

**CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE REPORT 2020**

pursuant to Article 123-*bis* of the Consolidated Law on Finance



Brembo S.p.A.

www.brembo.com,

section Company/Corporate Governance/Corporate Governance Reports
2020

Approved by the Board of Directors of Brembo S.p.A. on 4 March 2021



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Glossary

Brembo/Issuer/Company: Brembo S.p.A., with registered offices in Curno (Bergamo), via Brembo 25, tax code and VAT code No. 00222620163, listed on the Milan stock exchange.

Corporate Governance Code: the Code of Corporate Governance for Listed Companies promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, approved in its most recent edition in July 2018 by the Corporate Governance Committee (<https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance>).

New Corporate Governance Code: the 2020 Corporate Governance Code, approved by the Corporate Governance Committee and published in January 2020, which issuer Companies are required to apply with effect from the first year beginning after 31 December 2020, informing the market thereof in the Corporate Governance Report to be published in 2022 (<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020eng.en.pdf>).

Civil Code: the Italian Civil Code.

Board/Board of Directors/BoD: the Board of Directors of Brembo S.p.A.

Financial year: the financial year which the Report refers to, specifically the financial year ended 31 December 2020.

Group: the Brembo Group.

Borsa Italiana Instructions: Instructions on the Rules of Markets organised and managed by Borsa Italiana S.p.A.

Brembo's Corporate Governance Manual: the document defining Brembo's corporate governance rules, fully incorporating the Corporate Governance Code. The latest version is available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Governance Documents).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Brembo S.p.A. – Fifth Edition available on Brembo's website in its latest update (www.brembo.com, Company section, Corporate Governance, Codes and Policies).

Related Party Transactions Procedure: the Related Party Transactions Procedure adopted by Brembo S.p.A., in compliance with the Consob Resolution No. 17221 of 12 March 2010, and amended by Resolution No. 17389 of 23

June 2010; the Procedure is available on Brembo's website in its latest update (www.brembo.com, Corporate Governance, Governance Documents).

Consob Regulation on Related Party Transactions: the Consob regulation introduced by Resolution No. 17221 of 12 March 2010 as further amended by Resolution No. 17389 of 23 June 2010. The amendments to the Regulation on Related Party Transactions introduced by Consob on 10 December 2020 (in force with effect from 1 July 2021 – implementing Directive EU 2017/828) are being analysed thoroughly by Brembo to align the Procedure to the new provisions by 30 June 2021.

SC: Brembo S.p.A.'s Supervisory Committee.

Regulations of the BoD: the Regulations of the Board of Directors governing its formation, composition and functioning, adopted for the first time by the Board of Directors on 3 March 2017, after having heard the opinion of the Remuneration & Appointments Committee and subsequently amended in accordance with the laws and regulations from time to time in force (most recently amended on 7 November 2019).

Rules of Borsa Italiana: the Rules of Markets organised and managed by Borsa Italiana S.p.A., as amended and extended.

Rules for Issuers: the Rules for issuers established by Consob with Resolution No. 11971 of 1999, as amended and extended.

Market Regulations: the market regulations established by Consob with Resolution No. 20249 of 2017.

Report: the Corporate Governance and Ownership Structure Report pursuant to Articles 123-*bis* of TUF and 89-*bis* of the Rules for Issuers, approved on 4 March 2021 by the Board of Directors of Brembo and available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Corporate Governance Reports).

By-laws: the By-laws of Brembo S.p.A., in the current applicable version, amended by the Extraordinary Shareholders' Meeting of 23 April 2020¹, available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Governance Documents).

ICRMS: Internal Control and Risk Management System.

TUF: Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance), as further amended and extended.

¹ Update of the By-laws in accordance with the Budget Law No. 160/2019 on gender quotas within the governing and control bodies of listed companies. Amendments to Articles 15-*bis*, 22 and 30.

1. COMPANY PROFILE

Brembo is a world leader in the design, development and manufacture of braking systems and components for cars, motorbikes and industrial vehicles in the original equipment, aftermarket and racing sectors. It is capable of offering the highest levels of security, comfort and product performance thanks to the integration of its processes and optimisation of its entire production cycle, from design to iron or aluminium casting, assembly and tests and simulations — in the laboratory, on the track and on the road. The company's drive to innovation extends to new technologies, new materials, new forms and new markets. Product performance goes hand-in-hand with the search for a unique style, in keeping with the design of the vehicles in which the company's products are used. Lastly, the increasing use of environmentally friendly technologies, recycling of all materials used during production and thorough

prevention of all forms of pollution are further evidence of Brembo's commitment to the environment. The Group currently operates in 14 countries in 3 continents, with a staff of over 11,000, and supplies high performance brake systems to the most important manufacturers worldwide.

Even in 2020 — a year that was, as is known, characterised by the Covid-19 health emergency and the related extraordinary activities, including in terms of corporate compliance — Brembo S.p.A. succeeded in implementing corporate governance measures, thanks to efforts by members of its Board of Directors, Executive Directors and Management, making it possible to maintain a high standard of governance, constantly aligned with top national and international best practices.

1.1. 2020 Report's main new contents

This Report, approved by the Board of Directors on 4 March 2021, provides a general description of the corporate governance system adopted by the Group, its ownership structure and quantitative and qualitative information on the functioning of the Board of Directors, its committees and its Internal Control

and Risk Management System. This Report is available on the Company's website (www.brembo.com, section Company, Corporate Governance, Corporate Governance Reports) and through the authorised storage mechanism (www.1info.it).

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1.2. Governance Model

Governance System	<p>Brembo S.p.A. has adopted a traditional form of administration and control as provided for by Italian laws: the company's management is attributed to the Board of Directors, the supervisory functions to the Board of Statutory Auditors, and the statutory and accounting audit of the Company's accounts to the Independent Auditors appointed by the General Shareholders' Meeting.</p> <p>The Corporate Governance System of Brembo S.p.A. is inspired by and fully implements the recommendations of the Corporate Governance Code of Borsa Italiana, which the Company has incorporated into its Corporate Governance Code and in the Regulations of the BoD. Brembo took note, as early as in March 2020, constantly monitoring the developments and interpretative discussions relating to the New Corporate Governance Code in effect since 1 January 2021.</p> <p>To this end, Brembo participated actively in the many alignment and/or analysis meetings organised by ASSONIME for detailed exploration of all aspects of the New Code. In light of the need to understand the implementation trend amongst the main listed companies, Brembo will adopt the New Corporate Governance Code as soon as possible and as soon as the final interpretative doubts are clarified as a result of practical application and the related benchmark analyses.</p>
Company Bodies Diversity Policies and Criteria	<p>Acknowledging the change brought on by Law No. 160 of 27 December 2019 regarding gender quotas within the company bodies of listed companies, the Company aligned its internal governance accordingly, including its By-laws. It initially implemented this change through the proposal formulated by the outgoing administrative body for the renewal of Brembo's company bodies set to take place at the Shareholders' Meeting to be held on 23 April 2020, and then through the effective appointments.</p> <p>In order to implement the provisions of Article 123-bis, paragraph 2, letter d-bis), of TUF on the diversity rules for the Corporate Bodies of listed companies, on 3 March 2017, Brembo's Board of Directors approved the "Regulations of the Board of Directors" (subsequently amended first on 7 November 2018 and then on 7 November 2019), applicable with effect from the Board's 2017-2019 term of office, which provide new criteria — not only with regard to gender, but also experience, professionalism, age and other relevant aspects — in addition to those established by applicable laws and regulations. These criteria aim at governing the optimal formation/composition and functioning of the Board of Directors, including in terms of diversity, and are deemed adequate to the Group's size, position, complexity and the specific nature of its business sector and strategies. These criteria are also in line with the diversity-related recommendations introduced in the Corporate Governance Code in July 2018 (and then incorporated into the Corporate Governance Code of Brembo S.p.A. on 7 November 2018), adapting them to the nature and complexity of the Company's activity and the specific characteristics of the Group's business areas, with the aim of ensuring the competency and professionalism of directors and statutory auditors through an integrated approach to diversity and in accordance with current legal and regulatory obligations. They relate to:</p> <ul style="list-style-type: none">• the introduction of (qualitative and quantitative) diversity criteria, not only in terms of gender, but also experience, professionalism, age and other relevant aspects, with respect to the composition of the Board of Directors and the Board of Statutory Auditors. These are criteria of as an objective a nature as possible intended to ensure an ideal mix of skills and to provide the Company with corporate bodies that are appropriate to the Group's size, position, complexity, specific nature of its business sector and strategies.• the formulation of qualitative and quantitative criteria to be used to assess the significance of the relationships being examined for the purposes of assessing the independence of the directors. <p>Finally, it should be noted that these criteria, together with the indications provided by the Remuneration & Appointments Committee at its meeting on 3 March 2020, the recommendations from the Independent Directors and the results of the 2019 Board Performance Evaluation formed the basis for the guidelines formulated by the Board of Directors for the presentation of candidates for the purposes of renewal of the company bodies for the 2020-2022 three-year term.</p> <p>The details of these corporate body diversity policies and criteria are provided in sections 4.4 and 13.2.</p>

Sustainability² and Corporate Social Responsibility

Brembo recognises the growing importance of non-economic aspects to creating the Company's value and therefore began in the late 1990s — when it issued its first Intangible Capital Report — to set up a sustainability system inspired by the main Italian and international reference documents³.

Brembo has set up a “CSR Meeting” (formerly, the Corporate Social Responsibility Steering Committee) which, supported by a team consisting of representatives from the various company functions, is responsible for defining guidelines and adopting Corporate Social Responsibility policies, approving and supervising the projects proposed by the Chief CSR Officer, overseeing the stakeholder engagement process, drawing up a draft Materiality Matrix to be submitted to the Board of Directors, and assessing the draft Disclosure of Non-Financial Information. In order to oversee and coordinate the performance of these activities, the position of “CSR Officer” was created in 2013 and was subsequently renamed Chief CSR Officer. This role is filled by the Director in charge of the Internal Control and Risk Management System, with the aim of:

- coordinating and implementing the CSR Meeting (formerly the CSR Steering Committee) activities;
- coordinating the communication streams required to collect data and prepare the draft Disclosure of Non-Financial Information;
- interfacing periodically with the Audit, Risk & Sustainability Committee as liaison to the CSR Meeting (formerly the CSR Steering Committee);
- proposing CSR projects and initiatives;
- monitoring outside best practices by managing relations with stakeholders.

At its meeting on 20 April 2017 the Board of Directors also identified the Audit and Risks Committee as the governance committee to be tasked with supervising all sustainability issues and interactions with all stakeholders (in line with the recommendation set forth by the Borsa Italiana S.p.A. Corporate Governance Code), changed its name into Audit, Risk & Sustainability Committee and updated the list of its tasks as described in the Committee's Rules⁴ (see sections 9 and 16.1).

Dialogue with internal and external stakeholders is a fundamental part of Brembo's strategy for doing business in a consistently sustainable manner, since it allows important information to be gathered about the environment in which it operates and feedback to be obtained about its actions. Through this process of listening and dialogue, Brembo is able to assess the extent to which it is understanding and satisfying the expectations and interests of its stakeholders by identifying the areas in which to increase its commitment and those in which to confirm the approach adopted. Establishing ongoing, mutually satisfactory dialogue requires the identification of key stakeholders with which to promote periodic dialogue initiatives and the definition of the most appropriate methods of securing their engagement.

Brembo's commitment includes a series of voluntary actions and social interest initiatives, inspired by the standard ISO 26000 and exceeding the legal obligations, in the following areas: governance; sound management practices; people; the environment; supply chain; and community engagement and development.

Brembo's first Sustainability Report (2016 edition) was presented to the Shareholders' Meeting held on 20 April 2017 and then published on the Company's website (brembo.com, Sustainability, Report and Presentations section), one year before the publication became mandatory by law. It was drawn up in accordance with the guidelines issued by the Global Reporting Initiative (G4) following a materiality analysis process aimed at identifying the areas of greatest interest and with the greatest risks and opportunities for the purposes of business development and value creation from the perspective of long-term sustainability. On the basis of this, priority indicators were identified for use in monitoring and communicating the Group's sustainability performance.

² For further information see the Company's website (brembo.com, Sustainability section).

³ The Corporate Governance Code, the UN Universal Declaration of Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises

⁴ www.brembo.com, section Company, Corporate Governance, Governance Documents.

**2020 Materiality
Matrix and Disclosure
of Non-Financial
Information**

To define the structure and contents of the Consolidated Disclosure of Non-Financial Information pursuant to Legislative Decree 254 of 30 December 2016 (hereinafter also “NFD”) — implementing Directive No. 2014/95/EU as regards disclosure of non-financial and diversity information — Brembo conducted a materiality analysis aimed at identifying the topics that are deemed relevant — in relation to its business profile, strategies, stakeholders’ expectations and business environment — to report the Company’s economic, environmental and social impacts and that can influence the decisions of the Group’s stakeholders.

Materiality corresponds to the threshold above which the Material Aspects become sufficiently important as to be included in the NFD. Above this threshold, not all the Material Aspects have the same importance and the significance attributed in the NFD must reflect the priority of such Material Aspects in the Group’s different activities. The analysis was carried out according to the guidelines published by the Global Reporting Initiative (GRI) and is valid for three years, with a periodic revision of the assessments of the individual Aspects.

For 2020, the materiality analysis process was carried out identifying the new material topics based on the reports made in 2020, the macro-trends identified through benchmarks and the topics that emerged during interviews with Management.

These aspects were evaluated both by Brembo’s management and by several priority stakeholders, such as clients, suppliers, insurance companies and trade associations (ANFIA, CLEPA, Lombardy Mobility Cluster, Italian National Transport Cluster). The analysis of the 17 material topics resulted in confirmation of the main environmental aspects, health, safety, continuous innovation and product quality and safety, in addition to brand reputation.

The 2020 Materiality Matrix was reviewed by the CSR Meeting (formerly the CSR Steering Committee) on 4 December 2020, audited by the Audit, Risk & Sustainability Committee on 10 December 2020 and then approved by the Board of Directors on 17 December 2020. The Matrix emphasises the topics that Brembo has identified for disclosure in 2020 in its NFD for the said reporting year.

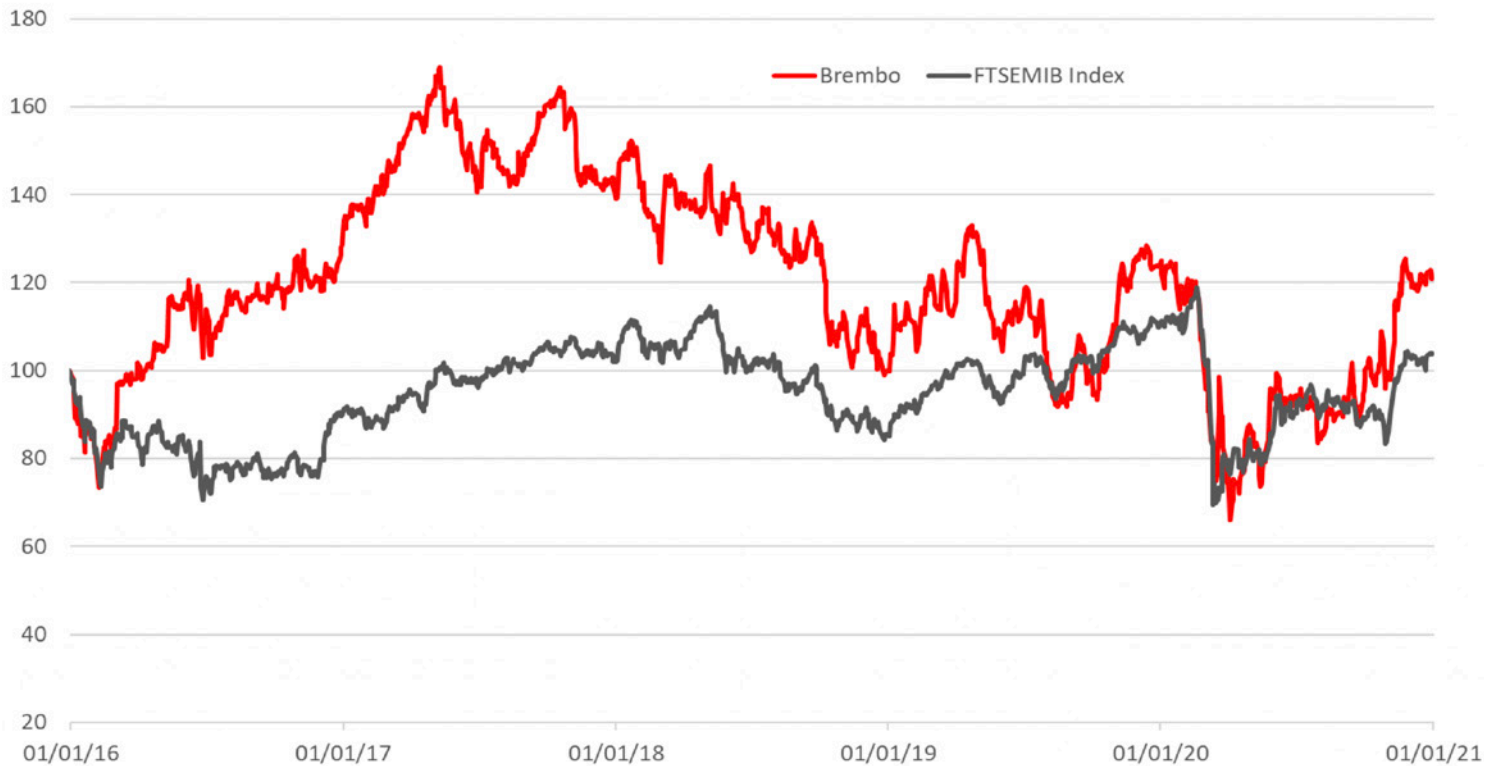
The NFD for 2020 was examined and approved by the Board of Directors of Brembo at its meeting of 4 March 2021, after being examined by the Audit, Risk & Sustainability Committee during its meeting of 25 February 2021, and it was then submitted to the control bodies (Board of Statutory Auditors and Independent Auditors) for the activities within their remit. The NFD was also subject to limited assurance by the same auditing firm commissioned to audit the financial statements (EY), who verified that it conforms to Legislative Decree No. 254/2016 and complies with the principles and methodologies of the reporting standard used (GRI). The related report, which is separate from the independent auditors’ report, is appended to and published together with the NFD. The 2020 NFD is available on the Company’s website (www.brembo.com, in the Sustainability, Report and Presentations section).

