special Sections and associated Sensitive Activity Analysis Sheets (the latter of which are intended for the Company's exclusive internal use) focusing on specific types of Offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the company, and more specifically:
 - Special Section – Corruption and Inducement Offences
 - Special Section — Offences committed in the course of relations with the Public Administration
 - Special Section – Corporate Offences;
 - Special Section – Market Abuse Offences;
 - Special Section – Violations of workplace health and safety regulations;
 - Special Section – Receiving, laundering and using money, assets or profits obtained illegally;
 - Special Section – Cybercrimes and illegal handling of data;
 - Special Section – Intellectual Property Infringement;
 - Special Section – Domestic and transnational organized crime offences;
 - Special Section – Environmental Offences
 - Special Section – Offences entailing employment of illegally staying third-country nationals
- the Code of Ethics, set forth in full in Schedule A hereto which must be deemed to form an integral part hereof, given that it lays down the general principles and values that must inspire and inform the professional conduct of any and all the persons serving or acting on behalf of Brembo in any capacity whatsoever
- the Brembo Compliance Guidelines (in Schedule B), intended for the Company's exclusive internal use, approved by the Board of Directors, which summarise the main rules of conduct indicated in the Special Sections to be adopted within Brembo in order to prevent the commission of offences and that represent a means towards increasing the accessibility and utility of the contents of the various Special Sections for the addressees of the Brembo Model.

4.2 ADDRESSEES OF THE BREMBO MODEL

The rules set forth in the Model apply to all persons who discharge managerial, administrative, strategic decision-making and oversight functions within the Company, albeit on a *de facto* basis, as well as any and all Brembo employees, including those seconded abroad, and persons and parties that, whilst not part of Brembo's organisation, act on Brembo's behalf or are linked to the Company pursuant to contracts entailing so-called "para-employment".

The Company shall disseminate this Model using the procedures deemed most appropriate and effective for ensuring that all the persons and parties bound to comply herewith are fully informed of the contents hereof, it being understood that the provisions set forth herein must be complied with in strict accordance with general principles of loyalty, propriety and diligence inherent to all employment relationships underway with Brembo. Brembo will not tolerate any behaviour in breach of the law and/or the provisions set forth in this Model and the Code of Ethics, even if the said behaviour is engaged in with the intent of furthering Brembo's interests or securing some benefit or gain for the Company.

4.3 UNDERLYING PRINCIPLES AND ESSENTIAL ELEMENTS OF THE MODEL

Preparing the Model represented an occasion to reinforce Brembo's Corporate Governance, and to sensitize employees involved risk assessment and processing tasks within the framework of corporate control processes especially with a view to proactively preventing the commission of Offences.

In preparing its Model, Brembo essentially followed the "Guidelines for the construction of Organisation, Management and Control Models" issued by Confindustria on 7 March 2002 (and updated on 31 March 2008).

The process for preparing the Model pursuant to the said Guidelines, may be summarised as follows:

- identification of areas at risk, with a view to assessing which corporate areas/sectors are at risk to the commission of the offences;
- preparation of an audit system capable of reducing the risks through the implementation of specific protocols

To attain these objectives company staff and management coordinate all the organisational structures, activities and applied operating rules — in accordance with instructions from top management — with a view to achieving a reasonable level of security in terms of reaching the goals pursued by a good internal control system. The most significant components of the audit system have been identified by Confindustria are as follows:

- code of ethics;
- organisational system;
- manual and computer procedures;
- powers of authorisation and signature;
- control and management systems;
- staff training and information to staff.

Moreover, the Audit system must conform with the following principles:

- verifiability, documentability, coherence and congruence of each transaction;
- separation of powers (no person may be independently in charge of an entire process);
- documentation of controls.

The Company has therefore taken due account of the existing procedures and control systems already in operation, insofar as they also contribute towards preventing the commission of Offences and overseeing Sensitive Activities, with specific reference to the Risk Assessment and Prevention Document mentioned in Article 18 of Legislative Decree 81/2008.

Consequently, with a view to ensuring an effective preliminary control system the Model must be deemed to incorporate:

- Brembo's Quality Management System, certified in accordance with ISO/TS 16949 technical specifications;
- Brembo's Safety and Environmental Management system which entrenches specification OHSAS 18001:1999 with regard to safety and specification ISO 14001:2004 in respect of the environment;
- all corporate procedures and instructions pertaining to the administrative, accounting, financial and reporting system as well as the mapping and periodic checking processes applicable to administrative and accounting procedures, implemented pursuant to Law No. 262/2005;
- internal procedure for the implementation of Risk Assessment and Prevention Document mentioned in Article 18 of Legislative Decree 81/2008;
- the corporate disciplinary system in compliance with the system applicable pursuant to the relevant collective bargaining agreements;
- the organisational instructions and organisational charts issued by the Human Resources and Organisation Department, together with the relevant job descriptions;
- computerised procedures and manuals (for computer systems) together with the system of controls already existing and implemented within the Company;
- o the Brembo Group – Code of Basic Working Conditions;
- o the procedures implemented by Brembo S.p.A. for the purposes of compliance with the British Bribery Act 2010.

which, whilst not directly reproduced in full in the Model, form an integral part of the broader organisational, management and control framework incorporated into the Model.

A list of all procedures that constitute control protocols and preventative tools for the purposes of the Decree, along with a copy of those procedures, is available from the Legal and Corporate Department

In accordance with, inter alia, Confindustria's Guidelines, the following instruments already adopted by Brembo, must be deemed to form part of the Model.

A. Corporate Governance System

The Corporate Governance System aims at furthering corporate integrity and safeguarding the process of value creation of all stakeholders (investors, employees, suppliers, customers, the financial system, the social environment, etc.), by ensuring the transparency of information, probity and propriety, as well as effectiveness and efficiency. Within Brembo, these goals are pursued through a "set of rules and procedures that regulate decision-making, control and corporate monitoring processes".

Brembo is aware that Corporate Governance plays a key role in constant value creation for all the Company's shareholders and stakeholders, with the result that, care is taken to ensure the ongoing updating of the corporate governance system which is considered as the foundation of the precious "intangible" asset represented by the Brembo brand, its corporate reputation and the values shared by all employees and collaborators, with a view to implementing national and internal corporate best practices.

Consequently, Brembo fully incorporated, through its Corporate Governance Manual (available on Brembo website: www.brembo.com — Investor Relations section, under the heading Corporate Governance), the Code of Corporate Governance for Italian Listed

Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Brembo's Corporate Governance Manual contains a description of Brembo's Corporate Governance system which is based on the traditional model and is consequently made up of a corporate administration and control system and the shareholders' meeting. As required under law, the statutory auditing of accounts is entrusted to an external auditing firm.

The corporate administration and control system entails the appointment of a Board of Directors and a Board of Auditors.

Brembo's By-laws establish that in this structure at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven directors, must meet the independence criteria set forth by Article 148, paragraph 3, of TUF. More specifically, the Board is currently made up of 11 Directors, 7 of whom are Independent within the meaning of TUF and Borsa Italiana's Corporate Governance Manual. All the Directors meet the requirements of personal integrity, professionalism and respectability imposed by Italian laws and regulations.

As required under the Corporate Governance Manual, Brembo also appointed:

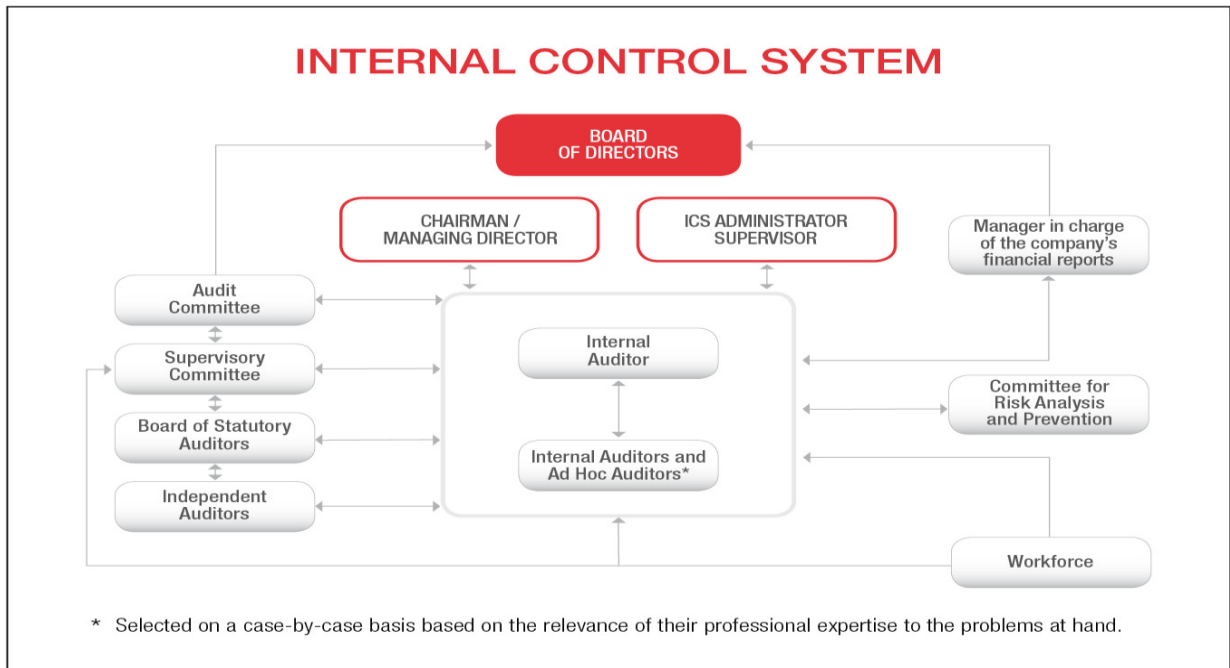
- the Audit Committee, (which also acts as the Related Party Transactions Committee inasmuch as it consists solely of Independent Directors);
- the Remuneration Committee; and
- a Lead Independent Director.

B. Internal Control System⁵

Brembo's Internal Control System is made up of a set of rules, procedures and organisational structures aimed at implementing appropriate processes for identifying, measuring, managing and monitoring the main risks, whilst ensuring sound and proper corporate management with a view to achieving pre-set targets in strict compliance with all applicable laws and regulations, including the Decree (as described in greater detail in the Annual Report and the Report on Corporate Governance and the Ownership Structure, drawn up pursuant to Article 123-*bis* of TUF, and published on the Company's website (www.brembo.com - Investor Relations Section, under Corporate Governance).

