



ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS, PURSUANT TO ARTICLE 125-TER OF CONSOLIDATED LAW ON FINANCE, AND CONCERNING THE SECOND ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BREMBO S.P.A., CALLED ON 29 JULY 2019 (SINGLE CALL).

**2. Proposal for the modification of the overall remuneration to be awarded to the Board of Directors.
Relevant and ensuing resolutions.**

Shareholders,

In respect of the second item on the Agenda, you are called on to resolve on the proposal for the modification of the overall remuneration of the Directors.

In this regard, it bears recalling that, as described in the Brembo Group's 2019 Annual Remuneration Report, on 20 April 2017 the Shareholders' Meeting confirmed the previous arrangements by approving an overall remuneration of €4,000,000.00 for the Board of Directors, inclusive of remuneration for Directors holding special offices, in accordance with Article 2389, paragraph 3, of the Italian Civil Code. Brembo's Board of Directors then divided up the above remuneration pursuant to Article 21 of the By-laws at its meeting on 20 April 2017.

Despite an uncertain automotive market at the global level, the Brembo Group remains solid and continues to enjoy sound profitability thanks to a strategic distribution of the Group's industrial footprint, constant innovation in the area of production processes, technologies and company organisation and an increasingly complex and innovative product portfolio, together with the steadfast commitment of its governance and control bodies, top managers and the entire management team. Brembo therefore regards it as essential to continue with an organic and acquisition-based growth strategy, enhancing its presence in all markets of operation and strengthening its leadership in all areas of innovation (vehicle electrification, connectivity, autonomous driving, etc.).

In light of the above, the Board of Directors believes it appropriate to propose a modification of the overall remuneration to be awarded to the Board of Directors to provide the governance body with adequate resources:

- to ensure overall remuneration consistent with the reference remuneration market for positions similar to that of executive director suited to attracting and retaining high-profile candidates such as Director Schillaci, whom the Board of Directors proposes that the Shareholders' Meeting confirm;
- in view of the reappointment of company boards and officers (set to occur with the Shareholders' Meeting called to approve the 2019 Financial Statements), to establish a Board of Directors offering a strong mix of competencies and a wide range of high-profile professional skills, comparable to those offered by the Directors currently in office;
- to set aside a residual, "unused" portion:
 - i) to consolidate governance activities dedicated to the Board of Directors, such as the implementation of the Board Performance Evaluation through a specialised independent consultant and the induction activities of the Board of Directors;
 - ii) to develop additional elements in line with Italian and international best practices (in the areas of engagement and stewardship) with the aim of maintaining a governance system consistent with the highest expectations of its stakeholders.

In consideration of the foregoing, adopting the proposal put forward by the Remuneration & Appointments Committee of 21 June 2019, the Board of Directors sees fit, for the reasons set out above, to propose that the Shareholders increase the overall annual remuneration of the governance body, inclusive of remuneration for Directors holding special offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, from €4,000,000.00 to a maximum annual amount of €9,500,000.00 for the remainder of the Board's term of office, until the date of approval of the Company's 2019 Financial Statements (the date on which the current Board's term is set to end), and thus to leave to the discretion of the Board itself all decisions regarding the division of the said maximum overall amount amongst its various members.

Now therefore, in light of the foregoing, we submit for your approval the following:

Motion

“The ordinary Shareholders' Meeting of Brembo S.p.A., having examined the above motion by the Board of Directors

resolves

1. to increase the overall annual remuneration of the governance body, inclusive of the remuneration of Directors holding special offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, up to an annual maximum amount of €9,500,000.00 for the remainder of the Board's term of office.”

Stezzano, 28 June 2019

On behalf of the Board of Directors
The Chairman
Alberto Bombassei