1.3. Company Key Highlights

(euro million)	2019	2020	Change
Sales	2,591.7	2,208.6	- 14.8%
EBITDA	515.2	388.7	- 24.6%
Profit	231.3	136.5	- 41.0%
Net financial position	346.2	384.7	+ 38.5 mln
Net financial position iFRS 16 excluded	150.2	175.8	+ 25.6 mln
Market capitalisation at 31 December	3,693	3,606	/
Workforce (headcount)	10,868	11,039	+ 171

1.4. 2016-2020 Stock Performance

Brembo vs FTSEMIB Index 2016-2020





2. INFORMATION ON OWNERSHIP STRUCTURE AT 31 DECEMBER 2020

2.1. Structure of share capital

Brembo S.p.A.'s subscribed and fully paid-up share capital amounted to €34,727,914 and was divided into 333,922,250 ordinary shares, without nominal value. As at the date of the

approval of this Report, the Company holds 10,035,000 own shares representing 3.005% of share capital.

Share Ownership at 31 December 2020

Feature	Yes/No	Share capital %
Presence of syndicate agreements	No	--
Presence of increased voting right	Yes	--
Restrictions on the transfer of securities	No	--
Securities carrying special rights	No	--
Employee share ownership scheme	No	--
Restrictions on voting rights	No	--
Minimum shareholding required for the submission of lists	Yes	1%

2.2. Significant shareholdings

Number of ordinary shares outstanding: 333,922,250

(Figures taken from the Shareholders' Register at 31 December 2020 and included in Consob notices)

	Declarant	Direct shareholder	Nationality	No. of shares	% of share capital with right to vote
Significance Threshold as per Article 117 of the Rules for Issuers					
1	BOMBASSEI ALBERTO	NUOVA FOURB SRL	ITALIAN	178,723,765	53.523
2		SPRUCEGROVE INVESTMENT MANAGEMENT LTD	CANADIAN	10,583,539	3.169
3		SMALLCAP WORLD FUND INC	U.S.	10,356,574	3.101
4		BREMBO SPA	ITALIAN	10,035,000	3.005
Below the Significance Threshold as per Article 117 of the Rules for Issuers					
5		COLUMBIA ACORN INTERNATIONAL	U.S.	3,710,346	1.111
6		PUBLIC PENSION AGENCY	ARAB	3,173,989	0.951
7		VANGUARD TOTAL INTERNATIONAL STOCK INDEX	U.S.	2,642,919	0.791
8		STICHTING BEWAARDER JUNO	DUTCH	2,326,500	0.697
9		AMERICAN FUNDS INSURANCE SERIESGLOBAL SMALL CAPITALIZATION FUND	U.S.	2,323,605	0.696
10		BROWN BROTHERS HARRIMAN & CO.	U.S.	2,173,276	0.651

2.3. Increased Voting Right

The Shareholders' Meeting on 18 April 2019 approved the amendment to Article 6 of the By-laws, introducing — pursuant to Article 127-*quinquies* of TUF — the increased voting right mechanism. The amendment aims to foster stable and loyal ownership by promoting medium/long-term investment in Brembo's share capital in order to support the Group's organic and non-organic growth.

Stable share ownership is a strategic factor to the success of the Company's growth projects, since these are projects that, in view of the characteristics of the Group's business, are to be developed over a medium-to-long term time horizon, and therefore require the support of shareholders whose investment rationale and return expectations are oriented accordingly.

The company's By-laws provides for the allotment of two votes for each share belonging to the shareholder requesting to be registered in the Special List — maintained and updated by the Company — provided that the said share is held for a period of

no less than 24 subsequent months starting from the date of its registration in such Special List⁵.

All details relevant to the procedure for the registration, maintenance and updating of the Special List, complying with the applicable laws, the By-laws and the market practice, are described in the Increased Voting Right Regulations approved by the Board of Directors of Brembo on 18 April 2019.

At 31 December 2020, only a few shareholders were registered in the Special List for the entitlement to increased voting right; as at the date of approval of this Report, none of these benefited from the entitlement since 24 months have not yet elapsed since the date they were registered in the same List.

For further information please refer to the Increased Voting Right Regulations available on the Company's website (brembo.com, section Investors, For Shareholders, Increased Voting Right).

2.4. Change of control clauses

As part of their business, Brembo and its direct or indirect subsidiaries are parties to various joint venture, supply, cooperation and financing agreements. As is customary at the international level and in negotiating practice for such agreements, they include clauses that if applied grant each

of the parties the power to terminate and/or amend such agreements in the event of a direct and/or indirect change of control of one of the parties.

⁵ On 23 April 2020, the General Shareholders' Meeting of the Issuer amended Article 6 of the By-laws to bring it into line with Consob Communication No. 0214548 of 18 April 2019, which establishes the automatic award of increased voting rights upon satisfaction of the legal requirements and specifies that communication by the depositary intermediary certifying continuous possession of the shares from the beginning of the required period of time does not constitute an additional requirement for award of the rights, but merely a method whereby the company may assess that the rights have accrued.



2.5. Power to increase the share capital

In accordance with Article 2443 of the Civil Code, on 18 April 2019 the General Shareholders' Meeting again vested the Board of Directors (until 18 April 2024) with delegated powers to increase the share capital by issuing new shares — on one or more occasions, also in several tranches, pursuant to Article 2439, paragraph 2, of the Civil Code, while excluding the option right pursuant to Article 2441, paragraph 4(2), of the Civil Code — for an overall maximum value of €3,472,791.40 and no more than 33,392,225⁶ shares without nominal value, or — if fewer — of the number of shares that, at each date such delegated powers are exercised (and taking due account of any and all the shares that may already have been issued pursuant to said powers), represents 10% (ten percent) of the Company's total

shares at such date⁷. To this end, the Board of Directors is additionally empowered to:

- establish, for each issue, the number, unit price of issue and dividend rights of the related ordinary shares, without restriction except as specified under Article 2441, paragraph 4(2), and/or Article 2438, and/or Article 2346, paragraph 5, of the Civil Code;
- determine the deadline to subscribe the Company's ordinary shares;
- exercise the delegated powers, as well as the authority mentioned above, including and not limited to, full powers to accordingly amend the Company's By-laws, as may be required from time to time.

2.6. Authorisation to repurchase own shares

After revocation of the previous Resolution dated 18 April 2019, the General Shareholders' Meeting of Brembo S.p.A. held on 23 April 2020 approved a plan for the buy-back of own shares ending on 23 October 2021, thus in a maximum period of 18 months.

This authorisation entails:

- the purchase of a maximum of 8,000,000 treasury shares for up to €144,000,000 and the sale of all treasury shares held, in one or more tranches, for a maximum period of 18 months, at a minimum price of no more than 10% below the reference price of the shares during the trading session on the day before each purchase transaction is undertaken and a maximum price of no more than 10% above the reference price of the shares during the trading session on the day before each individual purchase transaction is undertaken, by drawing on unrestricted reserves;
- with reference to the disposal of own shares for a maximum term of 18 months, granting the Board of Directors the power

to define, from time to time, all the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the realisation methods applied and the price trend of the stock in the period before the transaction, acting in the best interest of the Company;

- granting the Chairman and Executive Deputy Chairman full powers, to be exercised severally and/or delegated to third parties, to implement the Resolutions as per the points above, even availing of attorneys-in-fact, in accordance with applicable laws and as requested by relevant authorities.

It should be noted that, as at the date of approval of this Report, the Company has not yet launched the plan approved by the General Shareholders' Meeting of 23 April 2020.

Finally, the Company's Board of Directors decides to submit a new plan to the General Shareholders' Meeting of 22 April 2021, subject to prior revocation of the one that remained unexecuted.

Own Shares in Portfolio at 31 December 2020

No. of own shares	% of share capital	Average book value	Total value
10,035,000	3.005%	Euro 1.543	Euro 13,475,897

⁶ The number of shares reported herein accounts for the stock split approved by the General Shareholders' Meeting of 29 April 2017.

⁷ Please refer to Article 5 of the By-laws.

2.7. Direction and coordination

Brembo S.p.A. is not subject to the direction and coordination of any company or entity pursuant to Article 2497-*bis* of the Civil Code, despite it being controlled by another company. This is because, in accordance with the provisions of the Corporate Governance Code, decisions that result in the following are subject to the collective examination of and exclusive approval by the Board of Directors of Brembo S.p.A. which as of 31 December 2020 includes six independent Directors:

- the preparation of the Group's business, strategic and financial and budget plans;
- the issuance of directives on matters of financial and credit policy and the centralisation of functions such as treasury management, administration, finance and control; and
- the definition of the strategies for the growth, strategic and market positioning of the Group and its individual Companies, particularly where policies may influence and

determine their practical implementation by the Company's management.

The professional expertise and authoritativeness of non-executive and independent Directors are an additional guarantee that all Board of Directors' decisions are taken in the sole interest of the Group and its stakeholders, without being subject to any direction or interference from third parties representing interests other than those of Brembo S.p.A.

Brembo S.p.A. is responsible for coordination and control of its Subsidiaries pursuant to Article 2497 of the Civil Code, and sets the company and Group strategies aimed at medium-to-long-term sustainability in terms of financial performance, business objectives, investments and sales and marketing policies. The requirements pursuant to Article 2497-*bis* of the Civil Code have been complied with.



3. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (pursuant to Article 123-bis, paragraph 2, letter a, of TUF)

Brembo endorses the recommendations of the Corporate Governance Code of Borsa Italiana S.p.A., through the adoption of its own Corporate Governance Code. Neither Brembo S.p.A. nor any of the companies it directly or indirectly controls is subject to any foreign or international regulations that could potentially affect Brembo's Corporate Governance Structure.

In 2017, Brembo's Corporate Governance Code was accompanied by specific Regulations of the BoD, amended in 2018 and then again in 2019. The Regulations of the BoD also lay down the criteria for forming/composing the Board of Directors and Board of Statutory Auditors and the related functioning, in line with best practices.

In March 2020, Brembo acknowledged the New Corporate Governance Code in effect since 1 January 2021, and constantly monitored the related developments and interpretative discussions. To this end, Brembo participated actively in the many alignment and/or analysis meetings organised by ASSONIME for detailed exploration of all individual aspects of the New Code. In light of the need to understand the implementation trend amongst the main listed companies, Brembo will adopt the New Corporate Governance Code as soon as possible and as soon as the final interpretative doubts are clarified as a result of practical application and the related benchmark analyses.

Moreover, in order to promote a corporate governance model that devotes constant attention to all stakeholders, and in particular to institutional investors and the financial market, while also anticipating new needs and the most impactful trends, Brembo:

- constantly monitors governance principles and models generally adopted at the European and international level that represent best practices in the area of corporate governance;
- reviews the results of the analyses and most authoritative observers on the subject of corporate governance, in Italy and abroad, and compares them with its own structural and organisational elements, for purposes of ongoing improvement.

As in previous years, as part of this process and in order to apply the Corporate Governance Code in an increasingly consistent and substantial manner, the Executive Directors, the Lead Independent Director and the Independent Directors have examined the recommendations made by the Governance Committee in its Letter sent to issuers, on the basis of the Eighth Report on the Application of the Corporate Governance Code, indicating a sound level of application at Brembo (see paragraph 18).

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of Company Directors

The Company is governed by a Board of Directors made up of a minimum of five and a maximum of eleven members, as determined by a resolution of the General Shareholders’

Meeting. Directors are appointed by the ordinary Shareholders’ Meeting on the basis of lists with a minimum threshold of 1% of share capital.

Summary of the Company’s By-laws Provisions

<p>Composition (Article 15 of the By-laws)</p>	<p>The Board of Directors consists of:</p> <ul style="list-style-type: none"> • a minimum of five and a maximum of 11 members (executive and non-executive Directors), who may be re-elected and, unless otherwise resolved by the General Shareholders’ Meeting, shall hold office for the period specified in the General Shareholders’ Meeting appointment resolution, up to a maximum of three years; they shall expire at the date set for the General Shareholders’ Meeting called to approve the Financial Statements for their last year of office, subject to the causes for termination and forfeiture provided for by law and the By-laws; • at least one (1) Board member, or two members if the Board is made up of more than seven members, meeting the independence criteria pursuant to laws and the Corporate Governance Code of Borsa Italiana, endorsed by the Company; • its composition must reflect gender balance, in accordance with the laws and regulations from time to time in force. <div style="background-color: #f0f0f0; padding: 10px; margin-top: 10px;"> <p>The new Brembo’s Corporate Governance Code, which incorporates the provisions of the Regulations of the BoD, establishes additional quantitative and qualitative criteria for the formation of the Board of Directors, so that its composition is suited to the Group’s size, positioning, complexity, specific industry and strategies. These criteria also represent and include the diversity policies in the composition of the governing body pursuant to Article 123-bis, paragraph 2, letter d-bis, of the TUF (see paragraph 4.4).</p> </div>
<p>List voting (Article 15-bis of the By-laws)</p>	<p>With regard to the lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to do so, together with all the other related documents as required under the By-laws:</p> <ul style="list-style-type: none"> • the lists containing a number of candidates equal to or greater than three cannot include only candidates of the same gender (men and women); these lists must include a number of candidates of the under-represented gender such as to ensure that the composition of the Board of Directors complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non-integer number, this must be rounded up in compliance with the laws — including regulatory — applicable from time to time and as specified in the notice of calling of the General Shareholders’ Meeting called to resolve on the appointment of the members of the Board of Directors. <p>Moreover, all lists must be drawn up taking into account the diversity criteria specified in Brembo S.p.A.’s Corporate Governance Code.</p> <ul style="list-style-type: none"> • the lists must be filed with the Company’s registered offices at least 25 calendar days prior to the scheduled date of the General Shareholders’ Meeting at first calling and they must be made available to the public at the Company’s registered offices, on the corporate website and in the other manners and forms specified under statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Shareholders’ Meeting; • the lists shall be numbered in serial order according to the date of their filing with or submission to the company; • the filing of voting lists pursuant to the provisions of Article 15-bis of Brembo S.p.A.’s By-laws shall also be valid for General Shareholders’ Meetings held at subsequent callings, if any; • in this latter case, new voting lists may be submitted and the aforementioned terms set forth for the filing of lists are reduced to 15 and 10 days, respectively.



Voting and Election (Article 15-ter of the By-laws)

With reference to the procedures regulating the voting process to appoint the Governing Body:

- all the Board members to be appointed as determined by the General Shareholders' Meeting, save one (1), shall be drawn from the list obtaining the highest number of the votes cast by Shareholders, in the same serial order in which they appear on the said list;
- the remaining seat on the Board shall be awarded to the first candidate on the list that obtained the second highest number of votes and that is not linked in any way, whether directly or indirectly, with the Shareholders who submitted or voted in favour of the list that obtained the highest number of votes;
- the positions of Independent Directors, who must meet the requirements of independence, pursuant to article 15 of these By-laws as mentioned above, will be filled from the list that obtained the highest number of the votes cast, or if this is not possible, from the list that obtained the second highest number of votes;
- for the intents and purposes of appointments to the Board of Directors, no account must be taken of lists that failed to obtain a number of votes representing at least half the aforementioned percentage established under Article 15-bis of the By-laws for the submission of voting lists (for instance, half the 1% of share capital);
- should only one list be submitted, all the members of the Board of Directors must be drawn from the said list, it being understood that in the event no list is submitted, the General Shareholders' Meeting shall pass related resolutions by majority vote, in accordance with applicable laws and regulations, and provisions concerning gender balance (including the rounding-up to the next higher unit in the event the application of the distribution criterion between genders results in a non-integer number);
- should be presented two or more lists, the Board of Directors members shall be drawn: (i) from the list obtaining the highest number of the votes cast by shareholders, in the same serial order in which they appear on the said list, all the Board members to be appointed save one (1), without prejudice to provisions concerning gender balance and pursuant to applicable laws and regulations; (ii) the remaining seat on the Board shall be awarded to the first candidate on the list that obtained the second highest number of votes and that is not linked in any way, whether directly or indirectly, with the Shareholders who submitted or voted in favour of the list that obtained the highest number of votes.

4.2. Succession plans

On 6 June 2011, the Board of Directors of Brembo S.p.A. approved the Brembo Group's current organisational structure reinforcing the Company's governance model in order to strengthen the top management team and gradually initiate internal succession mechanisms. Within this proven organisational structure⁸ and in accordance with the delegated powers assigned by the Board of Directors, Matteo Tiraboschi holds the position of Executive Deputy Chairman, Daniele Schillaci that of Chief Executive Officer, and Chairman Alberto

Bombassei has taken on a more strategic, less operational role, while maintaining executive powers.

In addition, for each top management position, Brembo also drew up guidelines, as summarised in specific documents approved by top management, to identify both short- and medium-term successors, so as to be able to manage unforeseeable cases of replacement of executives in as prompt and orderly a manner as possible.

⁸ On 8 May 2018, the Chief Human Resources and Organization Officer participated in the Board of Directors meeting to again present the succession plan.

4.3. Composition of the Board of Directors for the three-year period 2020-2022

The General Shareholders' Meeting held on 23 April 2020 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2020–2022, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022, based on the two lists submitted respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.27836% of the share capital, overall).

The candidates for the three-year period 2020-2022 were nominated on the basis of opinions expressed by the then outgoing Board of Directors regarding its size and composition and the types of professionals and managers (number, number

of independent directors, length of term, gender, professional skills), and the related remuneration, as described in the Directors' report on the appointment of the Board of Directors, made available on the Company's website.

Said opinions were expressed by the then outgoing Board of Directors, taking account of the indications expressed by the Remuneration & Appointments Committee during the meeting held on 3 March 2020, the recommendations of the Independent Directors, as well as the findings of the 2019 Board Performance Evaluation (end-of-term assessment for the period 2017-2019), with the aim of ensuring an ideal mix of skills, experience and professionalism among the members of the Board of Directors for the 2020-2022 term.