At a general level, Brembo's Internal Control System complies with the principles set out in Borsa Italiana's Corporate Governance Code (and included in Brembo's Corporate Governance Manual) and is organised as follows:

⁵ This paragraph is being updated in light of the new organizational structure of the Internal Control System (described in the Report on Corporate Governance and the Ownership Structure according to article 123-bis of TUF, available on the Company's website (<http://www.brembo.com/it/Investitori/Corporate-Governance/Pages/Relazioni-sulla-Corporate-Governance>) implemented by Brembo in order to accept the Code 2011 recommendations.



More specifically, within the framework of the aforesaid system, Brembo has:

- appointed an Executive Director to oversee the Internal Control System by virtue of the provisions of the Borsa Italiana Code of Corporate Governance;
- appointed an Internal Auditor;
- set up a Supervisory Committee within the meaning of the Decree (see the section focusing specifically on this issue);
- set up an Internal Audit function.

The tasks and duties entrusted to the various corporate bodies and functions are described in the Corporate Governance Manual.

Brembo has moreover, adopted "Guidelines for the Internal Control System" and "Policies for implementing the Internal Control System" defining roles and responsibilities at various levels within the Internal Control System, together with objectives and principles as well as the elements required to ensure that internal controls are effective and efficient.

The guidelines established by the Board of Directors to ensure proper risk management, which are enforced by the Executive Director charged with supervising the Internal Control System, are based on the principles of prevention, cost effectiveness and continuous improvement, in compliance with provisions of the Decree.

In particular, Brembo has developed a model for identifying and classifying risks that allows the company to identify and classify the risk categories on which it should focus. The model groups risk classes by type based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.

Internal Audit evaluates the effectiveness and efficiency of corporate governance, risk management and the overall internal control system on a regular basis and reports the results to the Audit Committee, the Chairman and the Managing Director.

Moreover, the Legal & Corporate Department was endowed with a specific Compliance function tasked with:

- updating the Model;
- orienting and monitoring corporate compliance (establishing work processes, providing input to the other bodies involved, promoting staff training);
- coordinating the 231 Officers (as described in the Chapter "Model Construction Procedures").

C. Brembo's System of Delegated Powers

Brembo's system of delegated powers (that pertains not only to the delegated powers but also powers of corporate signature, and powers of attorney that provide a clear and fair view of the process through which corporate decisions are made and implemented within the framework of the Company's organisational structure), constitutes a useful tool for preventing the commission of Offences in accordance with the provisions of the Decree.

"Delegated power" or "internal management delegated power" means authority vested pursuant to internal assignments of tasks, functions and responsibilities, and reflected in the organisational structure. "Powers of attorney" is an unilateral legal deed (in the form of a public act or in simple form) through which Brembo attributes powers of representation towards third parties.

The system of delegated powers adopted by the Company represents:

- a useful management tool for pursuing corporate goals through measures entailing repercussions inside or outside the Company, in a manner that is in line with the managerial responsibilities included in each specific job description;
- a factor for preventing the abuse of the functional powers vested in specific office holders, by capping the expenditure permitted in respect of each delegated tasks, or category or series of tasks;
- an essential element for tracing the individuals initially responsible for each and every corporate activity entailing repercussions within or outside the Company.

In light of the above, it is clear that the System of Delegated Powers is useful not only for preventing the commission of Offences, but also for identifying, after the fact, the individuals whose actions or omissions played a direct or indirect role in the commission of an Offence.

In accordance with the above, Brembo's System of Delegated Powers is based on the following principles:

- any and all delegated powers, inclusive of powers of attorney, must be in line with each managerial power and the related responsibility within the framework of the organisation;
- all delegated powers and powers of attorney must be conferred and revoked in accordance with the functions discharged within the organisation, especially following organisational changes;
- the documents through which powers are delegated and powers of attorney conferred must contain a clear definition of the managerial powers delegated or conferred via power of attorney, and limits imposed on the exercise of the same;
- the expenditure that may be incurred on the Company's behalf in exercise of delegated powers or powers of attorney, must be commensurate with the position held within the organisational structure;
- Brembo has adopted a policy requiring all financial and banking transactions to be effected by joint signature.

With regard to the conferment of notarised powers of attorney, the following points must be borne in mind:

1. Authority to delegate powers through notarised powers of attorney is vested solely in the Chairman of the Board, the Executive Deputy Chairman and Managing Director (solely in relation with powers concerning safety and environment) (with job descriptions of Key Executives) on the basis of specific powers vested in the latter by the Board of Directors, without prejudice to specific Board resolutions.
2. The persons, on whom notarised powers of attorney may be conferred, include:

- (i) persons in charge of a specific corporate function (in general, at the organisational level of a First Level Manager) who, in order to discharge their duties, must be endowed with powers of corporate representation towards third parties, and who, for such purpose, are conferred "powers of attorney" by means of a notarised deed that is sufficiently broad in scope to cover the functions and managerial tasks entrusted to the person on which such power of attorney is conferred;
- (ii) employees identified by the Managing Director as Employers within the meaning of Article 2 of Legislative Decree 81/2008 as further amended and extended, in respect of the various production units, and who are conferred the broadest possible powers for implementing any and all occupational health and safety regulations, including authority to vest third parties with responsibility for discharging specific tasks required pursuant to the said regulations, it being understood that in all such cases the power of attorney in question must:
 - be conferred on recipients in consideration of their job description and professional experience as well as their hierarchical decision-making and functional powers within the organisational structure (which must obviously be commensurate with the specific nature of the delegated tasks);
 - cover powers and responsibilities that are sufficiently broad to be fully exercised within complex and multi-faceted production units, structure and areas, and to endow the recipient with substantive autonomy in the exercise of the delegated powers;
- (iii) solely on an exceptional basis (subject to review from time to time by the Legal & Corporate Department, the Chief Financial Officer and the Human Resources Department), employees whose job descriptions do not fall within the category mentioned above, but who, by reason of their assigned tasks, are required to represent Brembo in the latter's relations with public bodies, authorities and administrations (such as for instance, customs authorities, the Provincial Labour Department, etc).

3. Powers subject to delegation by means of a notarised power of attorney include:

- permanent powers of corporate representation, conferred through registered notarised powers of attorney, for undertaking tasks inherent to the recipient's job description taking due account of the latter's permanent responsibilities within the organisational structure.
- powers pertaining to individual transactions, conferred by notarised powers of attorney or other forms of delegation in light of their subject-matter, it being understood that the powers in question are regulated pursuant to prevailing corporate practices, as well as statutory provisions defining forms of corporate representation, taking due account of the nature of the individual transactions to be effected.

4 Parties to whom powers have been delegated by simple power of attorney are employees who in discharging the duties associated with their roles engage in dealings with external parties but not with public administrations (clients, suppliers, etc.).

5. recipients of internal management delegated powers are employees who in any event require specific authority for regulated internal processes (governed by procedures, operating instructions, policies, etc.) of which they are owners or one of the key users.

Lastly, it must be pointed out that, with a view to ensuring that the Brembo's System of Delegated Powers is constantly updated and maintained in line with defined organisational and managerial responsibilities, whenever:

- the Company's overall organisational chart is reviewed (in terms of the setting up/dissolution of first-level organisational units, etc);
- the organisational structure is significantly altered following the reassignment or reshuffling of key managerial positions;
- persons vested with corporate powers leave the Company, or persons to be vested with corporate powers join the Company;

the Human Resources & Organisation Department shall:

- whenever possible, provide the Legal & Corporate Department with a preview and, in any event, purely by way of information, the final drafts of the relevant Organisational Orders to be submitted to the Chairman/Managing Director for final approval;
- forward to the Legal & Corporate Department updates on the recruitment/dismissal/resignation of staff via the "recruitment/resignation" mailing list distributed by the Human Resources Office

The Legal & Corporate Department shall inform the Human Resources & Organisation Department of each and every conferment of powers, whether by internal delegation or notarised power of attorney, promptly upon the finalisation thereof.

Furthermore, with a view to ensuring that Brembo's System of Delegated Powers is constantly updated, the latter is subject to annual revision, even if the organisational structure undergoes no change whatsoever.

The Supervisory Committee shall periodically verify the prevailing system of delegated powers and powers of attorney, especially with a view to ensuring that the latter is in line with the entire reporting system, recommending changes, where appropriate.

D. Code of Ethics

The Code of Ethics (enclosed in APPENDIX A) is considered an integral part of the Model although with different purposes and intents. It is a tool that promotes, in and out of Brembo and its Group, behaviours based on guiding values and contains conduct regulations that all Brembo associates, at every level, must observe and enforce on behalf and for the benefit of all stakeholders even with reference to intentional crimes and manslaughter or negligent personal injury committed in violation of workman's safety regulations.

The Model, on the other hand, is designed in response to the specific requirements of the Decree which aim at preventing the commission of certain types of Offences (those 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).

4.4 PURPOSE OF THE BREMBO MODEL

By adopting this Model, Brembo intends to:

1. fulfil all the legal requirements and adopt the principles that inspired the Legislative Decree by formalising a structured and organic system, which already exists within the company and is responsible for control procedures and activities (preventive and *ex post facto*) designed to prevent and monitor the risk that Offences will be committed, through the identification of Sensitive Activities;
2. constitute an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

Indeed, by adopting the Model, Brembo has the following objectives:

- a) to consolidate an ethos of risk prevention and control in achieving company objectives;
- b) to envisage a system for the constant monitoring of corporate operations in order to allow Brembo to react promptly to hinder or prevent Offences;
- c) to provide adequate information to employees and all those who act on behalf of Brembo or are linked to Brembo, concerning:
 - (i) activities entailing the risk of committing Offences in the case of behaviours that do not comply with the Code of Ethics and other corporate rules of conduct/procedures (as well as the law);
 - (ii) the penalties that can ensue to them or the company due to violation of legal provisions or Brembo's internal regulations;
- d) to disseminate and consolidate 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;
- e) to set up an efficient and balanced corporate organisation with special emphasis on decisions and transparency in decision-making processes, checks to be carried out both before and following decisions, as well as internal and external communications.

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

In particular, 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 responsibilities 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.