Composition of the Board of Directors and Board Committees at 31 December 2020

Board of Directors													Audit Risk & Sustainability Committee/Related Party Transactions Committee		Remuneration & Appointments Committee	
Office held	Name and surname	Year of birth	Seniority of service ¹	In office from	In office until	List ²	Exec.	Non exec.	Indep. as per Code	Indep. as per TUF	Attendance rate at 2020 meetings ³	Other offices held ⁴	Member	Attendance rate at meetings ³	Member	Attendance rate at meetings ³
Chairman	Alberto Bombassei	1940	21.12.84	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Executive Deputy Chairman	Matteo Tiraboschi	1967	24.04.02	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Chief Executive Officer	Daniele Schillaci	1964	28.06.19	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Director	Cristina Bombassei	1968	16.12.97 (coopt.)	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Director	Elisabetta Magistretti	1947	23.04.20	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	2	x	100%		
Director	Elizabeth M. Robinson	1956	23.04.20	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	3			x	100%
Director	Laura Cioli	1963	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	3	x (Chair)	100%	x	100%
Director	Gianfelice Rocca	1948	29.04.11	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x ⁵	x	100%	8				
Director	Umberto Nicodano	1952	03.05.00	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x			87,5%	-				
Director (LID)	Valerio Battista	1957	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	2				
Director	Nicoletta Giadrossi ⁶	1966	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi		x	x	x	100%	4	x	100%	x (Chair)	100%
Number of meetings held during the year of reference											(2020)	BoD: 8	Audit, Risk & Sustainability Committee: 5	Remuneration & Appointments Committee: 2		

Directors who left office in 2020

Director	Giovanni Canavotto	1951	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma	x				100%	-	-	-		
Director	Barbara Borra	1960	29.04.14	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma		x	x	x	100%	2	x	100%	x (Chair)	100%

NOTES

¹ This column shows the date on which the Director was appointed by the General Shareholders' Meeting as a Director of Brembo for the first time; 'co-option' means the date of co-option by the Board of Directors.

² This column indicates the list from which each Director was appointed ("Ma": majority list; "Mi": minority list).

³ This column shows the Directors' attendance rate at the meetings held by the BoD or Board Committees in 2020 (No. of times attended/No. of meetings held during the Director's actual term of office).

⁴ This column shows the number of Directorships or Auditorships held in other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies. Said information can be obtained from their respective statements. It should be noted that the maximum number of

Directorships or Auditorships in listed companies is set at four. Positions at listed companies in which the Director also holds a significant equity interest do not count.

⁵ It should be noted that Gianfelice Rocca qualified as independent due to the consolidated principle of the prevalence of substance over form (since the renewal of his appointment as Director of Brembo follows nine years of completed service in office). This was also in view of the professionalism and dedication that he has always shown and his active, punctual participation in Board meetings, and to his speeches and thoughts that have enriched and instilled quality into debate within the Board towards the resolutions passed while also maintaining complete independence of thought.

⁶ The candidature of Director Nicoletta Giadrossi was submitted by a group of Shareholders representing 2.27836% of the share capital - General Shareholders' Meeting held on 23 April 2020.

BoD's self-assessment activities, performed upon the appointment and subsequently during the meeting held on 4 March 2021, confirmed the following:

- all the appointed Directors meet the requirements of personal integrity, professionalism and respectability imposed by applicable statutory and regulatory provisions;
- the Non-executive Directors and those who can qualify as Independent Directors meet the requirements set by Article 148, paragraph 3, of TUF, and/or by the Corporate Governance Code, as indicated in the table on page 15. The table also specifies the Directors' respective roles within the

company, their attendance rate at the Board of Directors' meetings held in 2020, their seniority of service, and the number of positions held with other relevant companies;

- at least two-fifths⁹ of the Board of Directors consists of the less-represented gender;
- no Directors reported circumstances requiring the submission of a report by them under Article 1.C.4 of Brembo's Corporate Governance Code (Departure from the competition principle).
- no members of the Board of Directors of Brembo S.p.A. are Directors of any of its subsidiaries.

Professional Profile of the Directors Currently in Office

A short professional profile of each Director, with his/her personal and professional features, is included hereinafter, and is also available on the Company's website¹⁰.

ALBERTO BOMBASSEI

Chairman

Company founder and Chairman of the Board of Directors since 1993.

He is also founder and Chairman of the Kilometro Rosso Scientific and Technological Park. President of FROM - Bergamo Hospital Research Foundation.

Since 2020 he has been a member of the Executive Board and the Advisory Board of B20 Italy 2021 of Confindustria, in view of the G20, which will be chaired by Italy. He has been Member of the Board of Directors of ISPI – Institute for International Political Studies since 2016. He has been member of the Executive Board of ASSONIME, an association of Italian joint-stock companies, since 2017. Vice-President of Aspen Institute Italy since 2018. Member of the Leonardo Committee's Executive Board since 2018. Member of the Board of Directors of MADE - Competence Center Industry 4.0 since 2019. President of the Italy-China Foundation (2018-2020). Member of the Chamber of Deputies and the X Production Activities Committee (2013-2018). Vice President of Confindustria in charge of Industrial Relations (2004-2012). President of Federmeccanica (2001-2004)

Over the years he received several awards and honours, including: "Capo d'Orlando" Award for section "Science and Industry" (2019); "Leonardo" Award (2017) bestowed on him

by Italian President Sergio Mattarella; "Automotive Hall of Fame" Award (2017); title of Commander of the Order of Isabel the Catholic (2014) bestowed on him by Spain's Ambassador to Italy; the Ernst & Young Prize as "Entrepreneur of the Year" (2012); "Tiepolo 2012" Award; title of "Cavaliere del Lavoro" (2004) bestowed on him by Italian President Azeglio Ciampi; Leonardo "Qualità Italia" Award (2003)

MATTEO TIRABOSCHI

Executive Deputy Chairman

Born in Bergamo in 1967, he has been Executive Deputy Chairman of the Brembo Group since 2011 and a member of the Board of Directors of Brembo S.p.A. since he joined the company in 2002 as chairman of a subsidiary. He has served in roles of increasing responsibility at Brembo, including at an international level, such as Head of Foreign Subsidiaries and Group CFO and Investor Relator. After obtaining a degree in Economics and Business from the University of Bergamo, and after being admitted to the Bergamo Accountants Association and the Register of Statutory Auditors in 1995, he began his career at the Milan offices of a major auditing firm, where he remained for approximately four years. He then went into private practice for ten years as a Certified Public Accountant specialising in restructuring of companies undergoing a crisis situation, bankruptcy proceedings, taxation and corporate matters, while also serving as Director and Statutory Auditor in various companies. He has served as Director of two Italian SPACs and he has been a member of the Board of Directors of Milan Polytechnic since January 2017.

⁹ Minimum quota of the less-represented gender in the corporate bodies of listed companies (Law No. 160 of 27 December 2019), in force at the date of appointment of the Board of Directors (General Shareholders' Meeting of 23 April 2020) for the three-year term 2020-2022.

¹⁰ www.brembo.com, section Company, Corporate Governance, Governing Boards and Committees.



DANIELE SCHILLACI

Chief Executive Officer

Chief Executive Officer of the company since 1 July 2019. Daniele Schillaci was born in Sicily, Italy in 1964. After graduating in Industrial Technologies Engineering at the Polytechnic University of Milan in 1993, he has gained an experience of over 25 years in the automotive sector covering increasingly complex roles at an international level. After his initial experience at Renault and then as Alfa Romeo Brand Manager at Fiat Auto, Schillaci joined Toyota covering positions of increasing responsibility in Spain and France until he was appointed Senior Vice President, Sales & Marketing Toyota Europe. Since July 2015 he has worked in Japan in the role of Executive Vice President and Executive Committee Member of Nissan Motor Corporation, with responsibility as Head of Global Sales & Marketing and Electric Vehicles for all the Constructor's brands — Nissan, Datsun, Infiniti — focusing specifically on car production and market positioning. He also served as President of Japan&Asia Region with responsibility for production, engineering, development, sales and marketing, as well as administration and finance and led Nissan's "Zero Emission Vehicles" project

CRISTINA BOMBASSEI

Director in charge of the Internal Control & Risk Management System

Director of the company since 1997.

In 2013, she was appointed Chief CSR Officer and tasked with promoting Brembo Group's commitment to Corporate Social Responsibility. She is a Director of Kilometrorosso S.p.A.

She is President of the Pro Universitate Bergomensis association. Since 2020 she has been President of the Technical Group Corporate Social Responsibility and Sustainability of national Confindustria and Vice President of Confindustria Bergamo in charge of Education. Since 2019 she has been member of the Executive Committee of AIDAF, the Italian Association of Family Businesses.

In 2018, she was included in the list of "100 successful Italian women" drawn up by Forbes.

ELISABETTA MAGISTRETTI

Independent Director

Italian citizen.

She has been Non-executive Independent Director of Brembo S.p.A. since April 2020.

She graduated with honours in Economics and Business

Administration at the Bocconi University of Milan.

She is registered in the Certified Public Accountants Register, as well as in the Auditors Register. From 1972 to 2001, she worked for Arthur Andersen becoming a partner in 1984. In 2001, she became Central Manager Head of Administration Governance at Unicredit. From 2006 to 2009 she served as Head of Group Internal Audit Department within Unicredit. She has also been Management Board member of Italian National Accounting Body and member of the Board of Directors of the Interbank Deposit Protection Fund (until 2009), as well as a member of the Supervisory Board of Efrag. From 2011 to 2016 she served as Non-executive Independent Director of Pirelli & C. S.p.A. and from 2012 to 2020 as Non-executive Independent Director of the Luxottica Group S.p.A.

Currently, she is a Non-executive Director of Mediobanca-Banca di Credito Finanziario S.p.A. and of Smeg S.p.A.

She is a member of the Board of Statutory Auditors of the Unicredit Foundation and of Fondazione Italiana Accenture, as well as a member of the Executive Board of the "Associazione Per Milano Onlus" and of the Management Committee of the "Associazione per Milano" Fund.

ELIZABETH MARIE ROBINSON

Independent Director

Co-founder and Vice Chairman of Indaco Venture Partners SGR. Previously she served as Investment Director of the TT Venture fund from 2014 to mid-2018 and was a Venture Consultant for Sofinnova Partners in Paris from 2005 to 2008. She has also been an Angel investor for over 10 years.

Elizabeth has broad experience in life sciences and the development of innovative pharmaceutical products. She was a co-founder of NicOx S.A.(1997) and has been President of NicOx Research Institute since January 2006. She serves on the Board of Directors of several Italian private companies operating in the life sciences sector.

In her career, Elizabeth has served as Director, Product Development, at Recordati Italy (1990-1996); Consultant, Technology Development, at Techint Engineering Company (1988-1990); Vice President, New Technology Ventures Europe, at Genzyme (1985-1988); Visiting Scientist at MIT (1984-1987); and Post Doctorate Research Associate at MIT (1982-1984). Elizabeth graduated Phi Beta Kappa from Wellesley College in 1977, received her M.S. in Chemical Engineering from Massachusetts Institute of Technology in 1979 and her Ph.D. in biotechnology from MIT in 1982.

She is a member of the Fulbright Commission in Italy.

LAURA CIOLI

Independent Director

A Director of Brembo S.p.A. since 2017.

Previously, she has served in various executive roles at leading global companies operating in telecommunications, media, energy, financial services and management consulting. In particular, she has been: (i) Chief Executive Officer of GEDI Gruppo Editoriale S.p.A. (ii) Chief Executive Officer of Rcs Mediagroup, (iii) Chief Executive Officer of CartaSi, (iv) Chief Operating Officer of Sky Italia (News Corporation Group), (v) Senior Vice President of ENI Gas & Power, (vi) Executive Director of Vodafone Italia, member of the Executive Committee in various roles, including Head of Strategy and Business Development, Head of Operations and Head of the Business Division, and (vii) partner at Bain & Company. Moreover, she has acted as Non-Executive Director on the boards of various companies, such as Pirelli, Ansaldo Energia, Telecom Italia, Salini-Impregilo, World Duty Free Group, Cofide, Ansa and Visa Italia (as chairwoman). She is currently a member of the Board of Directors and Remuneration Committee of Sofina S.A., a member of the Board of Directors, the Appointments Committee, the Risks Committee and the Related Parties Committee of Mediobanca and a member of the Board of Directors, the Strategies and Sustainability Committee and the Committee for Operations with Related Parties of Autogrill.

After graduating with honours in Electronic Engineering from the University of Bologna, she also earned a master's degree in Business Administration from Milan Bocconi and is a member of the International Advisory Board of SDA Bocconi.

NICOLETTA GIADROSSI

Independent Director

A Director of Brembo S.p.A. since April 2017, she is currently also Chairman of Cairn Energy Plc, Chairman of TechHouse Asa, and a member of the Boards of Directors of Royal Vopak N.V. and Falck Renewables Spa, as well as Senior Advisor Industry and Energy at Bain Capital Partners Europe. From 2018 to the end of 2020 she served as member of the Board of Directors of IH S Markit Ltd, from 2016 to 2019 of Fincantieri SpA, from 2011 to 2017 of Faiveley Transport SA and from 2013 to 2017 of Bureau Veritas SA, as well as, until 2013, of Aker Solutions Asa. She began her career in 1988 at The Boston Consulting Group in Paris. In 1995, she joined General Electric Company, where she stayed for more than ten years, serving in various managerial roles in the Equipment and Oil & Gas sector, such as General Manager, GE Oil & Gas Downstream. From 2009

to 2012, she was Vice President & General Manager, Europe, Middle East and Africa of Dresser-Rand, a company operating in the Oil & Gas and Renewable Energies sector. From 2012 to 2014, she was Executive Vice President/Head of Operations at Aker Solutions Asa in Oslo, an offshore engineering firm. From 2014 to 2016, she was President Region A (Europe, Africa, Middle East, Russia and India) of Technip, a French engineering and technology firm in the energy and infrastructure sectors. She holds a degree in Mathematics and Economics from Yale University and an MBA from Harvard Business School.

VALERIO BATTISTA

Independent Director

A Director of Brembo S.p.A. since 2017. He holds a degree in Mechanical Engineering from the University of Florence and has gained extensive managerial experience over a long and illustrious career, first with the Pirelli Group and then with the Prysmian Group, of which he took the helm in 2005. At the Pirelli Group, he occupied positions of increasing responsibility, handling in particular the restructuring and reorganisation of Pirelli Cavi, making it into one of the company's most profitable and competitive divisions in the period 2002-2004. In 2005, he oversaw the creation of the Prysmian Group, which he led to its IPO in 2007.

UMBERTO NICODANO

Non-executive Director

A Director of Brembo S.p.A. since 2000.

A partner in the law firm Bonelli Erede since its foundation, he deals primarily with extraordinary finance transactions and matters of corporate governance and succession.

He sits on the Board of Directors and on internal board committees of various companies including Cerved S.p.A. and Valentino S.p.A.

GIANFELICE ROCCA

Independent Director

He is Chairman of the Techint Group, which includes the companies Tenaris, Ternium, Tenova, Techint E&C, Tecpetrol and Humanitas. A recognised global leader in the iron and steel, energy and infrastructure sectors, last year the Group reported annual revenues of 23.5 billion dollars and a headcount of approximately 57,100. In the 90s, he founded the Humanitas Clinical Institute, a general hospital among the most renowned in Europe: an international centre of research, teaching and case management of the Harvard University. He has been a member



of the Board of Directors of the Luigi Bocconi Business School since November 2014. In July 2017, he was named a member of the Board of Directors of the Leonardo Da Vinci National Museum of Science and Technology Foundation. In June 2020, he was appointed Special Advisor Life Sciences within Confindustria. In Italy, he sits on the Boards of Directors of Brembo S.p.A., Buzzi Unicem S.p.A. and is also a member of the Advisory Board of Milan Polytechnic. From June 2013 to June 2017, he was President of Assolombarda, the largest territorial association of entrepreneurs in Italy. For eight years — from May 2004 to May 2012 — he was Vice President of Confindustria in charge of Education, and from June 2012 to June 2016 he was a member of the Executive Board of EIT (the European Institute of Innovation and Technology). At the international level, he is Vice President of the Aspen Institute and also a member of its Executive Board, in addition to being a member of the European Advisory Board of the Harvard Business School, the International Cancer Center

Board of Advisors of the Beth Israel Deaconess Medical Center, and, finally, a member of the Trilateral Commission and ERT (European Round Table of Industrialists). Active in social and charity initiatives, he is Chairman of the Fondazione Rocca and the Fondazione Fratelli Agostino ed Enrico Rocca. In 2007, he was granted the Italian honorary title of “Cavaliere del Lavoro” and in 2009 he was awarded an honorary degree in Management Engineering from the Polytechnic of Milan. In 2010, the President of the Italian Republic, Giorgio Napolitano, awarded him the “2009 Leonardo Prize” for his contribution to the strengthening of the Italian international expansion in the steel, energy and infrastructure industries. In 2018, he was awarded the honorary title of “Commendatore” by President of the Italian Republic Sergio Mattarella for his dedication and contribution to Italy’s economy. He graduated with honours in Physics from the University of Milan and completed a PMD at the Harvard Business School in Boston. He lives in Milan, is married and father of two children.

4.4. Board of Directors’ Diversity Policies and Criteria and ensuing application

Brembo’s Board of Directors approved the Board of Directors’ Diversity Policies and Criteria, applicable with effect already from the Board’s 2017-2019 term of office, which provide for new criteria, based on as objective a foundation as possible, in addition to those established by applicable laws and regulations, relating to the professionals to propose as candidates in order to ensure that the composition of the Board of Directors is adequate to the Group’s size, position, complexity and the specific nature of its business sector and strategies.

These criteria, reported in the Regulations of the BoD and incorporated in the Brembo S.p.A.’s Corporate Governance Code, and as described below, aim at ensuring the appointment of Board members who have an optimal combination of skills and professional background and form the diversity policies for the Governing Body’s composition not only with regard to gender, but also experience, professionalism, age and other relevant aspects, as mandated by Article 123-bis, paragraph 2, letter d-bis), of TUF, in addition to being in line with the recommendations introduced in July 2018 by the Corporate Governance Code of Borsa Italiana. In view of the renewal of the corporate offices planned for the General Shareholders’ Meeting called to approve the 2019 financial statements (23 April 2020), in order to broaden the selection base to candidates with skills and standing recognised both at national and international

level and particularly qualified in the professional, managerial and business world, the Board of Directors re-examined the aforesaid Regulations, particularly with regard to the diversity criteria, and confirmed, with the favourable opinion of the Remuneration & Appointments Committee, that the Regulations of the BoD are in line with best practices, ruling:

- adjustment of the minimum quota reserved to the less represented gender in the corporate bodies introduced by Law No. 160¹¹, of Law 27 December 2019, whose Article 1, paragraphs 302-303, provides for:
 - the three-year term of office to be extended to a longer six-year term;
 - at least 2/5 (no longer at least 1/3) of the members of the relevant governing or control body to be reserved for the less represented gender.
- the formulation of qualitative and quantitative criteria to be used to assess the significance of the relationships being examined for the purposes of assessing the independence of the directors.

The above-mentioned criteria constituted, *inter alia*, the basis for the orientation by the outgoing Board of Directors for the managerial and professional candidates to be nominated for the incoming company officers during the General Shareholders’ Meeting of 23 April 2020.

11 2020 Budget Law – which applies from the first renewal of the governing and control bodies of companies listed in regulated markets after the law enters into force, i.e. after 1 January 2020.

Additional Criteria for diversity in the Composition of the Board of Directors (Article 2, paragraph 3, of Brembo S.p.A. Corporate Governance Code)

Quantitative Features

AGE	<i>Independent Directors</i> : a maximum age of 75 and a minimum age of 35 (at the date of submission of the lists for the purpose of a potential candidacy). Reaching the maximum age limit will not be considered mid-term and, if reached, will not entail any forfeiture.
OVERALL NUMBER	11
No. OF NON-EXECUTIVE DIRECTORS	At least seven (7)
No. OF INDEPENDENT DIRECTORS	At least five (5)
No. OF MINORITY DIRECTORS	At least one (1) (or more than one (1), where required by the By-laws.
GENDER	Percentage of seats reserved to the less represented gender in accordance with legislation applicable from time to time ¹² .
ALTERNATION	Change of a maximum of three (3) Directors each time the Board is elected, in order to ensure continuity of management, while also providing an incentive for the progressive re-election of Directors.
SENIORITY OF SERVICE	<i>Independent Directors</i> : persons who have already served three terms on the Company's Board of Directors cannot stand as candidates for the office of Director.
NO CROSS-DIRECTORSHIPS	<i>Executive Directors</i> : they cannot be directors of another company (not belonging to the same Group) of which a company director is the Chief Executive Officer.

Qualitative Features

SKILLS	<ul style="list-style-type: none"> • At least four (4) positions must be filled by entrepreneurs or managers who have an international background and/or are from a geographical area where Brembo's business has a significant presence. • A maximum of two (2) positions may be filled by academics and/or professionals.
PROFESSIONALISM	<ul style="list-style-type: none"> • Record of honouring shared ethical principles. • Knowledge of business mechanisms, strategies, risk assessment and management techniques and sustainability profiles. • Ability to interpret industry scenarios and trends, performance of competitors and development of enterprises in the medium-to-long term and to assess alternative strategic guidelines and options with a view towards strategic orientation. • Managerial, entrepreneurial, business and organisational experience. • Understanding of the dynamics of the global financial system. • Experience as director or auditor, or as executive or manager, of listed or medium-to-large enterprises. • Managerial, professional or university lecturer experience in legal, economic, business or technical disciplines.

¹² For the three-year term 2020-2022, the 2020 Budget Law 2/5 applies.



<p>PERSONAL APTITUDES</p>	<ul style="list-style-type: none"> • Sufficient time available in view of the complexity of the assignment (see also “Maximum number of positions” below). • Full understanding of the powers and obligations inherent in the position and the functions to be performed. • Ability to stand up for and defend his or her own ideas and take a stand for the interest of Brembo and its stakeholders. • Collaboration, involvement and ability to influence (knowing how to instil and contribute to professionalism and the development of opinions and taking a part in resolving conflicts). • A result-oriented approach and encouragement of colleagues in focusing constructively on the goals to be achieved. • Business judgement and decision-making ability (encouraging behaviour and ensuring evaluation and decision-making skills focused on developing the business).
<p>NO COMPETITION</p>	<p>Candidates for the office of Director cannot have or accept consulting assignments from competing firms.</p>
<p>MAXIMUM NUMBER OF POSITIONS</p>	<p>The commitment required of Directors does not consist solely of participation in Board meetings, but also extends to an analysis of the documentation sent in view of each meeting, participation in Board Committees and participation in informal and/or induction sessions. It is therefore essential that Directors have sufficient time to carry out their duties.</p> <p>Directors may not have more than four (4) simultaneous positions at listed companies (positions at listed companies in which the Director also holds a significant equity interest do not count).</p> <p>The Board of Directors conducts an assessment based on the declarations made by the Directors (or candidates for the position of Director) and the following criteria:</p> <ul style="list-style-type: none"> • professional competence and independence of judgment; • verification of their commitment, active and constant participation in the meetings of the Board of Directors, Board Committees and various management activities of the Company, also in light of their professional commitments; • any relationship that may be or appear such as to compromise the independence of judgment of the Director.

At the Board meeting on 4 March 2021, including in light of the assessments expressed with regard to individual positions by the Remuneration & Appointments Committee convened on 23 February 2021, it was assessed whether the current Board met/continued to meet the above requirements.

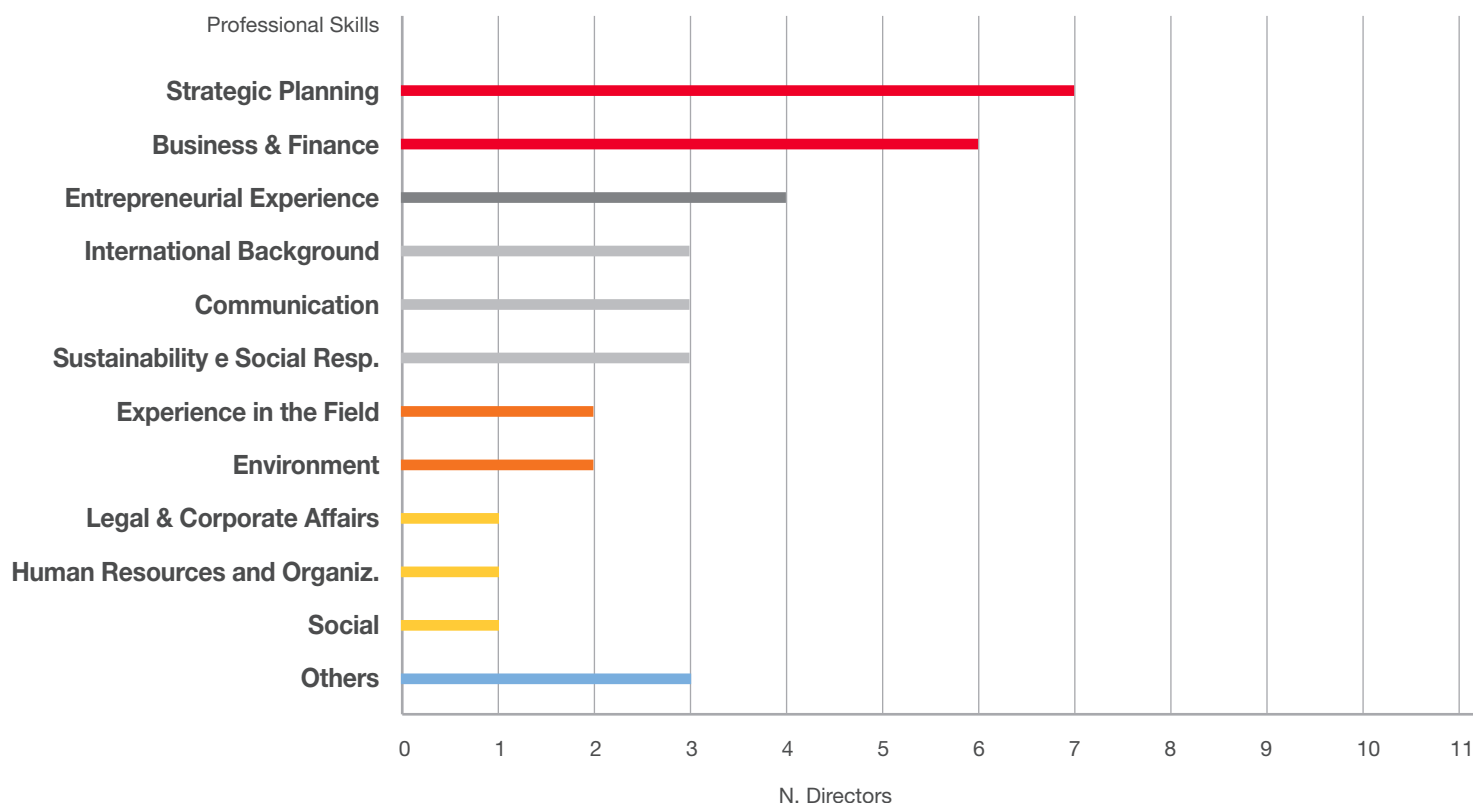
Within the periodical self-assessment process, it was found that the Board of Directors currently in office¹³ represents a combination of professional skills and managerial expertise, including at an international level, that meets the requirements of integrity, independence and gender balance established in applicable laws, regulations, and the By-laws.

This is also borne out by the 2020 BoD’s self-assessment process (Board Performance Evaluation), the findings of which (discussed in detail in section 4.12 below) were examined during the session of 19 January 2021 and in relation to which the Directors highlighted that the current composition and the size of the Board is assessed positively by all the Directors. The skill set (as shown in the Skills Matrix here below) was found to be adequate, including in terms of diversity of skills (with a majority of directors having a managerial profile), age groups and seniority of service, size, positioning, complexity, the specific nature of the Group’s sector and strategies, which, additionally, represents a fundamental requirement for effective, competent management of the business.

¹³ Appointed by the General Shareholders’ Meeting on 23 April 2020; it will remain in office until the Shareholders’ Meeting called to approve the Financial Statements for the year ending 31 December 2022.

BOD'S SKILLS MATRIX 2020-2022¹⁴

Directors' Skills emerged from the questionnaire



4.5. Maximum number of positions held at other companies

At the time of appointment and annually thereafter, within a Board session the Board of Directors verifies the compatibility of the positions held by Directors in other companies based on examination and discussion of the Directors' individual statements, as well as in accordance with the Regulations of the BoD and Brembo's Corporate Governance Code.

With regard to concurrent positions, Brembo provides as follows:

- a maximum of four positions at listed companies. Positions at listed companies in which the Director also holds a significant equity interest do not count;
- the commitment required of Directors does not consist solely of participation in Board meetings, but also extends to an analysis of the documentation sent in view of each meeting,

participation in Board Committees and participation in informal and/or induction sessions. It is therefore essential that Directors have sufficient time to carry out their duties;

- Board of Directors' assessment based on the declarations made by candidates for the position of Director and the following criteria:
 - professional competence and independence of judgment;
 - verification of their commitment, active and constant participation in the meetings of the Board of Directors, Board Committees and various management activities of the Company, also in light of their professional commitments;
 - any relationship that may be or appear such as to compromise the independence of judgment of the Director.

¹⁴ The professional skill set that emerged from the individual questionnaires submitted to Directors within the 2020 BoD's self-assessment process (Board Performance Evaluation).



In 2020, the Board of Directors confirmed, based on the criteria set out above, that the positions held by Directors in other companies met the necessary requirements and were

compatible with effectively discharging their duties. The number of positions held by each director is indicated in the table on page 18.

4.6. Induction Programme

With the aim of providing an adequate understanding of the business industry in which Brembo operates, its products, organisational structure, company trends and their evolution, the ICRMS, applicable laws and regulations and major trends that may have an impact on the Group's current performance and its short-, medium- and long-term growth strategy, Brembo organises an Induction Programme through:

- specific meetings with management;
- visits to the Group's production facilities in Italy or abroad;
- thorough inquiries on specific subjects during sessions of the Board.

It is also possible to conduct personalised follow-up sessions tailored to suit the particular interests or responsibilities that the individual Director may assume in Board Committees and to organise specific sessions based on needs and requirements for additional information identified during the previous term, either during meetings of the Independent Directors or on the basis of the results of the Board Performance Evaluation.

For 2020 (the first year of the current Board's term), the Company organised a Basic Induction Programme, split into ten sessions (average duration of two to three hours), intended for the newly appointed Directors and Statutory Auditors elected by the Shareholders' Meeting on 23 April 2020. This process was also opened, where of interest to them, to the independent Directors and Statutory Auditors appointed in 2017 and confirmed. The programme was designed to provide adequate knowledge of

the sector of activity in which Brembo operates, its products, company performance and trends, principles of sound risk management and the legislative and self-regulatory framework of reference, in line with what has been recommended by the Borsa Italiana Corporate Governance Code. The various sessions were held directly by Brembo's C-suite managers. In 2020 the Company decided, in accordance with the applicable safety measures and protocols, to postpone visits to plants until the Covid-19 emergency is resolved.

In addition to the ad hoc induction sessions planned primarily for newly appointed directors, during Board sessions additional follow-ups were conducted with regard to the Company's strategic market positioning and new product/process/production development/digital transformation/automotive sector trends. Detailed reports on new legislation and regulations of interest for Brembo, supported by specific documentation prepared by the Legal and Corporate Affairs Department, were provided for induction purposes in Board meetings, and included in the Work files of each meeting (responsibility of the Chief Legal and Corporate Affairs Officer).

In the 2020 Board Performance Evaluation, the induction programme was found to be very well organised and structured, helpful in getting to know/exploring the sector in which the Company operates and the various company trends and related strategies, facilitating the process of joining, learning about and understanding Brembo's world.

INDUCTION SESSIONS FOR THE BOD IN 2020

Training sessions	Number and duration of sessions	Recipients	Date	Activities Description	
2020	Basic Induction Programme	10 (2-3 hours each)	Newly appointed Directors and Statutory Auditor (the last two sessions were also attended by the newly appointed Chairman of the Supervisory Committee)	20.05.2020	Business and Product (including Innovation)
				26.05.2020	
				17.06.2020	
				23.06.2020	
				09.07.2020	
				14.07.2020	
10.09.2020	Financial and Tax Aspects and Management Control				
05.10.2020	Operations, Purchasing and Quality				
07.10.2020	CSR-related Aspects, Internal Audit and Environment & Energy				
21.10.2020	Risk Management (ERM/ESG) and Corporate Governance and Compliance System (Anti-bribery, Antitrust, GDPR, Market Abuse, Related Parties)				
2020	Induction for the Remuneration & Appointments Committee	4 (approximately 1 hour each)	Newly appointed members of the Remuneration & Appointments Committee, Chairman of the Board of Statutory Auditors and Statutory Auditor.	26.06.2020	Brembo's remuneration policies and the impact of the Covid-19 emergency on short- and long-term remuneration systems
				29.06.2020	
				02.07.2020	
				13.07.2020	
2020	Induction for the Audit, Risk & Sustainability Committee	1 (approximately 45 minutes)	Newly appointed members of the Audit, Risk & Sustainability Committee and Statutory Auditor	29.10.2020	Reporting about Brembo Procedure and impairment test criteria.
2020	Thorough presentations during sessions of the Board	4 (approximately 1 hour each)	All Directors and Statutory Auditors	11.05.2020	Update of the 231 Model with the addition of tax offences
				29.07.2020	
				09.11.2020	Automotive market performance
				17.12.2020	



4.7. Role of the Board of Directors

In order to ensure a transparent account of the functioning of the Board of Directors and its committees, the following paragraphs contain a detailed description, including qualitative information, of the activities performed by the Board of Directors and the resolutions passed by it during the reporting year.

4.7.1 Tasks

The Board of Directors plays a key strategic guidance role that is not limited to defining the Company's strategic plans and determining its organisational structure, values and standards, but also constantly focuses on the creation of value in the long term. The Board:

- promotes sustainable growth in the medium-to-long term which takes into due consideration social and environmental aspects influencing its activity, through an adequate control and risk management system, including risks having an impact on sustainability;
- ensures utmost transparency towards the market and investors; and
- places a particular emphasis on material changes in business prospects and situations of risk to which the company is exposed.

The Board of Directors is also responsible for verifying the adequacy of the organisational, administrative and accounting structure and the appropriateness of the controls necessary to monitor the performance of the company and the Group, as well as for performing the tasks set out in Article 1 of the Corporate Governance Code.

4.7.2 Meetings of the Board of Directors

In 2020, the Board of Directors met on eight occasions, of which four according to the company calendar published. The average length of meetings was approximately three-four

hours. The meetings involved the regular participation of the various directors and the attendance of the Board of Statutory Auditors. The Directors' attendance rate at meetings was very high, as shown in the table reproduced on page 18. The heads of the company functions were regularly invited to participate in the meetings of the Board of Directors to provide appropriate clarification for the various items on the Agenda.

In 2020, a year characterised by the Covid-19 epidemiological emergency, almost all BoD meetings were held via audio-video connection, in accordance with laws and regulations in force from time to time, and in any event in compliance with the measures aimed at combating and containing the spread of the Covid-19. Accordingly, informal meetings, whether one-on-one or in groups, between the Directors were limited.

2021 Meeting Calendar

The 2021 calendar approved by the Board of Directors on 9 November 2020 and then published calls for four meetings to review interim financial data. These were in addition to ad hoc meetings, such as that called to review the findings of the 2020 Board Performance Evaluation and the strategic Industrial Plan.