4.5 PROCEDURES FOLLOWED TO DESIGN THE MODEL

In order to ensure that the Model is drawn up and updated in compliance with the provisions of Article 6 of the Decree, Brembo analysed its corporate context with a view to pinpointing the corporate areas or sectors potentially at risk to the commission of the Offences covered under the Decree, as well as the ways and means through which such Offences could be committed, basically following the procedures recommended by Confindustria and broadly summarised below:

- a) performing a **risk-assessment process**, which is made up of the following steps:
 - 1. Risks identification:** *entailing an analysis of the corporate context with a view to pinpointing the corporate areas or sectors potentially at risk to the commission of the Offences covered under Legislative Decree 231/01, as well as the ways and means through which such Offences could be committed.*

- 2. Control System plan:** *entailing an assessment of the prevailing system with a view to pinpointing the capabilities to be reinforced or expanded so as to effectively ensure that all the identified risks are contained within acceptable limits;*
- b) **setting up of an adequate disciplinary system** for the violation of the rules of the code of ethics and procedures imposed under the Model, given that all such violations are harmful to the relationship of trust established with the entity and must, consequently, entail disciplinary action, regardless of whether criminal charges are formally filed in cases where the violation in question also constitutes a criminal offence;
 - c) **forming an organ vested with autonomous powers of initiative and control** (hereinafter "Supervisory Committee"), which is endowed with autonomy, independence, professionalism and integrity, and tasked with overseeing the **effectiveness** of the Model and constantly monitoring its **appropriateness**.

Towards this end, Brembo undertook the following series of activities, subdivided into various phases, with a view to designing a risk prevention and management system that is compliant with the Decree:

4.5.1 Analysis of potential risks

Brembo adopted and updated the Model in respect of the Offences covered under Legislative Decree 231/01, on the basis of a preliminary analysis of its sensitive activities and related control mechanisms.

Brembo then revised this assessment in light of specialist advice from expert consultants retained by top company management, and proceeded to analyse its corporate context with a view to identifying the extent to which its organisational units, business operations and work processes were potentially at risk to the commission of one or more Offences contemplated in the Decree.

Brembo set up a close-knit Self-assessment and Risk Prevention Committee (abbreviated to its Italian acronym "CAPRI Core") made up of about 10 managers in charge of strategic policy making, orientation and control within the Group, which was (and is still) tasked with assessing the findings reached through the risk analysis mentioned above, validating potential risk of commission of one or more the Offences contemplated in the Decree, taking due account of the Company's Profile and the specific contexts in which Brembo operates.

CAPRI Core Committee meets and undertakes the tasks described above whenever the scope of the Decree is extended to cover additional Offences.

4.5.2 Mapping of the areas/activities found to be sensitive or at risk, and analysis of the related Controlling & Prevention Measures

Moreover, for certain corporate departments, the CAPRI Core Committee has appointed specific employees to serve as reference points in respect of all matters pertaining to Offences that could potentially be committed within Brembo (hereinafter the "231 Officers"), tasking the same with:

- identifying and analysing sensitive corporate areas in light of underlying Offences;
- identifying the persons involved in sensitive activities and the ways and means through which one or more of the underlying Offences could potentially be committed in the areas found to be at risk;
- identifying and assessing the existing system of preliminary checks to which sensitive activities are subjected, taking due account of the prevailing corporate control environment and specific control mechanisms;
- assessing residual risks, drawing up action plans for improvements, where appropriate;

- contributing, through all of the above, towards the design and ongoing improvement of the Internal Control System, and reporting on all matters falling within his sphere of competence;
- on the basis of an action plan approved by the CAPRI Core and shared with the Supervisory Committee.

The Legal & Corporate Department/Compliance Area is in charge of coordinating the tasks incumbent on the 231 Officers and providing legal advice on matters pertaining to the Decree as well as ensuring that all 231 Officers receive specific training regarding their duties. The Internal Audit function shall provide the work group of the 231 Officers with advice and support on procedural matters.

The findings of the 231 Officers must be set forth in specific forms known as "Sensitive Activity Analyses" and submitted to the Supervisory Committee to serve as input for the latter in forming its opinion on the effectiveness of the prevailing Model in containing the risk of the commission of Offences.

The forms in question, all of which are available for consultation at the Legal & Corporate Department, must:

- be itemised in the relevant Special Sections and deemed to form an integral part of the Model;
- be broken down by offence and by sensitive area, and provide the following information:
 - Description of the underlying Offence;
 - Description of the Sensitive Area at risk to the commission of the aforesaid Underlying Offence;
 - Persons involved in the Sensitive Activity;
 - Control Environment;
 - Description of the Controlling & Prevention Measures in force;
 - Summary of the fundamental elements of the Control Mechanisms in force.
- be considered to incorporate and not only merely to identify the control mechanisms applicable in respect of specific Offences;
- be deemed the "mobile" portion of the Model, insofar as they are subject to constant monitoring and updating, and therefore constitute the tool that ensures the Model is more effective and, in particular, that it is constantly updated as specified in paragraph 3 below.

The Supervisory Committee reserves the right to recommend the implementation of further ameliorative actions and order the analysis of additional activities presenting potential risks of the commission of Offences and therefore possibly qualifying as Sensitive Activities, especially in light of changes in the regulatory framework or Brembo's business operations.

In such regard, it must be borne in mind that the analysis undertaken revealed that the Offences most at risk of commission within Sensitive Areas, in the course of Sensitive Activities, or, within the company in general, include:

- Offences committed in the course of relations with the Public Administration;
- Domestic and Transnational Organised Crime Offences;
- Offences in restraint of trade and industry;
- Corporate offences;
- Market abuse offences;
- Manslaughter and serious or very serious negligent injury committed as a result of violations of accident-prevention and occupational health and safety regulations;
- Receiving, laundering and using money, assets or profits obtained illegally;
- Cybercrime and illegal handling of data;
- Offences in breach of intellectual property rights;
- Subornation of perjury or witness intimidation or bribery;
- Environmental Offences.

in respect of which Brembo has endowed its Model with **Special Sections** detailing the relevant sensitive activities, the persons involved in undertaking the same, and the related control mechanisms.

4.5.3 Monitoring of Controlling & Prevention Measures

All prevailing control mechanisms applicable to specific Sensitive Areas/Activities must be constantly monitored to ensure their ongoing appropriateness and effectiveness, including without limitation, through the periodic reviews carried out by the 231 Officers (especially the risk assessment of the Sensitive Activities falling within their respective spheres of competence), with a view to maintaining the Model in line with corporate and operational developments, and, where necessary, duly updating the relevant "Sensitive Activity Analysis" forms and/or Special Sections.

The Supervisory Committee is also tasked with monitoring the effective functioning and implementation of the procedures and organisational checks and balances entrenched in the Model, on the basis of a risk-based audit plan.

In the event of extraordinary corporate transactions (mergers, transformations, etc.), the Company must, including, without limitation, at the recommendation of the Supervisory Committee, assess the repercussions that the transaction in question could have on Sensitive Activities and related control mechanisms, and, where necessary, duly update and adapt the relevant "Sensitive Activity Analysis" forms and/or Special Sections to take account of the new corporate reality.

4.5.4 Setting up of a Supervisory Committee

The Board of Directors has established a **Supervisory Committee** that meets the following requirements:

a) Autonomy and independence

Pursuant to Article 6, paragraph 1(b) of the Decree, the Supervisory Committee must be endowed with "*autonomous powers of initiative and control*". The requirements of autonomy and independence imply that the Supervisory Committee may not be directly involved in undertaking any of the business operations or managerial activities it is tasked with overseeing.

The autonomy in question refers to the decision-making authority that is inherent to oversight functions and may be described as the unfettered freedom of self-determination and action, with full technical discretion in the discharge of the functions of a self-referential body.

Such autonomy is, first and foremost, vis-à-vis the Company and its top-level management and executives, with the result that the Supervisory Committee must be in a position to discharge its tasks completely free from any sort of influence or pressure, and may not be involved in undertaking any managerial and/or operational activities whatsoever falling outside the scope of its specific oversight functions.

The Supervisory Committee is also endowed with autonomous powers of expenditure, being assigned a specific budget to be used in the discharge of its assigned functions, so as to ensure that it does not have to depend on Company management for funds.

b) Professionalism

The Supervisory Committee must be professionally capable and reliable, it being understood that this requirement applies to the said committee as a whole, and therefore, also to each and every one of its individual members. The Supervisory Committee must be endowed with all the technical skills required to discharge its

assigned functions with the greatest diligence and effectiveness (availing, where necessary, of the expert advice of outside consultants and specialists, as contemplated in the Supervisory Committee Rules, set forth below). These features, together with independence, ensure the objectivity of the Supervisory Committee's findings and opinions.

c) Constant oversight

To ensure the ongoing effectiveness and implementation of the Model, the latter must be subjected to constant monitoring for compliance and appropriateness by a corporate structure tasked with oversight on a full-time basis and duly invested with the required investigative powers. The corporate structure in question within the Company is the Internal Audit function in charge of overseeing the implementation and promoting the updating of the Model, on an ongoing basis.

The Supervisory Committee shall be afforded free access to all corporate data as well any and all the assistance that it may request or require from corporate functions and structures, in the performance of its oversight tasks. The Supervisory Committee shall report its findings to, inter alia, the Board of Auditors.

Each and every member of the Supervisory Committee must meet the following requirements of autonomy, independence, personal integrity and professionalism:

- 1. Independence** means the absence of causes of disqualification or unfitness specified in Article 2382 of the Italian Civil Code, as well as the absence of family relationships up to the fourth degree, whether by blood or by marriage, with any of the directors of the Company or its subsidiaries, parent companies, and/or companies under common control. Company directors who meet the requirements of independence set forth in Article 147-ter of the TUF and/or the Corporate Governance Manual shall also be considered independent.
- 2. Professionalism** means that Supervisory Committee members must meet certain specific requirements in terms of professional qualifications and experience⁶, in one or more specialist fields ranging from law (company, criminal, civil, administrative and procedural law) through to accountancy, risk management, corporate compliance, business administration, as well as workplace accident prevention and occupational safety.
- 3. Personal integrity** entails:
 - (i) not having been subjected to the preventive measures imposed by court order issued pursuant to Law no. 1423 of 27 December 1956, or Law No. 575 of 31 May 1965, as further amended and extended, without prejudice to subsequent rehabilitation;
 - (ii) not having been incurred, pursuant to a final and binding judgement no longer subject to appeal, and without prejudice to subsequent rehabilitation:
 - a custodial sentence for having committed one or more offences punishable under regulations governing the banking, financial and/or insurance industries, and/or markets and financial instruments, taxation and payment instruments;
 - a custodial sentence for having committed one or more offences punishable under Title XI of Book V of the Italian Civil Code, and/or Royal Decree No. 267 of 16 March 1942;

⁶ Confindustria explicitly refers to specialist know-how in the field of corporate oversight and control systems analysis, such as statistical sampling, risk assessment and analysis, risk containment measures (authorisation procedures, inbuilt checks and balances, etc.), the flowcharting of procedures and processes for pinpointing weaknesses, interviewing and questionnaire-drafting techniques, elements of psychology, and fraud detection techniques

- a custodial sentence of no less than six months for having committed one or more offences against the public administration, in breach of the public trust, or property offences, or offences against public order and/or the public economy;
- a custodial sentence of no less than one year for any offence committed other than negligently;
- any sentence whatsoever, for having committed one or more of the offences covered under the Decree.

not having incurred, at the request of the parties, any of the sentences contemplated in point 2 above, without prejudice to the benefit of the extinction of the offence. The Regulations of the Supervisory Committee are set forth in the relevant section of this Model.