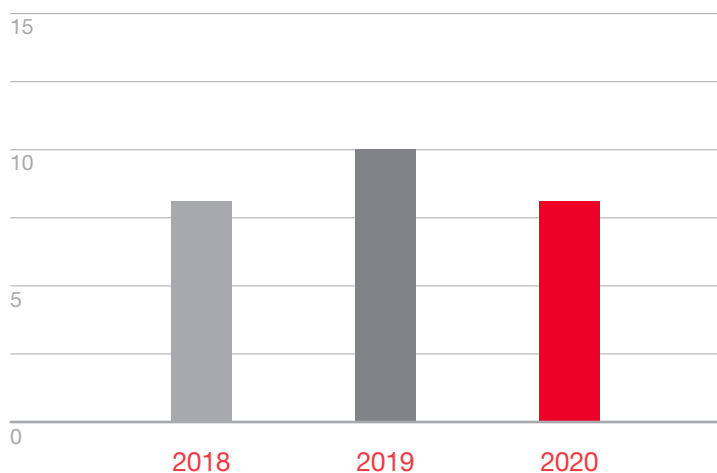
At the date of publication of this Report, two Board meetings have already been held:

- on 19 January 2021, with the aim of examining the outcome of the 2020 Board Performance Evaluation (see paragraph 4.12);
- on 4 March 2021, with the aim of examining and discussing the 2020 Annual Report, the 2020 Disclosure of Non-Financial Information, and the 2021 Remuneration Policies, as well as documents and proposals to be submitted to the Shareholders' Meeting convened on 22 April 2021.¹⁵

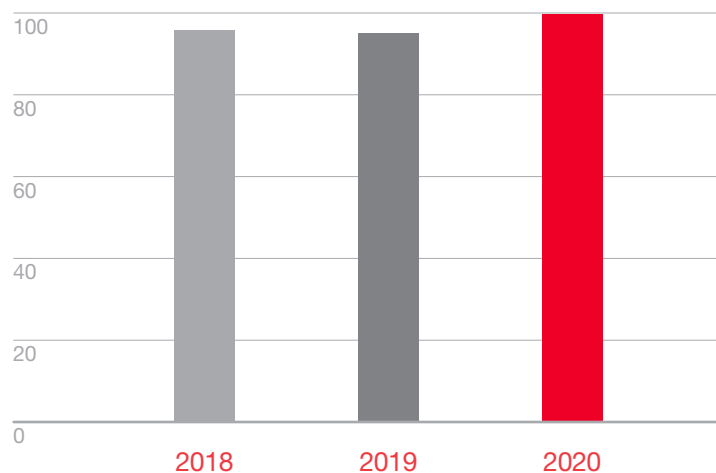
¹⁵ Please refer to the Notice of Calling and the Illustrative Reports: www.brembo.com, Investors section, For Shareholders, Shareholders' Meeting, 2021.

NUMERO RIUNIONI DI CDA E TASSO DI PARTECIPAZIONE – TRIENNIO 2018-2020

Number of BoD Meetings



BoD Meetings - Attendance Rate Three-Year Period 2018-2020



Content of additional periodic reporting

After Brembo's exit from the STAR segment of Borsa Italiana effective 3 May 2017, the Company decided that it will continue to publish — on a voluntary basis — its interim financial reports, as previously announced, and in a manner consistent with the information made available until now, and until otherwise provided for by the Board of Directors. Content, timescales and methods of voluntary periodic financial reporting are also published on the Company's website (www.brembo.com, section Investors, Calendar).

Calling and holding the BoD Meetings

The Board of Directors' Meetings:

- are convened by the Chairman, or, if the Chairman is absent or otherwise unable to act, by the Executive Deputy Chairman, through an e-mail notice with confirmation of receipt, sent to the members of the Board of Directors and the Board of Statutory Auditors by the Secretary of the Board of Directors, at least five days before — or, in urgent circumstances, at least two days before — the scheduled date of the meeting;
- are valid, as well as the related resolutions, even without a formal call, when all the Directors and Statutory Auditors in office are present;
- may be held by telecommunication means that allow

participation in the discussion and provide the same information to all those in attendance;

- may be held in Italy or a foreign country in which the Company operates, directly or through subsidiaries or investees.

Amongst the subjects brought to the Board's attention considered when setting the Agenda, the following matters were always regarded as of primary importance due to their perceived level of priority:

- financial and periodic reporting aspects;
- strategic aspects (such as: strategies, product diversification, trends in reference markets, digital transformation, automotive sector evolution, as well as acquisitions, investment in assets, Subsidiaries' projects, etc.);
- sustainability, materiality, ESG factors and risk aspects;
- governance and compliance aspects;

The Chairman of the Board ensures, through the Secretary, that the Directors and Statutory Auditors are provided with access to documentation concerning subjects on the Agenda suitably in advance of the date of the Board meeting.

In order to ensure that pre-session information is timely, complete and adequate, the supporting documentation:

- is prepared by the Secretary of the Board, with brief overviews



of each subject on the agenda, accompanied by detailed, in-depth reports illustrating the elements to be assessed (in descriptive and numerical terms) required to make the decisions concerned in a fully informed manner;

- is made available to the Directors and Statutory Auditors at least five days before each meeting, except in particularly urgent cases, when it is made available at least two days in advance, through the app “Portale CdA by Brembo” (an application for mobile devices that allows materials to be made available for consultation solely to current Directors and Statutory Auditors, before and during sessions of the Board, through access with a username and password). The notice period is normally observed. The documentation concerning financial performance data for the period and certain strategic projects is presented directly during the meeting, and is made available to the Directors and Statutory Auditors in a protected format to ensure the confidentiality of the data it contains. In such cases, thorough inquiries are conducted during sessions of the Board;
- ensures that the Directors are informed about new laws and regulations relevant for the Company. Moreover, through the Secretary of the Board, it ensures the organisation of the Board Induction sessions.

The Regulations of the Board of Directors also specify the methods of storing and retrieving documentation, which depend on the confidentiality level assigned to each document.

During sessions of the Board of Directors, the Chairman is responsible for coordinating the proceedings in an orderly manner and ensuring the check-and-balance procedures essential to effective, balanced management of meetings and the decision-making process.

With the support of the Secretary of the Board of Directors, the Chairman:

- organises and coordinates the proceedings;
- facilitates dialogue between the executive and non-executive members of the Board of Directors and ensures the balance of powers between the Executive Deputy Chairman and Chief Executive Officer and the other Directors, in order to permit constructive debate;
- invites the Company’s Executives to participate in the meeting to provide the appropriate clarification of the specific issues submitted for the Board’s examination and approval;
- coordinates with the Delegated Bodies and requests the necessary information/reports for the Board;
- ensures that the minutes are drafted so as to provide a thorough description of the documentation illustrated and represent the debate within the Board and what was said by the individual Directors and any Managers involved.

In this regard, it should be noted that the findings of the 2020 Board Performance Evaluation were as follows:

- indicated the Directors’ high level of satisfaction about the quality of the agendas for meetings and the number of items on each agenda, deemed compatible with the time available to discuss them;
- confirmed that the documentation prepared by the units and information were clear and were sent according to the schedule indicated;
- confirmed a high level of discussion and quality of debate and a high level of satisfaction with the management of the roles and related responsibilities of the various directors;
- emphasised the strong level of cohesion and integration within the Board, despite the exceptional nature of the period due to the Covid-19 pandemic emergency;
- generally presented a positive opinion as to how the Company and BoD are handling the emergency.

4.7.3 Activities carried out in 2020

During 2020, the Board of Directors exercised its powers and performed its duties. The main activities performed are summarised below.

Operations and Delegated powers	<p>During its meetings of 9 March 2020, 20 March 2020, 23 April 2020, 11 May 2020, 29 July 2020, and 9 November 2020, the Board of Directors examined, assessed and monitored:</p> <ul style="list-style-type: none"> • the performance and foreseeable evolution, also in light of the Covid-19 health emergency (see the paragraph below), including through information received from the Delegated Bodies, when presenting and approving the interim results; • the performance of and the outlook for the automotive sector, also in light of the Covid-19 health emergency, and update on the main relevant projects; • the adequacy of the organisational structure of the Group and its administrative and accounting system, after receiving the opinions of the Governance Committees and the Board of Statutory Auditors, while constantly receiving information regarding the main organisational changes and the administrative and accounting standards observed; • the transactions with a significant strategic, operating, capital and/or financial impact carried out by the Company and/or its subsidiaries, assessing the relating risks and monitoring their progress (see here below the specific paragraphs referring to dividend suspension, purchase of interest in Pirelli and acquisition of SBS Friction A/S); • the state of progress of the activities performed in the exercise of the delegated powers and of material transactions and transactions in potential conflict of interest.
Performance of the reference market and new products	<p>During the meetings on 29 July 2020, 9 November 2020 and 17 December 2020, the Board of Directors examined, assessed and monitored the performance of, and outlook for, the automotive market, with an eye to the Covid-19 health emergency, and also received an update regarding the main significant projects and product evolution (Business Transformation).</p>
Vision and Mission “Solution Provider”	<p>At the meeting on 29 July 2020, the BoD examined Brembo’s new vision and strategy presented by the CEO, focused increasingly on being a “Solution Provider” to meet clients’ needs to rationalise the supply chain and optimise costs, tasking more efficient partners/suppliers with also providing services including design, component integration, sensors, etc.</p>
Management of the Covid-19 emergency	<p>Brembo has been following developments relating to the spread of the Covid-19 very closely since the outbreak of health emergency, adopting all necessary measures in accordance with regulations in force from time to time to prevent, monitor and contain the pandemic at all of its locations worldwide. After the Italian lockdown measures, on 20 March 2020 an extraordinary meeting of the Board of Directors was called to provide the Directors and the Internal Control Committee with an immediate update on the actions/initiatives taken in Italy and at Group companies to respond to the Covid-19 epidemiological emergency.</p> <p>The Company immediately instituted a task force, involving the Chief CSR Officer, the safety managers and top management, to analyse and monitor the implementation and application of the measures adopted in response to the pandemic emergency, in full accordance with the provisions issued from time to time by the competent authorities, with the primary aim of preventing, monitoring and containing the pandemic at all its facilities. The Board was then constantly updated on the development of the situation and agreed on the task force’s various activities.</p> <p>The task force focused on the analysis of several types of risk:</p> <ul style="list-style-type: none"> • definition of extraordinary measures aimed at combating the virus and protecting the health of employees and contractors (including: rearrangement of production layouts, sanitisation of the premises, personal protective equipment, temperature measurement, heat scans, blood tests under assessment, hygiene rules and social distancing, extended remote working, etc.); • ongoing control particularly of the supply chain; • keeping daily and constructive collaboration relationships with all its customers and suppliers worldwide. Despite the closure, constant, almost daily contacts were kept up with customers.
Proposals for the General Shareholders’ Meeting for 2020	<p>During the meeting of 9 March 2020, the Board of Directors examined the proposals to be submitted to the General Shareholders’ Meeting, and in particular those relating the composition and size of the Board of Directors, as well as opinions on profiles (professionalism, maximum number of directorships and diversity policies and criteria) of the candidates for its future composition and the number of positions held, as well as for candidates for the position of Statutory Auditor on the occasion of the renewal of company bodies.</p>



<p>Approval of the 5+7 2020 Forecast.</p>	<p>Following the inquiries and analyses conducted on the impacts of the Covid-19 emergency on the automotive market and thus on Brembo's business, the BoD examined and approved the 2020 5+7 Forecast on 29 July 2020. The preparation of the Forecast, approved by the Board of Directors, was required:</p> <ul style="list-style-type: none"> • for the performance of the impairment test; • to 'reset' the budget in the light of the pandemic emergency and set a new, more challenging objective for Brembo and its management at all levels; • to revise the 2020 remuneration policies, also in light of the pandemic emergency (as illustrated in the following point and in the Report on Remuneration and Compensation Paid in 2021).
<p>Extraordinary transactions - Dividend Suspension</p>	<p>The Board of Directors of Brembo met urgently on 20 March 2020 and resolved on the modification of the proposed dividend with regards to the 2019 profit of the Parent, Brembo S.p.A. The Board acknowledged the significant change in the global economic scenario since the Board session of 9 March due to the spread of the Covid-19 pandemic. Taking a prudent approach, in order to support the Group's financial solidity and contain future impacts on its economic and financial performance, the Board decided to suspend the resolution authorising the distribution of dividends drawing on the 2019 profit approved on 9 March.</p>
<p>Extraordinary Transactions - acquisition of the stake in Pirelli S.p.A.</p>	<p>In March 2020, Brembo adopted a non-speculative long-term approach and acquired a 2.22% interest (equal to €86,509 thousand) in the share capital of Pirelli S.p.A., a company that stands out in its sector as a player of excellence in terms of history, brand, leadership and pursuit of innovation. In the second quarter of 2020, Brembo acquired a further stake for €20,000 thousand, increasing its interest to 2.78%. An equity swap derivative contract with a nominal value of €70 million, maturing on 23 July 2020, for the purchase of an additional 20 million shares of Pirelli S.p.A., was also entered into on 13 May 2020. On 23 July 2020, the equity swap derivative contract signed in May was finalised. Accordingly, Brembo S.p.A. acquired 20 million shares in Pirelli S.p.A. for a total consideration of €75,455 thousand, increasing its stake in the company to 4.78%.</p>
<p>Extraordinary Transactions - Acquisition of SBS Friction A/S</p>	<p>On 9 November 2020, the BoD approved the acquisition of 100% of the capital of SBS Friction A/S, a Danish company that develops and manufactures brakepads for motorbikes using particularly innovative and eco-friendly sintered organic materials. The transaction was finalised on 7 January 2021. The total outlay for the transaction was 224 million Danish kroner, equivalent to approximately €30.1 million, paid using available liquidity and subject to the usual adjustment mechanisms applicable to similar transactions. The enterprise value of the transaction was 300 million Danish kroner, equivalent to approximately €40.3 million.</p> <p>The acquisition, in line with Brembo's new mission to become an authoritative "solution provider", makes it possible to integrate a strategic component such as brake pads into Brembo's current product range, with a particular focus on the environment, and to further reinforce Brembo's leadership in the motorbike sector.</p>
<p>Group's growth strategies and related risks</p>	<p>With the participation of the Chief Business Development Officer and in some cases of the various Chief Operating Officers (GBU Managers), the Board of Directors periodically discussed and reviewed the Group's organic and non-organic growth strategies, including mergers and acquisitions, and analysed the related risks (meetings of 20 March 2020, 11 May 2020, 29 July 2020 and 9 November 2020).</p>
<p>Materiality Matrix and Disclosure of Non-Financial Information</p>	<p>With reference to Sustainability, the Board examined, assessed and approved:</p> <ul style="list-style-type: none"> • at the meeting on 17 December 2020, the proposed 2020 Materiality Matrix drawn up also taking into account the outcome of the survey conducted with internal and external stakeholders (customers, suppliers, trade associations and insurance companies); • timetable of the process of collecting and preparing the NFD for 2020 (including the assurance activities plan by the firm commissioned); • the update to the Procedure PG.W.CSRO-06 "Process of drafting the Consolidated Disclosure of Non-financial Information pursuant to Legislative Decree No. 254/2016"; • at the meeting on 4 March 2021, the 2020 Disclosure of Non-Financial Information made available to the public along with this Report on 22 March 2021, as discussed in paragraph 1.2 above.

Remuneration Policies¹⁶	<p>In the area of remuneration policies, the Board of Directors reviewed and approved, with the prior favourable opinion of the Remuneration & Appointments Committee and with the attendance at the meetings of the Chief Human Resources & Organisation Officer, the subjects indicated below:</p> <ul style="list-style-type: none"> • 9 March 2020: <ul style="list-style-type: none"> – the closing results of the short-term annual Incentive Plan (MBO 2019) and their consistency with the short-term policies adopted previously, and defined the proposals of the short-term annual Incentive Plan (MBO 2020); – the proposal relating to the overall remuneration of the members of Brembo S.p.A.’s Board of Directors and Committees, as well as the allocation of such remuneration, for the 2020-2022 term; – the proposal regarding the overall remuneration of the members of Brembo S.p.A.’s Board of Statutory Auditors, taking also into account the opinion expressed by the outgoing Control Body in its report drawn up pursuant to Article Q 1.6 of “Principles of conduct for the Boards of Statutory Auditors of Listed Companies; – the main aspects of the new short- and long-term remuneration policies for 2020, approved by the Board during the meeting held on 9 March 2020, after having heard the opinion of the Remuneration & Appointments Committee (illustrated in the 2019 Remuneration Report, in accordance with Article 123-ter of TUF, which is available on Brembo’s website); – the 2020 Report on the Remuneration Policy and Remuneration Paid (Section I and Section II), drawn up in accordance with Article 123-ter of TUF, assessing and confirming the effective implementation of the 2019 remuneration policies; • 29 July 2020: <ul style="list-style-type: none"> – the review of the 2020 remuneration policies (with a particular focus on the short-term and long-term incentive system and the related Regulations), in light of the situation generated by the Covid-19 epidemic emergency. • 4 March 2021 <ul style="list-style-type: none"> – the closing results of the short-term annual Incentive Plan (MBO 2020) and definition of the proposals of the short-term annual Incentive Plan (MBO 2021); – the alignment of the Targets of the 2019-2021 Long Incentive Plan; – the Report on the Remuneration Policy for 2021 and Remuneration Paid in 2020 (Sections I and II), assessing and confirming the effective implementation of the 2020 remuneration policies as defined and amended. <p>The main aspects of the new short- and long-term remuneration policies for 2021, approved by the Board are illustrated in the Remuneration Report drawn up in accordance with Article 123-ter of TUF, which is available on Brembo’s website.</p>
Adequacy of the Internal Control and Risk Management System	<p>With regard to the ICRMS, the Board constantly monitored the main aspects associated with the System in the context of the various improvement/development plans of the different processes. Monitoring activities included the periodic reports received during the meetings of 9 March 2020, 29 July 2020 and 4 March 2021 from the Executive Director in charge of the ICRMS, the Audit, Risk & Sustainability Committee, the Supervisory Committee and the Chief Internal Audit Officer, thus confirming the adequacy of the Internal Control and Risk Management System of Brembo, and the appropriateness of action plans for preventing risks identified by the management, including the actions/initiatives implemented in Italy and at Group companies to address the Covid-19 epidemic emergency and the related risks.</p>
Internal Audit	<p>The Board of Directors met the Chief Internal Audit Officer in order to examine, respectively:</p> <ul style="list-style-type: none"> • at the meeting on 9 March 2020, the 2020 Audit Plan for the Internal Audit function; • at the meeting on 11 May 2020, the outcome of the internal audit activities carried out in 2019 and the progress of the 2019-2021 Audit Plan; • at the meeting on 17 December 2020, the 2021 Budget for the Internal Audit function.
Workplace safety indicators	<p>At its meeting of 9 March 2020, the Board of Directors analysed the 2019 Safety Performance and the related Group indicators, further exploring the programmes launched at the global level to constantly increase Group security levels.</p> <p>During the following meetings, it monitored the evolution of the situation linked to the Covid-19 epidemic emergency.</p>

¹⁶ www.brembo.com, section Company, Corporate Governance, Remuneration Policies



Legal Compliance System¹⁷	<p>In the compliance area, the Board of Directors constantly monitored the compliance system to ensure its maintenance, including through the following measures.</p> <ul style="list-style-type: none">• Model 231: at the meeting on 11 May 2020 it acknowledged the update of the list of predicate offences (Tax Offences) to ensure alignment with the new legislation introduced• Modern Slavery: in the meeting of 29 July 2020 the Board approved, in accordance with the contents of the British Modern Slavery Act 2015, the Modern Slavery Statement for Brembo S.p.A. and some Group's Companies concerned by the requirements specified in the legislation (Brembo Poland Sp.z o.o. and Brembo Czech s.r.o.). The Statement describes the organisation, sensitive areas and actions and measures adopted by the Company to ensure the absence of any form of "Modern slavery, forced labour and human trafficking" both in respect of its own employees and those of the supply chain (identified by the same legislation as areas exposed to risk).• Data Protection and GDPR: at its meeting of 9 November 2020, the Board of Directors acknowledged the contents of the Annual Report of the Group's DPO, which emphasised the absence of significant risk profiles and the substantive adequacy of the GDPR compliance system, including the tools and protective measures implemented by Brembo as integrated security and protection safeguards for its company IT systems.
Board Performance Evaluation	<p>At its meeting on 29 July 2020, the Board of Directors examined and discussed the activity calendar related to the 2020 Board Performance Evaluation, which for the year was drawn up by the LID, with the support of Brembo S.p.A.'s Legal and Corporate Affairs Department.</p> <p>The findings of the 2020 Board Performance Evaluation were examined and discussed by the Board of Directors at its meeting of 19 January 2021. For a detailed description of activities and related results, see paragraph 4.12.</p>
Significant Transactions	<p>With regard to significant transactions, the company acts in accordance with the instructions for managing the requirements relating thereto included in the Corporate Governance Manual. Significant Transactions are the transfers of resources, services or obligations that by purpose, payment, procedures, or execution time may have an impact on the integrity of company assets or the completeness and fairness of information, including accounting information. These instructions also envisage quarterly disclosures of these transactions, as well as transactions involving potential conflicts of interest carried out by Brembo S.p.A. or its subsidiaries pursuant to Article 2359 of the Civil Code, by Brembo's internal entities to the Board of Directors and by the Board of Directors to the Board of Statutory Auditors. An examination of the significant transactions carried out in 2020 led to the conclusion that they were all consistent with the resolutions taken by the Board of Directors.</p>
Budget 2021	<p>During the meeting of 17 December 2020, the Board of Directors, following examination of the market trends relating to the automotive sector and the main projects identified by Brembo, analysed Brembo's 2021 budget, finding the targets set in it to be compatible with the nature and levels of the risk identified, and adequate in view of the sustainability of Brembo's business in the medium and long term.</p>

¹⁷ 231, GDPR, Anti-bribery, Antitrust, Modern Slavery.