4.6 REGULATIONS OF THE SUPERVISORY COMMITTEE

Brembo S.p.A.'s Supervisory Committee is regulated pursuant to specific rules that form an integral part of this Model.

ABBREVIATIONS AND DEFINITIONS

(Omissis)⁷

RESPONSIBILITIES

(Omissis)⁸

PROCEDURAL FORMALITIES

Members of the Supervisory Committee

Having heard the Board of Auditor's opinion in such regard, the Board of Directors shall proceed with the appointment of the Supervisory Committee, by approving a resolution, backed by a statement of grounds in respect of each and every one of the Committee members, all of whom must meet the requirements of autonomy, independence, personal integrity, professionalism and competence as well as ongoing oversight capabilities within the meaning of Legislative Decree 231/01, and must be selected on the basis of the criteria established in the Organisational, Management and Control Model.

Brembo's Supervisory Committee must always sit as a panel body made up of at least three of its members, including the Internal Auditor and other two persons fulfilling the requirements stated in the Legislative Decree 231/01.

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 report directly to the Board of Directors, save where expressly provided otherwise.

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

⁷ Omissis 1: "Abbreviations and definitions" already contained in the Model.

⁸ Omissis: "Matrix of Responsibilities" for internal use only

Dismissal and resignation of Supervisory Committee Members

Authority to dismiss the entire Supervisory Committee or any one or more of its members, lies solely with the Board of Directors which, before reaching any decision in such regard, must take due account of the opinion of the Board of Auditors. The Board of Directors may dismiss any Supervisory Committee member for good reason or cause, at any time. Good reason or cause for dismissal includes:

- failure to continue to meet even only one of the aforesaid requirements of independence, professionalism and personal integrity;
- the assignment to the Supervisory Committee member in question of operating tasks and functions that are incompatible with the independence and autonomy of initiative and control, as well as the ongoing oversight capabilities that all Supervisory Committee members must be endowed with at all times;
- serious non-compliance in the performance of duties assigned to the Supervisory Committee, pursuant to the Model.

Any and all members of the Supervisory Committee are entitled to resign from office at any time, by serving written notice thereof on the Board of Directors, the Board of Auditors and the other members of the Supervisory Committee.

In the event of the resignation, dismissal or disqualification from or unfitness for office, or otherwise, the death of any member of the Supervisory Committee, the Board of Directors shall replace the Supervisory Committee member in question at the first Board meeting held thereafter, after having duly heard the opinion of the Board of Auditors in such regard.

In the case where the Chairman of the Supervisory Committee no longer holds office following an event contemplated in the preceding paragraph, the other members of the said committee shall meet in a timely manner to reorganise themselves and appoint a new Chairman. During the interim, the Supervisory Committee shall continue to ensure ongoing oversight.

Powers and Responsibilities of the Supervisory Committee

The Supervisory Committee will be tasked with the following activities:

- a) Overseeing the **effectiveness** of the Model, i.e., checking that the behaviour is in keeping with the approved Model;
- b) Checking the **appropriateness** of the Model, i.e., 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:
 - Submission of **proposed updates** of the Model to the corporate boards/departments capable of concretely implementing the same within the corporate fabric, it being understood that depending on the type and extent of the changes to be implemented, the proposals shall be forwarded to the relevant corporate functions such as Human Resources & Organisation, Administration, etc., or, in cases of particular importance, to the Board of Directors;
 - **Follow-up** or assessment of the implementation and the effectiveness of the proposed solutions.

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.

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 the law and in full respect for the individual rights of employees and any and all other persons involved:

- a) the task of carrying out periodic checks and inspections pursuant to an annual timetable drawn up taking due account of the degree of risk associated with Brembo's sensitive activities;
- 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;
- e) the power to avail, after notifying the Chairman thereof, of outside consultants in the case of particularly complex problems or issues requiring specific skills;
- f) the power to submit to the Chairman and the Human Resources Director, proposals for the imposition of the disciplinary sanctions contemplated in the paragraph specifically devoted to such topic;
- g) the task of identifying any activities at risk in addition to those indicated in the Model, which – depending on changes in legislation or Brembo's operations – may be counted as sensitive activities;
- h) with the support of the Internal Audit, *the Compliance function* and the other relevant corporate departments, the task to carry out periodic checks of the system of delegated powers in force, and the coherence thereof with the overall system of organisational communications, 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.

Flows of information toward the Supervisory Committee

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.

➤ Reports from within the company or from third parties

For the intents and purposes mentioned in the preceding point, information channels have been set up to enable the reporting of irregularities or breaches of the Code of Ethics and/or the Organisational, Management and Control Model, pursuant to specific internal procedures⁹.

Brembo's staff and collaborators shall be thus entitled to report violations of the Model and the Code of Ethics directly to the Supervisory Committee. All reports, whether written, oral or electronically transmitted, are duly gathered and filed by the Supervisory Committee.

⁹ See PR.W.IA - 01 Reporting Procedure, available from the website www.brembo.com in the section Investors/Corporate Governance/Supervisory Committee Reports.

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

The Supervisory Committee shall ensure that persons making such reports are protected against any and all forms of retorsion, 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.

➤ **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 within the framework of its oversight *and audit* 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 same¹⁰;
- e) appraisals regarding the choice of the Independent Auditors, *in the event of renewal of their engagement*;
- f) possible existence of grounds for incompatibility between the Independent Auditors and the certified Company;
- g) any engagement conferred or intended to be conferred on the Independent Auditors, other than certification of the financial statement;
- h) implementation of the Model in the areas of activity at risk, or information collected by Internal Audit; such information shall include, in general, any and all reports of the commission of an offence covered under Legislative Decree 231/2001 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;
- i) the system of delegated powers adopted and any subsequent change thereof;
- j) the register designed to identify those executives who are required to make the declarations specified in Article 114, paragraph 7, of TUF (persons carrying out administration, control or management functions in a listed issuer and executives who have regular access to privileged information) and their reporting;
- k) transactions effected by insiders as identified pursuant to the Internal Dealing Policy;
- l) minutes and/or notices originating from the Bodies in charge of Occupational Safety, Health and Environment and the Joint Bodies (Local Health Authority or Provincial Labour Office or Employees' Safety Representatives, *Local Environmental Protection Agency* etc.), pertaining to investigations launched, including against persons unknown, in connection with offences covered under Article 25-septies of Legislative Decree No. 231/2001;
- m) workplace accidents within Brembo S.p.A with an indication of the seriousness of each, and highlighting accidents that were particularly serious and/or that resulted in an initial prognosis entailing a leave of absence of more than 40 days;

¹⁰ See also the paragraph *Disciplinary Framework concerning the required involvement of the Supervisory Committee in the procedure of assessing violations and levying penalties for violation of the Model.*

- n) *serious nonconformities detected during audits of the Safety & Environment functions also through external supports facility giving rise to a significant workplace safety hazard and for the environment and/or risk of the commission of the offence under Legislative Decree 231/01 shared with the competent bodies but as yet unresolved”;*
- o) decisions pertaining to applications for, as well as the grant and use of government subsidies;
- p) tender contracts awarded to the Company following national or European tender procedures, or private negotiations with a public body;
- q) nature of the transactions effected with customers/suppliers/partners contemplated in black-listed countries, *with an indication of any critical issues for the purposes of Legislative Decree 231/01;*
- r) specific departures from/exceptions to standard procedures and/or local practices regarding payments/collection;
- s) disputes, both in and out of court, pertaining to matters potentially falling within the scope of Legislative Decree 231/01;
- t) accidents/breaches of data security potentially falling within the scope of Legislative Decree 231/01.

Any and all of the above matters must be disclosed on a half-yearly basis to the Supervisory Committee, in separate reports, one pertaining to the Company and the other to Group Companies.

In addition, the Compliance Function sends the Supervisory Committee periodic updates concerning the training plan regarding the Organisational, Management and Control Model of Brembo S.p.A., the Work Schedule for the 231 Officers of Brembo S.p.A. and the associated compliance activities of Group companies.

The Supervisory Committee analyses the information received and assesses the need to formulate specific recommendations/suggestions for the competent entities.

Information Flows by the Supervisory Committee

The Supervisory Committee has to report its results to the highest levels of executive management.

If offences emerge that involve the highest levels of executive management, the Supervisory Committee reports to the Audit Committee, the Board of Directors and the Board of Statutory Auditors.

The Supervisory Committee submits 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 Chairman of the Board of Directors, *the Executive Director responsible for overseeing the Internal Control System's operation* and the Chairman of the Board of Auditors and the Chairman of the Audit Committee. The reports, *may* contain proposals for the extension or amendment of the Model.

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;

- changes in the regulatory system or company's organisation and activity;

(Omissis)¹¹

The Supervisory Committee shall report to the Board of Directors on the functioning of the Organisational, Management and Control Model and on its oversight activities, at least on an annual basis.

The minutes of Supervisory Committee meetings and the half-yearly reports shall be forwarded to the Independent Auditors.

Disciplinary framework

(Omissis)¹²

REFERENCE DOCUMENTS

- Brembo's Organisational, Management and Control Model
- Legislative Decree 231/01
- Periodic Report to the Supervisory Committee
- Group Companies' periodic report to the Supervisory Committee

4.7 THE BREMBO 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. Although the Group companies are independent on a financial, managerial and organisational level, since they are part of the Brembo Group they implement the guidelines and adopt the general principles of behaviour and compliance defined by the Parent Company.

4.7.1 Group's Italian Companies

Although they are not listed on the stock market¹³, for the purposes of the Legislative Decree and under their own responsibility the Group's Italian companies adopt the Brembo Code of Ethics and their own "Organisational, Management and Control Model", inspired by the principles and contents of this Model. The sole exception is represented by specific situations related to the nature, dimension and type of activity and to the structure of the internal delegation of power, which impose or suggest that different measures be adopted for the more rational and effective pursuit of the objectives indicated in this Model.

The Model of the Group's Italian companies is adopted after identifying within the individual company the activities representing a criminal risk and the appropriate measures to prevent such crimes. For this specific activity the companies can request support from the Parent Company regarding the method applied, envisaging:

- assessment of the potential risk of commission for the cases of crime provided for by the Legislative Decree based on the company profile and the specific areas in which it works;

¹¹ Omissis 2: portion already included in the Model, under the heading "Adoption of Brembo's Model and subsequent amendments".

¹² Omissis 3: already included in the Model under the heading "Disciplinary System".

¹³ Adoption of a Model 231 is a requisite for companies under Italian law listed with the STAR segment of the Italian Stock Exchange, whereas for non-listed companies it is an option that constitutes an exempting element for the purposes of responsibility as provided for by Legislative Decree 231.

- identification of people who, in the Group companies, will be responsible for risk assessment and establishing control protocols as well as ensuing updates/improvement plans.

During the procedure for identifying activities at risk and adopting its own Model, and until the Model has been approved, each Group company shall adopt internal control measures aimed at preventing unlawful behaviour.

In the Group's smaller Italian companies the functions of the Supervisory Committee can be conducted directly by the executive body (as provided for by Article 6 of the Legislative Decree). Nevertheless, they independently evaluate if they should appoint their own Supervisory Committee or if the executive body should perform these functions.

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

4.7.2 Group's foreign companies

As part of an international industrial group under Brembo SpA, the Group's foreign companies embrace the general principles of compliance dictated by the Parent Company.

In this sense, they:

- adopt Brembo's Code of Ethics, which is circulated among the company management and personnel;
- are informed by the Parent Company regarding the Model it has adopted (and all subsequent updates);
- appoint a person within the company responsible for compliance with the Legislative Decree (the so-called "231 Person of Reference"), who will serve as a point of reference for Brembo and the Supervisory Committee of the Parent Company for any implications the Model could have on foreign operations.

4.7.3 Compliance with Local Regulations

The individual companies are responsible for adopting the most appropriate measure to meet any local compliance regulations, setting up a risk-assessment process, mapping sensitive areas and drafting the most suitable control protocols in order to formalise their own compliance model.

4.7.4. Principle of Prevalence

If local regulations are less stringent than those of the Parent Company, then the latter's compliance principles will prevail.

4.7.5. Priority criteria for implementing the compliance system among Group companies

The priority criteria for implementing the local compliance system are based on the risk parameters of the Group companies (by way of example but not limited to: country risk; holding company, business enterprise or production company; participation/presence of other shareholders; consolidation; auditor certification; 262 mapping).

A summary of the results of the risk mapping of each individual Group Company, is available for consultation at the Legal & Corporate Department. The mapping in question served as the basis for drawing up the action plan for implementing the compliance system within the various Group Companies.

4.8 DISCIPLINARY FRAMEWORK

4.8.1 GENERAL PRINCIPLES

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 by the judicial authority. The system applies to all company employees and directors, as well as any and all persons and parties that have entered into contractual relations with Brembo.

Any violation, by whosoever committed, of the Model or the procedures established in implementation thereof, must be immediately reported in writing to the Supervisory Committee by the addressees hereof, without prejudice to the procedures and other formalities to be discharged by the person or body vested with disciplinary powers.

The Supervisory Committee must immediately proceed with the necessary investigations, ensuring the confidentiality of the person against whom action is to be taken.

The Supervisory Committee shall, using the investigatory tools and procedures it deems fit, verify that from the very outset of their relationship with Brembo, all the persons and parties to which the Model applies, are duly informed of the disciplinary system and trained in respect of its contents.

Disciplinary proceedings must, in any case, be managed in compliance with the requirements of the legal status of the party against whom proceedings are being taken.

4.8.2 APPLICABILITY TO WORKERS, OFFICE STAFF AND MIDDLE MANAGERS OF THE COMPANY

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, and the applicable law in force.

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

1. verbal reprimand;
2. written warning;
3. a fine of up to three hours of minimum remuneration;
4. suspension from work without pay up to a maximum of three days;
5. dismissal with notice;
6. dismissal without notice.

In compliance with the National Collective Bargaining Agreement, 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, by way of

commission or omission, including in complicity with others, shall be exposed to disciplinary action:

- a) those who violate the internal procedures set forth in the Model as a result of "non-compliance with service-related provisions";
- b) those 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) those 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) those 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-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) those 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) those 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 immediate consultation with and, where required by the person exercising disciplinary powers, the issue of an opinion by the Supervisory Committee.

Formal allegations may entail the revocation of any and all powers of attorney conferred on the person concerned.

The type and severity of the aforesaid penalties shall be determined taking due account of, inter alia:

- the level of negligence, carelessness or ineptitude, as assessed in light of the foreseeability of the event;
- the job description, position and responsibilities of the persons concerned.

4.8.3. APPLICABILITY TO TOP MANAGEMENT

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, up to the termination of the employment contract.

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

Disciplinary measures as well as any and all claims for damages, must be commensurate with the job description, position and level of trust inherent to the responsibilities vested in the person concerned.

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 immediate consultation with and, where required by the person exercising disciplinary powers, the issue of an opinion by the Supervisory Committee.

4.8.4. APPLICABILITY TO DIRECTORS AND AUDITORS

This Model must be delivered to all members of the Board of Directors and the Board of Auditors.

In the event of breaches of the internal procedures entrenched in the Model by one or more members of the Board of Directors and/or the Board of Auditors, the Chairman of the Supervisory Committee shall give notice thereof to the entire Board of Directors and the Board of Auditors which shall then determine the action to be taken in respect of the said non-compliant member or members, in accordance with applicable regulations.

Disciplinary measures as well as any and all claims for damages, must be commensurate with the job description, position and level of trust inherent to the responsibilities vested in the person concerned.

4.8.5. APPLICABILITY TO BREMBO'S CONTRACTUAL COUNTERPARTIES

In regards to dealings with third parties, Brembo has decided to give concrete application to the principles set forth in the Code of Ethics and 231 Model by adopting the following measures:

where possible, including in intellectual service agreements the ability to withdraw on a discretionary basis, i.e. the ability to withdraw for compliance-related or other reasons; including a section devoted to verifying certain compliance requirements in the Supplier Pre-assessment Questionnaire that the Purchasing Department submits during the selection phase for possible commercial partners;

including in its contracts, including purchase orders, clauses that grant Brembo the right, where deemed appropriate, to terminate the contract if the counterparty is charged with one of the "trigger offences" envisaged by Legislative Decree 231/2001;

In addition, whenever the Client proposes contractual clauses that refer to ethical values, Brembo requires that both parties assume an obligation to one another to comply with their Code of Ethics and not to breach rules of conduct.

The inclusion of the foregoing clauses (referred to hereinafter as "231 Clauses") in relations with third parties serves the following objectives:

Ethics: maximising the importance and essential nature that Brembo attributes to the actions of parties with which it comes into contact;

Information: making its counterparties aware of its ethical values, as enshrined in the Code of Ethics, and principles of conduct, as set forth in the 231 Model, which inspires Brembo's behaviour;

Protection: safeguarding its reputation through the power to terminate contracts, where deemed appropriate, if the counterparty is charged with one of the triggering offences envisaged by Legislative Decree 231/2001. It is understood that, regardless of the inclusion of the "231 Clause," protection is nonetheless always considered achieved when Brembo is granted a discretionary withdrawal option in a contract.

It should be emphasised that the need to pursue the foregoing varies by the nature of the counterparty. Accordingly, the Legal and Corporate Department considers the following when assessing the expediency of including 231 Clauses:

- the relationship formed over the years: counterparties with which Brembo has longstanding relationships and which have shown their full respect for and focus on complying with shared ethical values allow the ethics and information objectives to be considered implicit and already achieved, while reducing the need to pursue the protection goal to a negligible level on the basis of past experience;

- the counterparty's focus on compliance issues: companies that notoriously dedicate concrete attention to the principles of corporate social responsibility and have implemented governance tools similar to those adopted by Brembo, on the one hand are usually inclined to accept (if indeed they have not themselves proposed) the inclusion of "231 Clauses," or similar clauses in cases of international companies, and on the other allow the ethics and information objectives to be considered implicit and already achieved, and permit the risk protected by the projection objective to be viewed as negligible;
- the counterparty's prestige and notoriety: there are cases in which the image benefit that Brembo derives from relationships with certain counterparties is considered to be significantly superior to the protection objective pursued through the inclusion of 231 Clauses.

With the aim of constant improvement, in 2011 Brembo initiated a project to revise its Supplier Specifications with a view towards worldwide compliance (the existing version pre-dates Legislative Decree 231/2001), although the purchase orders issued by Brembo already include a 231 Clause.

4.9 TRAINING AND INFORMATION REGARDING THE BREMBO 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.

All company employees and stakeholders must be informed of the adoption of the Model and any and all updates of the latter, immediately following approval of the same.

The Model shall be published in full on the Company's intranet site, whilst only the General Section and some of the Special Sections will appear on Brembo's website, to the exclusion of portions deemed too sensitive for disclosure outside the Company.

New recruits will be provided with an information package (National Collective Bargaining Agreement, Code of Ethics, Welcome Kit, etc.), 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 signed 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

- ii) will be targeted at familiarising recipients with the provisions of Legislative Decree 231/2001, as further amended and extended, explaining why Brembo has decided to implement a Model and illustrating the main behaviours in which to engage in order to prevent the commission of the Offences;
- iii) to varying degrees, in 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.

Each year, the training plan is submitted for review by the Supervisory Committee and is constantly updated according to the state of progress thereof.

Beginning in January 2012, in addition to traditional classroom training, self-learning will be added through the use of multi-media materials distributed to the employees involved (executives, middle managers and white-collars), inasmuch as self-learning was deemed especially effective in that it allows:

- a record to be kept of the documentation used for training purposes and recipients of training;
- certification of course attendance, with monitoring of the beginning and end of each course;
- course efficacy to be reviewed according to the score obtained on the test-out.

4.10 ADOPTION OF THE BREMBO MODEL AND SUBSEQUENT AMENDMENTS

Brembo's Board of Directors is vested with sole and exclusive authority to adopt and amend the Model, without prejudice to the following express provisions:

1. Upon the Supervisory Committee's initiative or report, the Board of Directors shall, in a timely manner, amend the Model in the case where violations or evasion of the provisions of the same, indicate the Model's unsuitability to effectively prevent offences.
2. The Board of Directors shall bring timely updates to the Model, including at the behest of the Supervisory Committee and the Legal & Corporate Department, 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.
3. All procedures and any and all amendments to the Model must be notified to the Supervisory Committee.
4. The Supervisory Committee must be given advance notice of, and express an opinion on any and all proposed amendments to the Model.
5. In departure from the provisions set forth in the preceding point, the Chairman 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.
6. The Supervisory Committee shall, in any event, promptly report to the Chairman, without delay, any events that highlight the need for a revision of the Model. In such cases, the Chairman shall call a Board of Directors' meeting for the purpose of passing the resolutions falling within the responsibility 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. The Supervisory Committee must be given advance notice of, and express an opinion on any and all amendments to procedures.
7. Brembo's Board of Directors, upon proposal of the Supervisory Committee and/or the Legal & Corporate Department, is empowered to subsequently extend this Model by Board resolution, in the case where it becomes necessary to introduce further Special Sections dealing with new offences that may in the future be included within the scope of application of Legislative Decree 231/2001.