¹⁸ Law No. 157 of 19 December 2019 (known as the Tax Decree) – converting Decree-Law No. 124 of 26 October 2019, "Urgent provisions on taxes and pressing needs" added Art. 25 – *quinquiesdecies* ("Tax Offences) to the catalogue of Decree 231/01 predicate offences to expand the tools for repressing phenomena involving the evasion of income taxes and VAT, thereby significantly amending penal law.

¹⁹ It should be noted that the Company AP Racing, wholly controlled by Brembo S.p.A., has already prepared and approved its own Statement both for 2018 and 2019 and published it on its own website.

4.8. Delegated Bodies

Based on the organisational model (including with a view to succession planning) approved on 6 June 2011, the Board of Directors appointed by the General Shareholders' Meeting of 23 April 2020, confirmed the allocation of powers (registered with the Companies Register) granted to the Chairman, Executive Deputy Chairman, and Chief Executive Officer, as specified in the table below.

The Board of Directors retains the power to decide, *inter alia*, on the purchase and sale of shareholdings in other companies (M&As), the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets, strategic plans and medium-/long-term incentive plans.

With the favourable opinion of the Remuneration & Appointments Committee, in addition to the Directors not holding special positions and the Acting Auditors, the following were identified and confirmed as Key Management Personnel of the company: the Chairman, the Executive Deputy Chairman, and the Chief Executive Officer, as the only individuals, together with the Directors and the Acting Auditors, having the powers to influence and/or affect the development, future prospects and overall performance of the company and/or the Group.

Authority to delegate powers is vested solely in the Chairman of the Board, the Executive Deputy Chairman, and Chief Executive Officer (exclusively in relation with powers concerning safety and environment), on the basis of specific powers vested in the

latter by the Board of Directors, without prejudice to specific Board resolutions.

The GBU Global Chief Operating Officers — and other Global Central Function Officers —, who have been assigned specific company functions (generally coinciding with the first reports to the Chairman, the Deputy Chairman of Brembo S.p.A. and the Chief Executive Officer – C-Suite), have been granted limited powers for ordinary management in relation to the performance of their respective offices and powers, regularly registered with the Company Register of Bergamo, to be exercised in accordance with company authorisation processes.

Employers have also been identified pursuant to Article 2, paragraph 1, letter B, of Legislative Decree No. 81/2008 for Brembo's various production units, to which all of the necessary powers of organisation, management and spending authority have been assigned for the performance of the role of employer, as defined in current legislation.

Solely on an exceptional basis (subject to review from time to time by the Executive Deputy Chairman, the Chief Legal & Corporate Affairs Officer and the Chief Human Resources & Organisation Officer), special powers are granted to employees whose job descriptions do not fall within the categories mentioned above, but who, by reason of their assigned tasks, are required to represent Brembo in the latter's relations with the Public Administration (such as for instance, customs authorities, the Provincial Labour Department, etc.).



Summary of the Executive Directors' Powers

CHAIRMAN OF THE BOARD OF DIRECTORS	<p>The Chairman is the legal representative of the company pursuant to the law and the By-laws, and he is also the Company's major shareholder. The Chairman was also granted the widest powers of direction, coordination and control according to his office, and the powers of ordinary administration, subject to the limitations established by law and some specific limitations concerning real estate leases and leases of companies and/or business units, purchase and sale of real estate, including registered real estate, companies and business units and, generally, any transactions on movable or immovable property, purchase and sale of equity investments in Italy and abroad, the incorporation of new companies in Italy and abroad, having the power to choose the organisational system of the new company, as well as the issuance of letters of patronage, comfort letters, sureties and guarantees (subject to the periodic reporting to the Board of Directors) and taking out mortgage loans, loans or finance leases in the various existing forms.</p> <p>In addition, within the framework of the broadest powers of direction, coordination and control according to the position filled, the Chairman is assigned the following tasks:</p> <ul style="list-style-type: none">• setting guidelines for compliance and the internal control and risk management system;• planning and managing external communications, with the broadest powers;• setting and proposing to the Board of Directors the Group's medium- and long-term development strategies;• setting guidelines for business development, property development and corporate development;• designing general policies for the organisation and human resource management;• approving the engagement of employees classified to the first organisational levels (first-level reports to the Executive Deputy Chairman and Chief Executive Officer, as well as the Directors and General Managers of the subsidiaries).
EXECUTIVE DEPUTY CHAIRMAN	<p>The Executive Deputy Chairman was granted the authority to legally represent the company. In addition to the tasks of direction, guidance, communication and control, he was also granted extensive powers for the Group strategic direction, the development and proposal of guidelines concerning its international development and its financial and re-organisation policies. The Executive Deputy Chairman was also granted broad responsibility for the ordinary operations of the company and its business, as well as powers, subject to specific limitations, for the purchase and sale of real estate, representation in trade union matters, the issuance of letters of patronage, comfort letters, sureties and guarantees (subject to the periodic reporting to the Board of Directors), as well as the power to take out mortgage loans, loans or finance leases in the different existing forms and to manage the company.</p> <p>In addition, without prejudice to the authority delegated to the Chief Executive Officer pursuant to Article 2381 of the Civil Code with regard to workplace health and safety, environmental protection, fire prevention and waste management, the Executive Deputy Chairman has general duties of direction, guidance, communication and control; in the area of compliance and internal control, in accordance with the guidelines promoted by the Chairman, the Executive Deputy Chairman ensures the implementation and constant updating of the Organisation and Control Model provided for in Legislative Decree No. 231/2001 and the implementation of the legislation in the foreign countries in which investees operate. Within this framework, the Executive Deputy Chairman will ensure that all necessary training and awareness-raising activities are carried out as required to create a culture of compliance in Italy and at all investees. In the area of external communications activities, on the basis of the guidelines promoted by the Chairman, the Executive Deputy Chairman will be responsible in particular for financial reporting, with the collaboration, where necessary, of the Chief Executive Officer.</p>

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has been given specific powers to manage the company and its business, powers relating to organisation, representation in trade union matters and the mandate pursuant to Article 2381 of the Civil Code for the implementation, improvement and supervision of safety in the workplace, accident prevention and the protection of workers' health (environmental protection inside and outside the company, waste management, including the power to identify the person/s who is/are to be considered as Employer pursuant to Article 2, paragraph 1, letter B, of Legislative Decree No. 81/2008 for Brembo's different manufacturing units). Moreover, he has been given the power to ensure the implementation, at all levels in Italy and abroad, of the provisions set forth by the Law, the By-laws, the internal procedures, the Corporate Governance Code and the Corporate Governance Manual, the Code of Ethics and, more generally, the compliance in force in the Company and its investee companies; in this regard, specific reference is made to the provisions of Legislative Decree 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations.

In the area of strategic guidelines, the following powers and functions have been granted:

- the power to design and propose operating plans and projects for the implementation of the strategic development guidelines proposed by the Chairman and/or the Executive Deputy Chairman and/or the Board of Directors, including market and product development plans;
- the power to design and propose corporate restructuring and/or reorganisation plans necessary for the concrete implementation of the operating plans and projects presented;
- the power to collaborate with the Executive Deputy Chairman in preparing the Group's medium- and long-term strategic plans.

In accordance with laws and regulations, and the By-laws, the Delegated Bodies (Executive Directors) report on the activities carried out in the performance of their respective delegated

powers, at least on a quarterly basis and in any case in the subsequent meeting. During 2020, these activities were always carried out consistently with the Board's resolutions.

4.9. Other Executive Directors

In addition to the Chairman, the following Directors are considered as Executive Directors:

- Matteo Tiraboschi, Executive Deputy Chairman (whose powers are described in the previous paragraph 4.8);
- Daniele Schillaci, CEO (whose powers are described in the previous paragraph 4.8);
- Cristina Bombassei, Executive in charge of the Internal Control and Risk Management System, as well as Chief CSR Officer (whose powers are described in paragraph 10.3).

4.10. Independent Directors

The Board of Directors adopted the independence criteria for assessing the Directors' independence contained in the Corporate Governance Code. Satisfaction of the aforesaid requirements is verified by the Board of Directors, upon appointment and, subsequently, on an annual basis by examining and discussing the individual situation during a Board meeting (through the statement issued by each Director), after the preliminary review of the individual positions by the Remuneration & Appointments Committee.

To this end, qualitative and quantitative criteria have been formulated to be used to assess the significance of the relationships being examined for the purposes of assessing the independence of the Directors.

For financial year 2020, the list of Directors who met all the said independence requirements included: Laura Cioli, Nicoletta Giadrossi, Elisabetta Magistretti, Elizabeth Marie Robinson, Valerio Battista and Gianfelice Rocca, as they satisfy the



requirements set forth by law and the Corporate Governance Code.

It should be noted that, with regard to Gianfelice Rocca, the Board of Directors, after having valued his specific position, qualified him as independent due to the consolidated principle of the prevalence of substance over form (since the renewal of his appointment as Director of Brembo follows nine years of completed service in office). This was also in view of the professionalism and dedication that he has always shown and his active, punctual participation in Board meetings, and to his speeches and thoughts that have enriched and instilled quality into debate within the Board towards the resolutions passed while also maintaining complete independence of thought.

The Independent Directors met, coordinated by Lead Independent Director, Valerio Battista, twice (average length was 1 hour). The Board Secretary participated in both meetings and prepared the minutes for each, as well as submitted to Executive Directors the suggestions and proposals put forward.

4.11. Lead Independent Director

Following the renewal of company boards by the Shareholders' Meeting of 23 April 2020, the role of Lead Independent Director was again awarded to the Non-Executive Independent Director Valerio Battista.

The Lead Independent Director function is regulated by its own Rules approved by the Board of Directors, fully incorporating the recommendations set forth in the Corporate Governance Code. More specifically, he is tasked with:

- serving as a point of reference for and coordinator of the petitions and contributions of Non-executive Directors and, in particular, Independent Directors, within the Board of Directors;
- collaborating with the Chairman of the Board of Directors in

1. On 29 July 2020:

- for the advance examination of the Work Programme for the 2020-2022 Board Performance Evaluation drawn up and proposed by the LID, supported by Brembo S.p.A. Legal and Corporate Affairs Department, with a focus on 2020 activities;
- for sharing any proposals/considerations for the constant improvement of Board proceedings, with a focus on strategic issues.

2. On 19 January 2021 for the advance examination and discussion of:

- the findings of the 2020 Board Performance Evaluation, and in particular to further discuss evidences identified, analyse current operating practices and best practices, as well as, on the basis of these:
- the recommendations expressed by the Governance Committee on the basis of the Eighth Edition of the Annual Report concerning the application of the Borsa Italiana Corporate Governance Code and to assess its level of implementation within Brembo (see paragraph 18).

order to ensure that members of the latter receive complete and timely information flows regarding operations;

- convening, at least on annual basis, the Independent Directors to discuss issues deemed of interest in regards to the functioning of the Board of Directors or the company's management;
- carrying out any and all additional duties that may be assigned from time to time by the Board of Directors and the Chairman;
- conducting, at the request of the Chairman, the Board Performance Evaluation on the functioning, size and composition of the Board of Directors and its Committees pursuant to the provisions of the Corporate Governance Code of Brembo S.p.A.

4.12. 2020 Board Performance Evaluation

In line with the provisions of the Corporate Governance Code and the Regulations of the BoD of Brembo, as well as Recommendation No. 22 of the 2020 version of the Corporate Governance Code, the Board of Directors in office from 23 April 2020 initiated a three-year self-assessment process broken down into three stages, in line with the 2020-2022 Board term.

The activity, also on the basis of suggestions by the Independent Directors, is coordinated by the Lead Independent Director with the support of the Legal and Corporate Affairs Department. It was also performed in various ways over the course of the Board's term, with an assessment of whether an independent consultant should be engaged in the third year (2022).

In the first year of their term, the focus of the process was directed towards analysing the Financial Report from the end of the 2017-2019 term, including in view of the induction of newly appointed Directors and the initial screening of the new Board. Accordingly, individual questionnaires were submitted to Directors with questions relating to six macro-areas:

- Size and Composition of the Board of Directors and Board Committees;
- Functioning of the Board of Directors;
- Sustainability;
- Directors' role and responsibilities;
- Committees;
- Covid-19 emergency.

The activity was structured in the following steps:

- analysis of the outcome of 2019 Board Performance

Evaluation, including for induction purposes for the newly appointed Directors;

- sharing of the working plan with the Independent Directors and the Board of Directors;
- sending an individual questionnaire to Directors who filled them in;
- analysis of the findings by the LID and face-to-face meetings, where deemed necessary;
- final presentation to Independent Directors and the BoD of the findings of the 2020 Board Performance Evaluation.

The results — included in a special report highlighting the outcome for each section and each answer, as well as the several comments and suggestions — were summarised in a special document provided to the Directors and examined during the meeting between the LID and the Independent Directors on 19 January 2021 and, subsequently, on the same day, during the Board of Directors' plenary session.

The participants also examined the recommendations contained in the letter of the Chairman of the Corporate Governance Committee to all issuers relating to the Eighth Edition of the Annual Report on the state of application of the Borsa Italian Corporate Governance Code with the aim of assessing and comparing the level of implementation within Brembo and identifying any areas of improvement.

A summary table emphasising the activities performed for the purposes of the 2020 Board Performance Evaluation is shown below:

SUMMARY OF THE 2020 BOARD PERFORMANCE EVALUATION

<p>General comments</p>	<p>A very positive situation and a very high overall level of appreciation. In short, the Directors indicated that they were fully satisfied with and appreciated the size, composition and functioning of Brembo's Board of Directors and Board Committees, remarking that the Board is working in substantial compliance with the Corporate Governance Code and best practices, at both Italian and international level.</p>
<p>Composition and Size of the Board of Directors</p>	<p>The composition and size of the Board of Directors were found to be perfectly in line with the outgoing Board's suggestions, as well as totally adequate to Brembo Group's size, position, complexity and the specific nature of its business sector and strategies.</p>



Covid-19 emergency	A favourable opinion was expressed on management of the emergency by the Company and the Board of Directors.
Sustainability	Brembo has established an active and constant dialogue with its internal and external stakeholders, based on the values of transparency, trust and consensus in decisions. The adoption of an effective, transparent governance system is one of the three elements underlying Brembo's sustainability model, along with the creation of sustainable economic value in the long term and the constant focus on compliance with laws and regulations. The analysis found that Brembo's Board is well aware of the importance of sustainability, safety and environmental issues and has a good level of sharing of the initiatives launched by the responsible managers. The Board's process with regard to these issues is in any event ongoing and the Board is kept thoroughly informed.
2020 Recommendations of the Italian Corporate Governance Committee	With regard to the recommendations formulated by the Italian Corporate Governance Committee in its "2020 Report on the Evolution of the Corporate Governance of Listed Companies" regarding the "Main Areas of Improvement Identified in 2020", a sound level of implementation of the Code by Brembo is reported, thanks to compliance with the provisions of the Corporate Governance Code and the adoption of appropriate practices. For further details, refer to paragraph 18.

5. HANDLING OF CORPORATE INFORMATION

In accordance with current legislative and regulatory provisions, Brembo has for some time adopted specific in-house procedural provisions to ensure the highest level of propriety, accuracy

and timeliness in the corporate information handling process, in addition to the utmost transparency and accessibility in the market's favour.

5.1. The EU provisions on market abuse

Following the entry into force, on 3 July 2016, of the European Market Abuse Rules as per Regulation (EU) No. 596/2014 ("MAR"), the Company has taken appropriate steps to adapt – also in light of the current temporary national regulatory framework – its own internal regulations regarding both the handling of Inside²⁰/Relevant²¹ Information and the provisions on Internal Dealing, as well as the related public disclosure. The related documents are available on Brembo's website: www.brembo.com, section Company, Corporate Governance, Governance Documents.

Procedures with regard to the handling of Inside/Relevant Information, the maintenance of the Register of persons with access to inside information ("Insider Register") and the

management of disclosure obligations for Relevant Persons and Persons Closely Associated with them ("Internal Dealing") were updated on several occasions by the governing body so as to implement the legal and regulatory changes introduced over time, including those relating to the above mentioned European Regulation, as well as the guidance provided by Consob in its Guidelines for the Management of Inside Information of 13 October 2017 (the "2017 Guidelines").

After an analysis and examination of its flows and processes, Brembo has adopted several organisational tools, based on best practices, including:

- the assignment to the Business Development Committee (composed of the Chairman, Executive Deputy Chairman,

²⁰ Information of a precise nature, which has not been made public, relating, directly or indirectly, to Brembo or a Group company, or to one or more Financial Instruments of the Company, and which, if it were made public, would be likely to have a significant effect on the prices of those Financial Instruments or derivatives linked thereto.

²¹ Company information that is not yet precise, even though one may reasonably presume that it has all the characteristics to become Inside Information under current Laws.

Chief Executive Officer), Chief Business Development, Chief Marketing Officer, Chief Legal and Corporate Affairs Officer and Head of M&A of the Inside Information Management Function, with the Chief Legal and Corporate Affairs Officer acting as point of contact for the formal adoption of the relevant decisions;

- identification of the members of the C-Suite as Organisational Functions Responsible for Inside Information;
- setting up of the RIL — Relevant Information List;
- the mapping of categories of information to be classified as Relevant and of the organisational roles/functions that may originate them.

5.2. Procedure for Handling Inside and Relevant Information

Brembo's Procedure for Handling Inside and Relevant Information or Price-sensitive Information, updated by the Board of Directors on 8 May 2018, fully reflects not only the provisions of the Market Abuse Regulation ("MAR"), but also the indications provided in the 2017 Consob Guidelines. The Procedure is available on Brembo's website: www.brembo.com, section Company, Corporate Governance, Governance Documents.

The purpose of this Procedure is to define the principles and rules governing the internal management and the disclosure of information pertaining to the operations of Brembo and the Group, with specific regard to Inside and Relevant Information. This is to ensure compliance with applicable statutory requirements in force from time to time and guarantee that Inside and Relevant Information is treated with the utmost confidentiality in order to prevent the selective disclosure of documents and information pertaining to Brembo and the Group, and that is to say, the divulgation of data to certain persons, including, without limitation, shareholders, journalists or analysts, prior to the public disclosure thereof, or otherwise, any form of untimely, incomplete or inadequate disclosure of the said data.

In keeping with the provisions of Brembo's Code of Ethics, the Procedure is therefore a preventive measure aimed at detecting and interdicting the abuse of Inside Information, market manipulation and improper circulation of Inside Information within the meaning of Articles 31 and 54 of Directive

No. 2014/65/EU (so-called Mifid II), Articles 8, 10 and 12 of MAR, and Articles 184 *et seq.* of TUF, all of which constitute offences that, pursuant to Legislative Decree No. 231/2001, could potentially give rise to corporate administrative liability. Accordingly, the Procedure forms an integral part of Brembo's 231 Model and Corporate Governance Code.

The Procedure must be observed by Directors, Statutory Auditors, Company Executives and all employees of Brembo and the Group, as well as by any person (whether they are natural or legal persons) afforded access on a regular or occasional basis to Brembo's Inside or Relevant Information relating to Brembo and/or the Group by virtue of his/her professional activity.

Assessing if and to what extent specific events could be deemed to give rise to Relevant or Inside Information, as well as whether or not to apply for authorisation to delay public disclosure of the Inside Information, is undertaken on a case-by-case basis and is the responsibility of the Business Development Committee, viewed as the organisational function charged with assessing whether information regarding the Company and other Group companies qualifies as Relevant or Inside Information and with taking the relevant market-disclosure decisions.

The Investor Relations function is in charge of the publication of press releases. Brembo's Inside Information is published and stored using the Consob-authorized 1INFO system (www.1info.it), managed by Computershare S.p.A.



5.3. Internal Dealing Procedure

Brembo's Internal Dealing Procedure has been drawn pursuant to and for the intents and purposes of Article 19 of MAR (the Market Abuse Regulation) and in compliance with all rules and regulations in force at the time of its issuance. The Procedure is available on Brembo's website: www.brembo.com, section Company, Corporate Governance, Governance Documents.

This procedure regulates the management and disclosure of Internal Dealing transactions, i.e., transactions involving Brembo S.p.A.'s financial instruments made, whether directly or through third-party intermediaries, by persons exercising management, control and direction functions (Managers) and persons closely associated therewith, and Shareholders, i.e., any and all persons who hold an equity interest equal to or exceeding 10% of Brembo's share capital, insofar as they are potentially in possession of Inside Information. The procedure, *inter alia*, sets forth the ban for Managers to carry out such transactions commencing on the 30th day immediately preceding Brembo's

Board Meetings convened for the approval of the annual or interim financial results that the company discloses to the market, also on a voluntary basis, and expiring upon public disclosure of the press release on the results (so-called Black-out Period).

In line with the provisions of Brembo's Code of Ethics, the Internal Dealing Procedure constitutes a direct measure aimed at promoting parity of information and at deterring the misuse of advantages arising from information asymmetry to garner undue gains through insider trading transactions which, *inter alia*, could entail corporate administrative liability for related criminal offences pursuant to Legislative Decree No. 231/2001. Accordingly, this procedure forms an integral part of the 231 Model. The Head of Investor Relations is responsible for maintaining and periodically updating the list of insiders, as well as complying with public disclosure obligations in respect of transactions reported by Insiders.

5.4. Procedure for Handling the Insider Register and the Relevant Information List (RIL)

The Register and RIL Procedure (lastly updated through Board resolution of 8 May 2018) is designed to ensure compliance with all the obligations pertaining to the maintenance and timely updating of the Insider Register mentioned in Article 18 of MAR. The Register and RIL Procedure is also compliant with the requirements and recommendations set out in the 2017 Guidelines regarding the keeping and updating of the RIL, i.e. the list of parties with whom the issuers have professional collaborative relationships, including employment relationships, and who have access to the Relevant Information in the course of certain of their duties.

This Register and RIL Procedure lays down the methods to be used to draft and update the Registers in accordance with the instructions given in Commission Implementing Regulation (EU) No. 2016/347 with regard to the Insider Register, extended, where possible and/or advisable, to the RIL. In particular, this Register and RIL Procedure:

- identifies the requirements the Insider Register and the RIL must meet;
 - determines the data to be recorded in the Insider Register and the RIL;

- outlines the structure of the Insider Register and the RIL;
- regulates the updating of the Insider Register and the RIL.

This Register and RIL Procedure applies to Brembo in its capacity as an Italian company whose shares are traded on the Italian regulated market, and to any and all persons and parties afforded access to Inside or Relevant Information by virtue of an employment contract with the company or any other type of working relationship with the same, such as, by way of example and without limitation, consultants or accountants.

So as to prevent the commission of offences by employees and consultants who stand in a position to materially engage in criminal conduct, the Company has imposed a series of further requirements, over and above the provisions set forth in the Procedure for Handling Inside and Relevant Information, including confidentiality obligations contractually binding on consultants and employees, and the confidentiality requirement pursuant to the Code of Ethics.

In accordance with the recently introduced regulatory requirements, Brembo S.p.A. takes all necessary measures to ensure that all persons and parties included in the Insider

Register and the RIL are aware of the legal and regulatory duties underlying their inclusion, as well as the sanctions attaching to the misuse or improper circulation of Inside Information, ensuring that all the such persons are served appropriate information in such regard, in writing, against written acknowledgement of receipt and acceptance.

The Insider Register is maintained electronically using specific management software (RAP – *Registro Accesso alle Informazioni Privilegiate*) designed and licenced by Computershare S.p.A. to ensure full regulatory compliance. The Legal & Corporate Affairs Department is tasked with maintaining and updating the Insider Register and the RIL.

6. BOARD COMMITTEES

Brembo established all its Committees in accordance with the recommendations of the Corporate Governance Code. The composition, duties and functioning of all Committees are defined in specific Regulations fully implementing the

principles and criteria of the Corporate Governance Code. These Regulations are available on the Company’s website and are included in Brembo’s Corporate Governance Manual.

2020 Number of Committee Meetings and Attendance Rate of Directors

COMMITTEES	2020 NUMBER OF MEETINGS	ATTENDANCE RATE	PRESENCE OF INDEPENDENT MEMBERS
REMUNERATION & APPOINTMENTS COMMITTEE	2	100%	100%
AUDIT RISK & SUSTAINABILITY COMMITTEE (which also acts as the related party transactions committee)	5	100%	100%
LID + INDEP. DIRECTORS	2	100%	100%

7. REMUNERATION & APPOINTMENTS COMMITTEE

The Remuneration & Appointments Committee²², appointed on 23 April 2020 by the Board of Directors meeting convened after the General Shareholders’ Meeting, will remain in office until the General Shareholders’ Meeting called to approve the Financial Statements for the year ending 31 December 2022, and is made up of 3 members:

The professional profile of the members of the Remuneration & Appointments Committee (available on Brembo’s website, www.brembo.com, section Company, Corporate Governance, Governing Boards and Committees) meets the experience requirements imposed by the Corporate Governance Code in order to ensure an efficient performance of the Committee’s duties.

Members	Position
NICOLETTA GIADROSSI	Independent Director - Chairwoman
LAURA CIOLI	Independent Director
ELIZABETH MARIE ROBINSON	Independent Director

The Remuneration & Appointments Committee operates in accordance with its Regulations, that distinguish its respective remuneration and appointments functions as follows.

- Remuneration function: it ensures that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer, the Executive Directors,

²² Brembo implemented the recommendation to set up the Appointments Committee in 2012, entrusting such function to the Remuneration Committee and accordingly changing its name to Remuneration & Appointments Committee.



the Directors holding special offices and Key Management Personnel, as well as the Non-executive Directors, are formulated by a Body in the absence of conflicts of interest.

- Appointments function: it identifies the optimal composition of the Board, by indicating the professional roles that may promote its proper and effective functioning and contributing to the preparation of the succession plan for Executive Directors.

The meetings of the Remuneration & Appointments Committee:

- are always attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor as required by the Chairman; the other members of the Board of Statutory Auditors may also attend the meetings;
- may also be attended by persons, other than Committee members, who have been specifically invited and are part of the Company's management and/or management structures, in relation to specific needs or items on the Agenda; they include, in general, the Chief Human Resources & Organization Officer and the Secretary of the Board of Directors, as well as the Chief Legal & Corporate Affairs Officer;
- are not attended by Executive Directors.

In 2020, the Remuneration & Appointments Committee focused its activity:

- (i) on the proposals to be submitted to the Board of Directors, in view of the appointment of the new members of the company bodies for the 2020-2022 term;
- (ii) on remuneration policies and the related changes made in this regard due to the Covid-19 pandemic emergency.

In particular, the Remuneration & Appointments Committee held two meetings in 2020, with an average length of approximately 2 hours and 30 minutes (details of which are given below), as well as further induction and preparatory sessions in view of the meeting of July 2020 (4 skype calls on 26 and 29 June 2020 and 2 and 13 July 2020) concerning Brembo's remuneration policies and the impact of the Covid-19 emergency on short- and long-term remuneration systems.

1. Meeting held on 3 March 2020:

it conducted an advance assessment of the matters to be put before the Board of Directors and then the General Shareholders' Meeting convened on 23 April 2020. In addition to the Secretary (Chief Legal & Corporate Affairs Officer), the Chief Human Resources and Organisation Officer was invited to attend the meeting to explain the matters within his remit. On that occasion, the Remuneration & Appointments Committee:

- i) with regard to the Composition of the Board of Directors and the Combination of skills and professional backgrounds:*
 - in relation with the Board in office on 3 March 2020 (2017-2019 term)
 - assessed the individual declarations of the Directors, Statutory Auditors and members of the Supervisory Committee for periodic verification, including to support the BoD's self-assessment process, of continuing satisfaction of the requirements and implementation of the Diversity criteria provided for by Brembo's Corporate Governance Code for Directors, as well as the compatibility of the positions held by them;
 - assessed the combination of professional backgrounds and managerial skills in the light of Brembo's diversity policy pursuant to Article 123-bis, paragraph 2, letter d-bis of TUF defined by the Regulations of the Board of Directors and Brembo's Corporate Governance Code;
 - in relation with the appointment of the new members of the company bodies for the 2020-2022 term to take place during the General Shareholders' Meeting on 23 April 2020:
 - examined the proposals for the Board of Directors relating to its composition and size, as well as opinions on profiles (professionalism, maximum number of positions and diversity policies and criteria) of the candidates for its future composition and the number of concurrent positions
- ii) with reference to Remuneration:*
 - evaluated the closing results of the short-term annual Incentive Plan (MBO 2019) and defined the proposals of the short-term annual Incentive Plan (MBO 2020);
 - examined the proposal concerning total remuneration (for each year of the term of office) of the governing body and the Board Committees of Brembo S.p.A. and allocation thereof;
 - examined the proposal regarding the total remuneration for Brembo S.p.A.'s Board of Statutory Auditors, taking also into account the opinion expressed by the outgoing Control Body in its report drawn up pursuant to Article Q 1.6 of "Principles of conduct for the Boards of Statutory Auditors of listed companies";
 - examined the 2020 Remuneration Report, including the part concerning the remuneration paid (Section I and Section II), prepared in accordance with Article 123-ter of TUF, assessing and confirming the effective implementation of the 2019 remuneration policies;

2. Meeting held on 23 July 2020:

Exclusively with reference to Remuneration:

it examined the proposals to review the 2020 remuneration policies, with a particular focus on the short-term incentive system (2020 MBO) and long-term incentive system (2019-2021 LTIP), in light of the situation generated by the Covid-19 emergency. The subjects discussed during the meeting and the proposals formulated on that occasion were priorly shared with the Audit, Risk & Sustainability Committee in its capacity as the Related Party Transactions Committee and subsequently approved by the Board of Directors on 29 July 2020.

In addition to these ones, a meeting held on February 2021 is added with the aim to conduct an advance assessment of the proposals to be put before the Board of Directors and then the General Shareholders' Meeting convened on 22 April 2021.

Meeting held on 23 February 2021:

i) with regard to the Composition of the Board of Directors and the Combination of skills and professional backgrounds:

- it assessed the individual declarations of the Directors, Statutory Auditors and members of the Supervisory Committee for periodic assessment, including to support the BoD's self-assessment process, of continuing satisfaction of the requirements and implementation of the Diversity criteria provided for by Brembo's Corporate

Governance Code for Directors, as well as the compatibility of the positions held by them;

- it assessed the combination of professional backgrounds and managerial skills in the light of Brembo's diversity policy pursuant to Article 123-bis, paragraph 2, letter d-bis of TUF defined by the Regulations of the Board of Directors and Brembo's Corporate Governance Code

ii) with reference to Remuneration:

- it evaluated the closing results of the short-term annual Incentive Plan (MBO 2020) and defined the proposals of the short-term annual Incentive Plan (MBO 2021);
- the alignment of the Targets of the 2019-2021 Long Incentive Plan. The subject has been shared also with the Audit, Risk & Sustainability Committee in its capacity as the Related Party Transactions Committee before the submission to the Board of Directors on 4 March 2021 for the relevant approval.
- it analyzed Brembo's position pursuant to the new disclosure schemes referred to Annex 3A, Scheme 7-bis relating to the Remuneration Report defined by CONSOB.
- it examined the Report on the Brembo Group Remuneration Policy for 2021 and Remuneration Paid for 2020 (Section I and Section II), drawn up in accordance with Article 123-ter of TUF, assessing and confirming the effective implementation of the 2020 remuneration policies.

8. REMUNERATION OF DIRECTORS

Please refer to the Report on the Brembo Group Remuneration Policy for 2021 and Remuneration Paid for 2020, pursuant to Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, section Company, Corporate Governance, Remuneration Policies).

Brembo has examined and incorporated in its remuneration policies the new rules introduced through Legislative Decree No. 49/2019 which transposed into Italian law EU Directive 2017/828 (so-called "Shareholders' Rights II") concerning related parties, and acknowledged the ensuing modifications introduced by Consob to the Rules for Issuers (Article 84-quater), as well as adopted the new disclosure schemes pursuant to Annex 3A, Scheme 7-ter relating to the Report on the Remuneration Policy and Remuneration Paid.

The information required by Article 123-bis, paragraph 1, letter (i), of TUF ("*Agreements between the Company and the Directors [...] providing for compensation in case of resignation or dismissal without juste cause or if their employment ceases as a result of a public tender offer*") are contained in the 2021 Remuneration Report in accordance with Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, section Company, Corporate Governance, Remuneration Policies).

The information required by Article 123-bis, paragraph 1, letter (l), of TUF ("*the rules governing the appointment and replacement of Directors [...] and amendments to the By-laws, if different from the otherwise applicable laws and regulations*") are illustrated in the section concerning the Board of Directors.



9. AUDIT, RISK & SUSTAINABILITY COMMITTEE

Also acting as the Related Party Transactions Committee

The Audit, Risk & Sustainability Committee²³, which also acts as the Related Party Transactions Committee²⁴ was appointed by the Board of Directors at the meeting held on 23 April 2020 and will remain in office until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022.

The Committee is composed by 3 members:

Members	Position
LAURA CIOLI	Independent Director - Chairwoman
ELISABETTA MAGISTRETTI	Independent Director
NICOLETTA GIADROSSI	Independent Director

The professional profile of the members of the Audit, Risk & Sustainability Committee (available on Brembo's website www.brembo.com, section Company, Corporate Governance, Governing Boards and Committees) meets the experience requirements imposed by the Corporate Governance Code in order to ensure an efficient performance of the Committee's duties.

The duties and functioning of the Audit, Risk & Sustainability Committee are defined in its Regulations, which have been amended by the Board of Directors during its meeting on 23 April 2020²⁵ and are available on corporate website.