5. INTRODUCTION TO SPECIAL SECTIONS

The Special Sections of the Brembo Model are structured as follows:

1. Summary description of the underlying offences, broken down into broad categories;
2. Rating of the level of the risk of the commission of the Offences covered in each Special Section;
3. Description of the main Sensitive Corporate Areas/Activities found to be at risk in light of the Company's profile;
4. Definition of the general principles/rules of conduct adopted within Brembo with a view to preventing wrongdoing and containing the risk of the commission of Offences;
5. Controlling & Prevention Measures in force within Brembo (reference to the relevant "Sensitive Activity Analysis" sheets – the "mobile" section of the Model).

The findings reached through risk assessment and analysis of the Company's business operations as a whole suggest that the probability of the commission of following Offences in the interest or for the benefit of the Company is not material:

- currency falsification offences, save for counterfeiting;
- offences against the person involving pornography, female genital mutilation, and child prostitution;
- certain cross-border offences;
- terrorism offences, or the subversion of the democratic order, and offences involving the holding of persons in slavery, human-trafficking, and slave trading;
- some of the environmental offences associated with:
 - *Killing, destruction, capture, withdrawal or possession of protected wild plant and animal species (Article 727-bis of the Italian Penal Code);*
 - *Destruction or deterioration of habitat within a protected site (Article 733-bis of the Italian Penal Code);*
 - *Trade in protected animal or plant species or possession of reptiles or mammals that could endanger public health and safety (Law 150/1992);*
 - *Intentional or negligent pollution of the sea through discharge of waste from ships (Legislative Decree 202/2007);*

since:

- (i) the business operations conducted by the Company in light of its profile and corporate object clause provide little opportunity for the commission of the said offences;
- (ii) there is no way the said offences could be committed in the interest or for the benefit of the Company, as required for vicarious corporate liability to arise pursuant to the Decree.

The Special Sections of the Brembo Model and related "mobile" sheets are for internal use only.



APPENDIX A
CODE OF ETHICS

CODE OF ETHICS

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Letter from the Chairman

Dear Shareholders, Collaborators, Customers, Suppliers, Bodies, Authorities and Members of the community,

In 2003, Brembo was amongst Italy's first companies to draw up a Code of Ethics in line with emerging international best practices.

The Code of Ethics drafted at the time, laid down, in a public document, the "social contract" between Brembo and its internal and external stakeholders, defining the principles underlying the conduct of the company and all its employees and collaborators.

The document — the result of broad consultations and debate involving a wide range of stakeholders in various ways — was based on a set of shared values that informed the company's growth strategies in the past and that the company intended to continue to pursue in the future.

Today, five years on, we feel our first Code of Ethics needs to be reviewed and updated in light of our international expansion and the new cultural contexts that the company is called upon to face.

All companies — and especially Brembo, which operates in an industry that prizes reliability, quality and safety — regard reputation as an essential value that must be nurtured and consolidated over time.

The Code of Ethics is part of the process of consolidating the company's reputation, insofar as, by subjecting interpersonal relationships to a fair and efficient regulatory framework, it promotes a climate of mutual trust within the company as well as between the company and its various stakeholders. As a result, there is a pressing need for this second edition of the Code of Ethics to be widely distributed as well as for compliance and implementation to be carefully monitored especially with a view to gathering information and data that could be helpful in drawing up future updates.

Trusting that all of Brembo's employees and collaborators will be fully committed to ensuring consistent compliance with the principles set forth in this Code of Ethics, and in the hope that the same principles will also be followed by all our stakeholders,

Best regards,

The Chairman

Stezzano, Kilometro Rosso Scientific and Technology Park

Guiding Principles and Values

The rules of conduct set forth in this Code of Ethics are based on Principles and Values that have long been followed within Brembo, and that make up a key part of the company's overall corporate culture.

Principle: Ethics

What it means for US

Basing all relationships between people and the company on honesty and mutual respect, with common interests prevailing over individual interests.

Basing the company's growth on respect for man and nature.

Acting transparently when dealing with colleagues, customers and suppliers.

Value: Responsibility

What it means for US

Playing a leading role, ensuring that all actions and decisions are taken in a timely manner, with determination, professionalism and credibility.

Value: Transparency

What it means for US

Expressing opinions clearly and openly, so as to avoid misunderstandings and distortions, with the view to nurturing deep, loyal and enduring relationships, both within and outside the company.

Principle: Quality

What it means for US

Pursuing excellence by improving and enhancing our skills, for the corporate and individual success.

Dedicating to maximising the satisfaction of internal and external customers.

Demonstrating to internal and external stakeholders that we always keep our word.

Value: Commitment

What it means for US

Undertaking all our assigned tasks with enthusiasm, sharing the company's overall vision and the goals set for individual operating units.

Value: Attention

What it means for US

Delighting customers both within and outside the Corporate Group, through constant attention to their needs, especially those that are not expressed.

Principle: Proactiveness

What it means for US

Anticipating changes as a constant challenge for success.

Promoting innovative solutions, exceeding expectations.

Believing in decisions taken so as to ensure competitive sustainability.

Value: Courage

What it means for US

The ability to face challenging situations with determination, overcoming limits and taking full advantage of opportunities.

Value: Change

What it means for US

Interpreting and sharing change as a lever of business development.

Principle: Belonging

What it means for US

Being fully part of one big team made up of the company, its collaborators, customers and suppliers.

Contributing to the enhancement of Brembo's corporate image and reputation.

Being proud to be "a part of Brembo", and to be recognised as such.

Sharing the business plan, through familiarity with strategies and goals.

Value: Style

What it means for US

In a spirit of the utmost mutual respect, each Brembo person must behave appropriately, never losing self-control, and in a manner that leaves the counterparty with a positive impression.

Value: Partnership

What it means for US

Collaborating and putting forward new ideas to customers and suppliers, sharing goals and plans in order to meet mutual needs.

Feeling fully involved in business processes.

Principle: Development

What it means for US

Being committed to discovering, developing and promoting the skills and talents of people.

Value: Attention

What it means for US

Listening and providing feedback, acknowledging tasks well done so as to boost the performance and self-esteem of colleagues and subordinates.

Value: Trust

What it means for US

Believing in the value of the contribution of others and in their awareness of the value of our work.

Value: Humility

What it means for US

Welcoming constructive criticism, avoiding arrogant positions and accepting dialogue.

Foreword

The Code of Ethics promotes, both within and outside Brembo Group companies, conduct based on the guiding values underlying the Code and summarised in the first few pages of this document.

The Code lays down the rules of conduct to be followed and enforced by all Brembo's collaborators, at all levels, in all dealings with the company's stakeholders: colleagues, customers, suppliers, shareholders, bodies, authorities, members of the local community, financial markets, etc.

The provisions of the Code of Ethics are aimed at recommending, promoting or preventing certain behaviours, in strict compliance with statutory provisions in force in all the countries in which the Brembo Group operates.

The Board of Directors, the Managing Director, the Internal Audit Committee and all executive bodies at Brembo shall take appropriate action to ensure that the rules of conduct set forth in this Code of Ethics are fully implemented and complied with.

1. Validity, Applicability and Dissemination of the Code of Ethics

The Code of Ethics applies to all directors and employees of Brembo S.p.A. and Group companies, which, for the intents and purposes hereof, shall be deemed to include the companies directly or indirectly controlled by Brembo S.p.A.

Moreover, Brembo S.p.A. shall ensure that all associated or investee undertakings, customers, suppliers and outside collaborators of Brembo and the Group companies, comply with the rules of conduct set forth herein.

The Code of Ethics shall be applicable both in Italy and overseas, albeit in line with the cultural, social and economic diversity of the various countries in which Brembo operates.

The Code of Ethics shall be made available to internal and external stakeholders in appropriate ways, in line with local rules and practices.

All Brembo employees are to receive a copy of this document (and any and all future updates hereof), and to sign a receipt attesting delivery. Such delivery shall be deemed to be tantamount to the posting of the Code of Ethics on the Company's Bulletin Board, within the meaning of applicable regulations.

Moreover, the Code of Ethics is available for consultation to all Brembo collaborators on the Company's Intranet site, whilst other stakeholders and interested persons and parties may consult and download the same on the Group's website:

www.brembo.com/AboutBrembo/CompanyOverview/CorporateGovernance/PrincipieCodici

The rules of conduct set forth in this Code of Ethics are intended to supplement any and all other statutory, regulatory or organisational requirements imposed under the applicable legal system and/or internal provisions in force within the Brembo Group companies.

2. Rules of Conduct

2.1. Compliance with Applicable Statutory Provisions and Internal Rules and Procedures

2.1.1. General rules

Brembo considers compliance with all statutory and regulatory provisions in force in the countries in which it operates directly or through Group subsidiaries, as one of its core principles.

All Brembo employees are bound to comply with this basic principle, as well as with any and all internal rules, regulations and procedures in force within the company and notified to employees in accordance with corporate practice.

Ignorance or incomplete knowledge, or doubts on the interpretation of the aforesaid principle — and of internal rules, regulations and procedures — shall constitute no excuse from breaches, insofar as each and every employee is required to be familiar with all the related information, pursuant to the procedures and provisions set forth below.

In all relationships with third parties, Brembo employees shall strive to prevent breaches of applicable rules.

Brembo shall organise and implement adequate training and outreach initiatives aimed at promoting familiarity with the Code of Ethics amongst all employees and at sensitising them to the importance of compliance.

2.1.2. Legislative Decree No. 231/2001 as further amended and extended

It is of imperative importance to Brembo to ensure full and strict compliance with the provisions of Legislative Decree No. 231 of 8 June 2001: "Provisions governing the administrative liability of legal entities, corporations and associations, including those devoid of legal personality, within the meaning of article 11 of law No. 300 of 29 September 2000" as further amended and extended.

Towards such end, Brembo has drawn up and adopted an "Organisational, Management and Control Model" in line with the provisions set forth in Legislative Decree No. 231/2001 and the principles contained in the Corporate Governance Manual approved by the Board of Directors of Brembo S.p.A.

The adoption of rules of conduct aimed at, *inter alia*, preventing the commission of the offences contemplated in the aforesaid decree, forms an essential part of the system of preventive checks to be implemented by entities, especially in order to define each and every one's responsibilities.

The Internal Audit bodies are in charge of monitoring the performance of the said preventive checks, through specific audits.

2.1.3 Powers of signature

Powers of authorisation and signature must be delegated in light of the organisational and managerial responsibilities assigned, providing, when required, a clear indication of thresholds on expenditure approval.

2.2. Internal Conduct and Relationships

2.2.1. Relationships amongst Group companies

Relationships amongst Group companies must be characterised by the utmost transparency and strict compliance with all the requirements imposed under the legal framework of reference, and must always be in line with the strategic guidelines laid down by the parent company Brembo S.p.A.

The parent company shall have the right/duty to enforce the Code of Ethics and draw up organisational and management models and rules of conduct, with which all Group companies shall be required to comply.

The relevant corporate organs of Group companies shall take appropriate action, in strict compliance with the By-laws and any and all rules and regulations applicable in each case, to ensure that the full implementation of the foregoing provisions.

More specifically, the organisational and management models as well as any and all rules of conduct, must:

- be discussed with and accepted by the Group companies, following adjustments as required in light of the legal framework applicable in each case;
- be notified by the parent company to the corporate boards and top management of the Group companies;
- be clearly and schematically structured to ensure that the contents thereof are easy to fully understand and implement;
- be articulated in a manner that allows for the greatest possible dissemination of the rules of conduct set forth in this Code of Ethics, including with regard to statutory provisions pertaining to the administrative liability of legal entities;
- be appropriately disseminated by individual Group companies to all the employees of the latter which must be familiarised with the same through specific staff training programmes.

2.2.2. Internal relationships and the protection of privacy

Relationships amongst employees, regardless of hierarchical level, serving all Italian and international Brembo undertakings, must be characterised by mutual respect, transparency, correctness and good faith, and must be free from discrimination on the grounds of gender, nationality, religion, and/or cultural or lifestyle preferences.

Relationships amongst colleagues must be directed at fostering a climate of mutual cordiality and professional collaboration, in compliance with socially acknowledged and shared ethical principles and rules. Managers are expected, in particular, to act as role models for all other collaborators.

Each manager must strive to enhance the human resources placed under his supervision, and ensure, including through the relevant corporate functions, that professional tasks are undertaken in a climate of motivation, participation and personal responsibility, with a view to encouraging the implementation of the best management policies possible, including through incentive systems based on personal performance and merit.

Employees should never be granted rewards on grounds other than performance and personal merit.

Relationships amongst employees at different hierarchical levels must be based on principles of correctness and fairness in the assessment of performance and conduct.

Responsibility for ensuring compliance with all the aforesaid principles lies, in particular, with executives and employees serving at the highest hierarchical levels, all of whom must take appropriate action to promote, through a waterfall effect, the involvement of all employees in pursuing of the company's overall mission in the course of their specific duties, as well as in reporting all instances of non-compliance.

All employees and outside collaborators have an inalienable right to privacy, which must always be respected, without prejudice to internal rules aimed at protecting and safeguarding the company's assets, know-how and corporate image.

Brembo shall adopt any and all privacy protection measures contemplated under applicable regulatory provisions.

2.2.3. Transparency

Transparency is one of Brembo's essential values and principles.

Brembo feels that transparency consists in behaviour and attitudes, on the part of employees, conducive to ensuring:

- an objective understanding of the events as they actually occurred;
- an objective analysis of the consequences of an event and the various possible solutions to a problem;
- absolute coherence between events and data;
- the involvement of "best in class" people in professional and hierarchical terms, in all decision-making and in the disclosure of information;
- the pursuit of the company's interests;
- the reconstruction, through appropriate procedures and written deeds, of the phases that led to a given decision and/or the disclosure of specific information.

Transparency also entails ensuring that all transactions can be traced and checked through appropriate records indicating the features of and reasons for each transaction, as well as the persons who authorised, effected, recorded and checked each transaction.

All Brembo employees must base their conduct on absolute transparency, both within the Company and in all dealings with third parties, and promptly report any and all shortcomings or omissions in their specific fields of activity.

Shortcomings or omissions must not be covered up or resolved outside the framework of the company's procedures and practices, but must be reported and dealt with through appropriate hierarchical and functional channels, so as to avoid emergence or persistence of potential risks for the company.

2.2.4. General principles

a) Loyalty and conflicts of interest

All Brembo employees, at all hierarchical levels, shall be bound to comply with the principles of loyalty and correctness in all their dealings with the company.

An actual or potential conflict of interest arises when an employee engages, either within or outside the company, in activities or behaviour that:

- could somehow be harmful to Brembo's interests;
- entail direct or indirect benefits to the employee or the latter's family members, or even third parties, as a result of the use or abuse of the company's assets, resources, know-how or the employee's position within the company.

Merely by way of example, especially in light of Brembo's "status" as a listed company, all employees must refrain from:

- making investments or holding interests in any corporation that is a supplier, customer, or competitor of the company, or even in other corporations, in the case where such investments or holdings could have an impact on the decisions or behaviour of the employee in question in the course of the performance of his or her official duties within Brembo;
- rendering professional services, as outside consultants, on an independent basis or on behalf of suppliers, customers or competitors, in the case where the same may have a negative impact on their decisions or behaviour in the course of the performance of their official duties as Brembo employees, it being understood that all employees shall be bound to report to their immediate superior any and all professional relationships with third parties;
- using the company's property or assets, or knowledge acquired by virtue of their position within the company, with specific reference to "Confidential Information" and "Inside Information" as defined in paragraphs 2.2.5 and 2.2.6. below, for personal gain or profit.

All employees are required to report any and all conflicts of interest they may hold, to their immediate hierarchical superior.

b) Recruitment of spouses or other relatives

As a general rule, Brembo does not deem the recruitment of spouses or relatives to constitute, in itself, a breach of the Code of Ethics, provided however that any such recruitment is effected in accordance with the principle of transparency, and is dealt with as giving rise to potential situations of conflict with the need to ensure the independence of employees as well as confidentiality within the various corporate departments. As a result, Brembo's policy in such regard is to refrain from effecting such recruitments in cases where conflicts could arise or the above provisions could be breached.

The Human Resources and Organisation Department is in charge of identifying all such situations during the selection process, determining whether a family relationship in fact exists and whether or not such relationship is incompatible with the duties and responsibilities attendant to the vacancy to be filled.

All Brembo employees who become aware that their spouse or other relatives have contacted the company with a view to seeking employment, shall be bound to ensure that the said relationship is properly reported to the Human Resources and Organisation Department.

The Human Resources Department shall give the Chairman of the Audit Committee, timely notice of any and all situations, in which the provisions set forth in this section of the Code of Ethics, are not complied with.

c) Transactions with related parties

Brembo, as a listed company, is required to ensure the substantive and procedural transparency and correctness of all transactions in potential conflict of interest (so-called “transactions with related parties”), including transactions with Group companies, in accordance with applicable regulations and related procedures.

2.2.5. Information and confidential information

“Information” means any and all data, documents, knowledge and processing results, of any nature or kind whatsoever, howsoever stored, pertaining or referring to Brembo, its shareholders, directors, executives and/or employees, or Brembo’s activities for whatsoever reason undertaken in any field whatsoever.

“Confidential Information” means any and all Information that, besides corresponding to the aforesaid definition, cannot objectively be deemed to fall in the public domain.

By way of mere example and without limitation, Confidential Information shall be deemed to include: know-how; technological processes; business, industrial and strategic plans; financial and strategic transactions; lists of customers, suppliers, collaborators and the related economic-commercial terms; personal data of employees and collaborators.

As a general rule, any and all Information and Confidential Information must be accessible solely to employees or other persons specifically authorised to access the same, to the extent strictly necessary for the performance of their assigned tasks and functions.

The aforesaid persons shall be bound to handle any and all the Information or Confidential Information, of which they may become aware or to which they may be afforded access, with the utmost confidentiality and to use the same only for permitted purposes in connection with the company’s activities.

All employees are required to handle any and all Information, even if not expressly qualified as confidential, as well as any and all Confidential Information of which they may become aware, with the utmost confidentiality, and to report their awareness of Confidential Information to their immediate hierarchical superior, taking all due precautions, in any event, to prevent the further disclosure of the said Confidential Information to third parties.

Employees shall be bound to refrain from revealing any Information or Confidential Information whatsoever to third parties, and from using the same to effect transactions on their own behalf, including through persons directly or indirectly linked to them.

Any and all Brembo employees, found to have violated the principles set forth above, shall be deemed to stand in serious breach of contract towards the company.

2.2.6 Inside information

Pursuant to provisions binding on Brembo in its capacity as a listed company, “Price-sensitive Information” or “Inside Information” means any and all Confidential Information of a precise nature, which has not been made public relating to one or more issuers of financial instruments or one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments.

Inside Information may not, in any event, be disclosed outside the company other than by the Investor Relator and/or the persons mentioned in the “Procedure for Disclosing Inside Information”.

By way of mere example and without limitation, Inside Information shall be deemed to include:

- acquisitions, mergers, de-mergers and similar projects;
- strategic plans, budgets, business plans, investment planning and any and all documents and information pertaining to business strategies;
- any and all information on new products and hi-tech materials;
- information on the commencement or the termination of operations in any business sector;
- changes in the company’s key personnel;
- transactions involving the company’s share capital;
- significant developments in pending litigation or labour disputes.

No Brembo employee may, directly or indirectly through third parties, on the basis of Inside Information or other Confidential Information acquired by reason of their position within Brembo, buy or sell any financial instruments whatsoever issued by Brembo or effect any other financial or commercial transaction for the purpose of securing any benefit, gain or profit.

Individuals or legal entities afforded access, on an ongoing or occasional basis, to Inside Information pertaining to the company, are referred to as “Insiders” and as such, are subject to inclusion in the Insider Register, and shall be informed of such inclusion pursuant to applicable Market Abuse regulations.

2.2.7 Internal dealing: Code of Conduct for transactions concluded by Insiders and persons closely associated therewith

Any and all regulatory requirements, aimed at increasing the transparency of transactions involving securities issued by the company and concluded by Insiders (persons in charge of the company’s management and control functions) or persons closely associated with Insiders, are part of the Code of Ethics.

In particular, under new regulations, timely disclosure of all such transactions involving an amount in excess of euro 5,000 must be made to CONSOB and the market.

That said, all the persons concerned have been provided with a copy of the Internal Dealing Regulation, approved by the Board of Directors of Brembo S.p.A.

2.2.8. Principles for disclosures to the market

The Investor Relator (appointed by the Board of Directors of Brembo S.p.A. and operating in close collaboration with the Chairman of such Board) is the only person authorised to make disclosures to the market, and shall bear full responsibility for all of the same. The Manager in charge of financial reports shall be bound to certify, under his own responsibility, that any and all financial and economic information disclosed to the market is true and correct as per the company's accounts and books, as required pursuant to Law No. 262 of 28 December 2005 "Provisions for the protection of savings and the regulation of financial markets".

In addition to the above, Brembo has fully transposed into its own corporate instruments the principles set forth in the Guidelines for Information to the Market, drawn up by Borsa Italiana S.p.A., and already delivered to all the persons and parties concerned.

2.2.9. Company's assets

a) Corporate assets

Any and all material goods and assets, over which the company enjoys rights of ownership, possession or use, made available to employees for use in the performance of their official duties within the company (including, without limitation: hardware, software, e-mail accounts, telephone equipment, motor vehicles, machinery, devices and tools, etc.), shall be deemed to constitute company property, and as such must be:

- used only by the employees expressly authorised to do so;
- properly used and handled;
- properly stored after use, in order to avoid theft, losses, damage arising from negligence, carelessness or lack of due skill, etc.;
- promptly reported to the relevant departments in case of defects, breakdowns, destruction, etc.

Save where other uses are expressly authorised, the aforesaid company property shall, as a general rule, be used solely for job-related and not personal purposes, and may in no event whatsoever be used:

- to secure any benefit, gain or profit whatsoever for oneself or others;
- (with specific regard to computer equipment and Internet access) for recreational and non-professional purposes, especially if such use could compromise the decorum and ethics of the company and other employees;
- to reproduce software, in any manner or form and for any reason or cause whatsoever, without express authorisation.

b) Intellectual property

Brembo's exclusive Intellectual Property, which the company is free to use as it deems fit, shall include any and all technical information, know-how, patents, trade marks, inventions, writings or whatsoever else that may be produced,

generated or otherwise developed by Brembo and/or its employees in the course of their employment with the company or as part of services rendered to the company, pursuant to the relevant regulatory framework applicable in the country of reference.

Brembo reserves the right to avail of any and all remedies available to it under law, to preserve its Intellectual Property and to ensure that none of its employees, all of whom are duty-bound to safeguard the Intellectual Property and refrain from using the same for personal purposes or for the benefit of third parties, is engaged in any conduct that could infringe or otherwise compromise Brembo's rights to the Intellectual Property.

2.2.10. Gifts and donations

Neither Brembo nor any of its employees and/or collaborators may make, promise or otherwise offer any gift, donation or gratuity whatsoever, of such entity, nature or kind as to, even potentially, be deemed excessive or extravagant in light of generally accepted business practices and common courtesy, or otherwise construed as an inducement for securing Brembo an undue advantage in the conduct of any activity whatsoever involving Brembo.

2.3. External Relationships

2.3.1. Relationships with Stakeholders

a) Local community and social context

Relationships with the local community and the social context, within which Brembo companies operate, must be characterised by transparency, compliance with applicable rules and regulations, and respect for the environment.

Moreover, in all the countries in which Brembo operates, the company shall promote (where necessary, in the forms contemplated under applicable local laws) the safeguard of human and workers' rights and safety both at and outside the workplace, the personal and professional growth of employees, and foster relationships with the local community and the social context, including through training initiatives and workshops, events aimed at protecting, enhancing and developing the local cultural and social fabric, as well as local trades and professions, to be organised either independently or in collaboration with local authorities.

b) Customers

Relationships with Customers must be aimed at achieving excellence in terms of product, service and quality, in line with the principles and values set forth above. All relationships with Customers must be characterised by mutual transparency and compliance with market and antitrust regulations, as well as any and all other rules and regulations in force in the country of reference.

Commercial policies must conform with the regulations in force in the country of reference and must be implemented on the basis of documents specifying the rights of the parties, in line with the principle of reciprocity.

Commercial incentives must be in line with market practices and compliant with the rules imposed by the Brembo Group.

Negotiations with Customers must be conducted in accordance with the principles of mutual business propriety, good faith and the prompt and proper performance of contractual obligations.

c) Suppliers

Relationships with Suppliers must be primarily targeted at obtaining the best services at the lowest prices, taking due account of specific circumstances and pursuant to negotiations and bargaining with suppliers.

Suppliers must be selected, and terms and conditions for the supply of goods and services to Brembo must be negotiated, in line with the principles of transparency, competitiveness, objectivity and propriety, taking due account of pricing, the quality of the goods or services supplied, the warranties offered, and in any event, objective indicators of value creation for the company.

Any pressure, of any nature or kind whatsoever, exerted by any Supplier during the selection process, must be vigorously resisted and immediately reported through hierarchical channels.

All Brembo employees, regardless of position and hierarchical position, are prohibited and absolutely barred from directly or indirectly securing any advantage whatsoever, whether for themselves or for others, through relationships with Suppliers.

2.3.2. Relationships with the Public Administration

Any and all relationships with the Public Administration must be characterised by strict compliance with the provisions of paragraph 2.1.2 above, in respect of Legislative Decree No. 231/2001 as further extended.

Relationships with the Public Administration must be managed exclusively by the corporate functions expressly invested with the delegated powers and authority required for such purpose.

The said relationships must be based on principles of complete transparency, strict compliance with all applicable regulations, clarity and certainty of the procedures through which transactions are to be reported, with a view to avoiding misunderstandings at the time of reconstructing the procedural history thereof.

No gifts or donations of any nature or kind whatsoever may be made, promised or otherwise offered to civil servants and other officials or employees of the Public Administration, or the relatives thereof, regardless of nationality, other than in accordance with the provisions set forth in paragraph 2.2.10. Gifts and Donations, as well as, in any event, with any and all applicable regulations.

Moreover, no object, service or favour of value may be offered or accepted as an inducement for securing more favourable treatment in any relationship whatsoever with the Public Administration.

Without prejudice and in addition to the definition provided pursuant to applicable provisions for the intents and purposes hereof, corruption shall be deemed to include any and all unlawful payments made on behalf of or for the purpose of securing a benefit for the Company, not only directly by the Company or its employees, but also indirectly through third parties in Italy or abroad.

All Brembo employees, involved in business dealings, applications or other relationships with the Public Administration, shall refrain from attempting to unduly influencing the decisions made by persons representing the latter, especially in the case where the said persons are invested with authority to make decisions binding on the Public Administration.

In the specific case of participation in tenders called by the Public Administration, the company shall always ensure strict compliance with any and all applicable statutory provisions and best business practices.

Any and all outside consultants or other third parties representing Brembo in relationships with the Public Administration, and any and all of their employees, shall be deemed to be fully bound by the same rules and instructions binding on Brembo employees.

No consultant or other third party may be appointed to represent Brembo in any relationship with the Public Administration, in the case where such appointment could give rise to a conflict of interest.

In any and all business dealings with the Public Administration, Brembo and all of its employees shall refrain from directly or indirectly:

- considering or offering business or employment opportunities that could give rise to personal gain for any employee of the Public Administration;
- offering or otherwise making gifts;
- soliciting or obtaining confidential information that could compromise the integrity or reputation of one or both parties.

Any and all actual or potential breaches of the above provisions, by Brembo employees or third parties, must be promptly reported to the relevant corporate functions.

Brembo may make financial contributions to political parties, committees, public organisations or political candidates, but only in strict compliance with applicable regulations.

2.3.3. Administration and reporting obligations

Any and all administrative, financial or tax-related activities, and any and all activities, pertaining to statutory reporting obligations applicable in the country of reference, must be effected by appropriately skilled and trained Brembo employees, in strict compliance with all applicable regulations and in accordance with guidelines imparted by the parent company.

In particular, the aforesaid activities must be organised with a view to preventing engagement, for any reason or cause, and in any manner or form whatsoever, including if only negligently or unintentionally, in conduct or behaviour, falling within the scope of Legislative Decree 231/2001 as further extended.

Moreover, appropriate administrative and accounting procedures must be established for the drawing up of the annual financial statements, the consolidated financial statements, and any and all other financial reports required pursuant to Law 262/2005.

3. Environmental, Health and Workplace Safety Policy

Respect for the environment and individual and collective health and safety is one of the imperative principles underlying all Brembo's activities: as a result, this principle may not be breached in any corporate decision or by any employee. Brembo is firmly committed to promoting sustainable and responsible industrial development that is appreciated by the local community.

Brembo pursues these primary objectives both by implementing state-of-the-art technology in all its facilities and through training and outreach initiatives, aimed at sensitising all Brembo employees to the issues involved.

Brembo's policies in such regard shall always be in line with international best practices, especially with a view to ensuring that:

- tasks, roles and responsibilities are clearly identified in the company's organisational structure;
- the design and development phases of each individual process are planned in an integrated manner, especially so as to promote sustainable development and minimise risks for workers;
- the management system is subjected to systematic audits to ensure its continued effectiveness;
- in addressing environmental and occupational health and safety issues, Brembo takes account not only of imperative statutory requirements, but also of feedback from stakeholders.

4. Breaches

All Brembo employees are bound to comply with the provisions set forth in the Code of Ethics, in the course of all conduct and activities at the workplace. Alleged ignorance or incomplete knowledge of the Code of Ethics and its contents shall be no excuse for breaches.

The Code of Ethics is intended to constitute much more than a mere disciplinary framework that imposes strict rules, and also aims at providing general ethical and behavioural guidelines and shared principles that all Brembo employees are invited to voluntarily follow in all job-related relationships both within and outside the company.

It is therefore hoped that all persons and parties, directly or indirectly concerned or involved, will voluntarily comply with all the provisions set forth in Brembo's Code of Ethics.

Responsibility for the implementation of the Code of Ethics resides with:

- each and every Employee;
- each and every Head of Department;
- the company's Control Bodies.

Amongst the control bodies, the Supervisory Committee is specifically in charge of monitoring the proper implementation of this Code of Ethics, with particular reference to the rules of conduct pertaining to Legislative Decree No. 231/01, in coordination with the various corporate functions in question. Any and all suggestions and reports, pertaining to the implementation of this Code of Ethics,

must be submitted to the Supervisory Committee, through the specific reporting channels made available on the company's website, and in the case of Brembo collaborators, through the company's portal.

Any and all actual or potential breaches hereof by Brembo or third parties must be promptly reported to the relevant internal functions, through the immediate hierarchical superior.

Disciplinary action shall be taken in accordance with applicable labour laws and other regulations.

In addition to the disciplinary measures applicable in the country of reference, any and all breaches of this Code of Ethics may entail legal action against the persons or parties responsible.