The following persons are invited to the Committee meetings:

- the Chairman of the Board of Statutory Auditors or another Acting Auditor delegated by the Chairman;
- the Director in charge of the Internal Control and Risk Management System and the Chief CSR Officer;
- the Chief Executive Officer;
- the Chief Internal Audit Officer;
- the Manager in charge of the Company's financial reports, or a person delegated by the said Manager, for matters falling within his remit;

- the Head of Risk Management;
- the Corporate & Compliance Manager, also serving as Committee permanent secretary.

Members in charge of the so-called second-level control functions are also invited from time to time to participate so that they can illustrate the main risk factors and risk mitigation plans/actions, each to the extent of his or her competence.

Given the similarity of the subjects addressed, the sessions of the Audit, Risk & Sustainability Committee often included the joint discussion with the Board of Statutory Auditors and the Supervisory Committee, in accordance with the specific functions and duties of each, in order to ensure an immediate discussion and timely information flows.

In 2020, the Audit, Risk & Sustainability Committee held five meetings, duly recorded in the minutes (lasting about 3-4 hours each on average), on the following dates: 25 February, 5 May, 24 July, 29 October, and 10 December. In addition, as at the date of the approval of this Report, the Committee held one (1) meeting on 25 February 2021, during which it reported on the Internal Audit's activity until the end of the financial year and the final periodic reports for 2020 regarding the internal control and risk management system.

In its functions of support to the Board of Directors, the Audit, Risk & Sustainability Committee constantly monitored activities relating to the design, implementation and management of the Internal Control and Risk Management System. It also examined the reports submitted by the Director in charge of the Internal Control and Risk Management System and the Chief Internal Audit Officer on the occasion of the approval of the 2020 Financial Statements. On the basis of the activities performed, the ICRMS confirmed its opinions on the adequacy of the System for 2020 through specific reports submitted by the Chairman of the committee to the Board.

²³ Starting with its term beginning on 20 April 2017, for the first time the Board of Directors assigned the Committee responsibility for supervising sustainability issues, resulting in the change of the Committee's name from the Audit and Risks Committee to the Audit, Risk & Sustainability Committee, and its tasks as set out in the related regulation were updated accordingly. This decision was made in accordance with the suggestion contained in the comment on Article 4 of the Corporate Governance Code of Borsa Italiana S.p.A.

²⁴ Due to the fact that the Audit, Risk & Sustainability Committee is wholly composed by Non-executive and Independent Directors, pursuant to Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A., and Brembo S.p.A.'s Corporate Governance Manual (Article 3), the Committee also acts as Related Party Transactions Committee.

²⁵ Article 4.2 of the Regulations of the Control, Risks and Sustainability Committee was amended to provide that the CEO is to participate in meetings of the CRSC by invitation of the Chairman and/or where the CEO deems it appropriate in the light of the subject matter and issues on the agenda for each occasion; to this end, the notice of convocation of the committee will always be sent to the CEO in order to permit the CEO to examine the topics on the agenda and thus assess whether to participate.

During 2020, strongly characterised by the Covid-19 health emergency, the ICRMS focused its activity on:

- analysing the main risks and impacts of the Covid-19 health emergency for the Group;
- monitoring the actions and initiatives promptly implemented at the Group level to guarantee business continuity (ensuring the continuity of operations and of the supply chain);
- verifying constant application of the measures and protocols prepared to prevent, monitor and contain the spread of the virus and safeguard the health of its personnel and people, including through ad hoc meetings with the various heads of functions, as indicated in further detail below.

In supervising the Internal Control and Risk Management System, the Audit, Risk & Sustainability Committee:

- constantly oversaw (and, in light of the continuation of the health emergency, continues to oversee) all developments relating to the spread of the pandemic and monitored the ongoing implementation of all necessary measures to prevent, monitor and contain the virus promptly adopted at all of Group locations worldwide, with the aim of protecting the health of employees and contractors. In particular, it was constantly updated, according to the area of reference, on the measures implemented by the relevant person responsible (e.g., the Chief CSR Officer, Chief Corporate Social Responsibility Officer, Safety Manager, senior management, etc.) in response to the Covid-19 pandemic, in accordance with the provisions issued by the competent authorities from time to time. In light of the protracted duration of the pandemic, the activities carried out in relation to the emergency continue to be constantly monitored.
- was informed, by the Heads of the various areas, about the main operating risks inherent in the nature of the business, associated with the supply chain, the unavailability of production facilities, product marketing, IT, issues involving health, job safety and the environment and the regulatory framework of the countries in which the Group operates.
- verified the compliance of the measures adopted and observance of the anti-Covid-19 protocols issued by the authorities from time to time by analysing the findings of the audits conducted to determine whether they were effective and adequate.
- oversaw the effectiveness of the audit process, and assessed and expressed its opinion on the proper use of the accounting standards and their consistency within the Group for the purposes of preparing the Consolidated Financial Statements,

based on the information provided by the Manager in charge of the Company's financial reports, and their consistency for preparing the Financial Statements;

- was informed by the Chief Administration and Finance Officer of the main points of attention identified by the Independent Auditors during their activity in the field (that do not represent significant deficiencies in the internal control system), in addition to the activities carried out in accordance with Law 262/05 and its extension to Group companies;
- examined the reports regularly provided by the Chief Administration and Finance Officer on significant transactions and transactions entailing a potential conflict of interests within the meaning of corporate regulatory framework currently in force and, specifically, also on charitable donations that Brembo S.p.A. made in favour of the Mario Negri Institute, the FROM Foundation and the Pope John XXIII Hospital to address the Covid-19 epidemic emergency. The transactions fell within the scope of the authority delegated by the Board of Directors.
- was updated on a regular basis by the Head of Risk Management on the following:
 - periodic Enterprise Risk Management process, and its integration with ESG factors, reviewing the update to Brembo's Risk Report of 31 December 2020 and the Heat Map of the Group's risk profiles (including ESG-related risks) and the action/mitigation plans prepared and launched by the management;
 - new insurance covers for the Brembo Group, with in-depth analysis of the insurance spending trend;
 - risks and impacts for Brembo arising from the Coronavirus-related health emergency and actions implemented.
- was constantly updated by the Chief Internal Audit Officer on the following matters:
 - the progress of audit plans (with an average opinion per audit and staffing situation to complete the plan), verifying its implementation according to the Audit Plan approved by the Board of Directors in 2020;
 - the results of audit activities during the period, with an opinion of residual risk once the Plan is implemented;
 - an analysis of reports of violations of laws, procedures and regulations received and/or identified in the course of ethics audits;
 - the findings of the audit of compliance;
 - the 2021 Audit Plan and related Budget.



These activities did not result in the identification of significant critical issues and allowed the Committee to confirm the substantial adequacy of the Internal Control and Risk Management System.

With the aim of further analysing specific risks and monitoring the improvement plans launched by the management, the Committee conducted specific inquiries into specific issues, meeting directly with top managers of the Company:

- the Chief Human Resource & Organisation Officer, who provided information regarding the protection and safety measures implemented at Brembo sites in response to the Covid-19 health emergency;
- the Chief Purchasing Officer, who illustrated supply chain risks — both those generated by Covid-19 and those typical of the function — on the basis of the risk matrix, which is updated annually;
- the Administration and Finance Department, which provided updates on critical situations from an economic and financial standpoint, on the implementation/development and execution of the Tax Control Framework Project, on the Protocols implemented following the new contracting legislation, on law 262 compliance and the evaluation of Covid-19 impacts and on preventive protocols for Legislative Decree 231 purposes for tax offences (with the related Legislative Decree 231 assessment);
- the Chief Information Officer, who provided information regarding the certification obtained for Brembo S.p.A. with regard to the IT 27001 Systems Certification (a process that will continue in countries that supply OE customers);
- the Head of Health & Safety, who illustrated the reports on the audits conducted by the central H&S function and the Internal Audit function on the application of Covid-19 protocols;
- the Chief Environment & Energy Officer, who explained the assessments arising from the impacts of Covid-19 on environmental aspects (both those relevant and not relevant to Legislative Decree 231) and the status of any risks and/or critical factors emerging from the audit to obtain 14001 Certification;
- the Intellectual Property Rights Manager, who illustrated the tools for protecting active and passive intellectual property at Brembo;
- the Process Transformation & Cost Efficiency Director, who, as part of Business Process Transformation and Cost Efficiency, illustrated the Cost Reduction Program due to the impact of the Covid-19 pandemic and Business Transformation;
- the Chief Financial Control Officer, who, including by way of induction for Directors newly appointed members of the Committee, explored the procedure and the criteria adopted for performing impairment tests.

With regard to the topics of Sustainability and the Disclosure of Non-financial Information pursuant to Legislative Decree No. 254/2016, the Committee examined and expressed opinions on the following:

- Brembo's Modern Slavery Statement, drafted pursuant to the Modern Slavery Act 2015 – Section 54 in accordance with international best practices, was presented at the meeting of 5 May 2020²⁶;
- during its meeting on 10 December 2020 the Chief CSR Officer presented:
 - the proposed Materiality Matrix for the three-year period, subsequently approved by the Board of Directors on 17 December 2020, and the activities carried out for defining said Matrix and which involved the participation of internal and external stakeholders (customers, suppliers, trade associations and insurance companies);
 - the Carbon Neutrality project, for which a specific working Group has been defined to outline a roadmap to achieve carbon neutrality by 2039;
 - the impacts on the NFD of the Covid-19 pandemic and the global situation related to Covid-19, as well as actions/initiatives in Italy and at Group companies aimed at addressing the health emergency;
 - timetable of the process of collecting and preparing the NFD for 2020 (including the assurance activities plan by the firm commissioned);
 - the update to the Procedure PG.W.CSRO-06 “Process of drafting the Consolidated Disclosure of Non-financial Information pursuant to Legislative Decree No. 254/2016.”
- Finally, during its meeting of 25 February 2021 the Committee conducted an advance examination of the 2020

²⁶ This document describes the measures adopted and implemented by the Company to ensure the absence of all forms of modern slavery, forced labour and human trafficking with respect to both its employees and its supply chain.

NFD, prepared in accordance with Legislative Decree No. 254/2016 for reporting year 2020, finding it to be consistent with the provisions of the Decree.

For further information on the activities performed by the Committee in its capacity as Related Party Transactions Committee, see paragraph 11.3.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Main aspects of the Internal Control and Risk Management System	Yes/No
Existence of a document containing Guidelines for the Internal Control and Risk Management System	Yes
Presence of an Executive Director charged with overseeing the Internal Control and Risk Management System	Yes
Presence of a Committee responsible for supervising risks, including sustainability risks	Yes
Presence of organisational structures responsible for risk management (Risk Management Committee - Head of Risk Management)	Yes
Existence of an Audit function tasked by the Board of Directors with systematically assessing the efficiency and efficacy of the Internal Control and Risk Management System	Yes
Preparation of specific compliance programmes (Code of Ethics, Model According to Legislative Decree No. 231, Antibribery Code of Conduct, Policy of Non-Discrimination and Diversity, Code of Basic Working Conditions, Antitrust Code of Conduct, Privacy Policy, Modern Slavery Statement, Tax Control Framework)	Yes

Effective risk management is a key factor in maintaining the Group's value over time. The Internal Control and Risk Management System (hereinafter for brevity, "System" or "ICRMS") defined by Brembo:

- complies with the principles set out in Article 7 of the Corporate Governance Code and, more generally, with the best national and international practices;
- represents the set of rules, procedures and organisational structures that allow the main business risks within the Group to be identified, measured, managed and monitored;
- helps the company to be run in a manner that is sound, correct and consistent with the objectives defined by the Board of Directors, favouring the adoption of informed decisions consistent with the risk profile, as well as dissemination of a proper understanding of risks, legality and corporate values.

The ICRMS is therefore an essential component of the Corporate Governance System of Brembo S.p.A. and the Group's

subsidiaries. It was set up to share ethical business principles and values, reflects Brembo's Code of Ethics and seeks to establish over time a fully-fledged culture of corporate controls aimed at ensuring legality, correctness and transparency in all company operations, involving the whole organisation in developing and applying methods to identify, measure, manage and monitor any kind of risk, including risks relating to sustainability in the medium-long term.

In operational terms, these principles translate into the achievement of the following Internal Control and Risk Management System objectives:

- helping to ensure the reliability of information;
- ensuring compliance with laws and regulations, as well as the company's By-laws and internal procedures;
- safeguarding company assets;
- facilitating the efficacy and efficiency of company operations and processes.



The System is organised as shown in the organisational chart.



The Board of Directors is aware that the control processes cannot provide absolute assurances that the company objectives will be achieved and the intrinsic risks of business prevented; however, it believes that the ICRMS may reduce the likelihood and impact of wrong decisions, human errors, frauds, violations of laws, regulations and company procedures, as well as unexpected events.

Monitoring of the adequacy and effective operation of the Internal Control and Risk Management System, as well as any revision thereof, is an essential part of the system's structure. The Internal Control and Risk Management System is therefore subject to regular examination and controls, taking account of developments in the company's operations and reference context. Based on the roles and responsibilities already defined, various control bodies can be identified with responsibility for performing checks and expressing opinions on the Internal Control and Risk Management System.

The overall and final assessment remains with the Board of Directors, which expresses an opinion regularly based on reports produced by the Control and Supervisory Bodies, not

only to verify that the system exists and is being implemented within the Group, but also to carry out a regular detailed examination of its fitness and effective and concrete operation.

Such an assessment could therefore indicate the need to draw up further policies, processes and rules of conduct allowing the Group to adequately react to new or mismanaged risk situations. Such improvement measures, which are the responsibility of the respective management area, have to be coordinated by the Chief Executive Officer with the supervision of the Director in charge of the Internal Control and Risk Management System.

The Board of Directors has already identified the key roles and responsibilities in the Internal Control and Risk Management System, through the approval of various company documents to which reference is made. In brief, the ICRMS involves, based on the respective duties, the Administrative Bodies (Board of Directors, Audit, Risk & Sustainability Committee, Executive Directors, and particularly the ICRMSD), the Board of Statutory Auditors, Independent Auditors, Supervisory Committee, Internal Audit function and the other company roles and

functions with specific tasks regarding internal control and risk management, organised in relation to business size, complexity and risk profile. In addition, management is responsible for the effective implementation of the Internal Control and Risk Management System for the areas within their respective remit, through the collaboration and active contribution of all those who work in and with Brembo, at each level in their working activity, helping to create not only economic but also ethical value for the company.

The key roles to mention are:

- the Executive Directors, generally charged with defining further policies for effective implementation of these Guidelines, referring to models of best practice; these policies will be approved by Top Managers and reported to the Audit, Risk & Sustainability Committee;
- the Audit, Risk & Sustainability Committee, tasked with supporting the Board of Directors on internal control and risk management issues, including those relevant from the standpoint of sustainability;
- the Executive Director in charge of the Internal Control and Risk Management System is tasked with identifying the main corporate risks by executing risk management Guidelines and verifying their adequacy;
- the Managerial Risk Committee responsible for identifying and weighing the macro-risks and working with the system parties to mitigate them;
- the Head of Risk Management, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified, adequately measured, managed, monitored, and integrated within a corporate governance system consistent with the strategic objectives.

The Internal Audit function evaluates the effectiveness and efficiency of the overall Internal Control and Risk Management System on a regular basis and reports the results to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer, the Board of Statutory Auditors, the Audit, Risk & Sustainability Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001. On an annual basis, it also reports to the Board of Directors.

Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed

for each business unit and geographical region in which Brembo operates. The meetings also focus on determining the actions required to mitigate any risks. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the Risk Management Policy and Procedure, in the Organisational, Management and Control Model (as per Italian Legislative Decree No. 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-*bis* of TUF), to which the reader is referred.

The Risk Management Policy applies to Brembo S.p.A. and its subsidiaries, and is addressed in particular to Governing and Control Bodies, Directors with delegated powers, company management and all employees of the organisation, with respect to the aspects falling within the purview of each of them. Risk management must be integrated into organisational processes and incorporated into all of the organisation's practices and processes in a pertinent, effective and efficient manner. In fact, it must be an integral part of decision-making and business management processes, including strategic and operational planning, the management of new business initiatives and the associated change.

In order to ensure an appropriate methodological approach, Brembo has approved an Enterprise Risk Management policy (ISO31000) as the key policy document and a risk management procedure supporting the risk management process, able to provide management with the necessary tools for identifying, assessing, weighting and handling the same risks. This methodology provides:

- the Brembo risk model that classifies risks into the following macro families: external risks, strategic risks, financial risks and operating risks;
- the metric to be used in risk assessment, both quantitative (EBIT/Cash Flow) and qualitative (Operating/Reputational), and the likelihood of occurrence;
- the format containing the data required to identify, evaluate, weight and manage the risks, which will form Brembo's risk register.

The Enterprise Risk Management process relating to the strategic objectives is carried out annually, as is monitoring of the risk management activities.



For further information about risk families, reference should be made to the Risk Management Policy included in 2020 Annual Report²⁷.

The Internal Control System is involved in the broader Risk Management System, through the control activities designed to mitigate business risks. Brembo's Internal Control System refers to the CoSO Framework (Committee of Sponsoring Organizations), which represents the best international practice for company Internal Control Systems. The CoSO hence

represents the reference model for implementing the Control System and assessing the efficacy of the same.

It also underpins Brembo's Organisation, Management and Control Model, pursuant to Legislative Decree No. 231/2001, and the Brembo Group's Reference Scheme for preparing the corporate accounting documents, pursuant to Law No. 262/2005.

Brembo adopted the new 2013 CoSO framework as of 2015.

10.1. Appropriateness of the Internal Control and Risk Management System

With reports dated 24 July 2020 and 25 February 2021, the Chairman of the Audit, Risk & Sustainability Committee informed the Board of Directors of the activities undertaken by the Committee, and expressed a favourable opinion as to the adequacy of the ICRMS, taken as a whole, and its appropriateness for containing risks and efficiently ensuring compliance with the company's rules of conduct and operating procedures — including during the Covid-19 health emergency — whilst leaving it up to the Board of Directors to draw its own conclusions in such regard.

The Board of Directors examined the reports of the Chairman of the Audit, Risk & Sustainability Committee and the Executive Director in charge of the Internal Control and Risk Management

System, the activities undertaken and planned by the Company's Internal Audit function, the meetings conducted by the Chief Internal Audit Officer with the Chairman of the Board of Directors, the Executive Director in charge of the Internal Control and Risk Management System and the Manager in charge of the Company's financial reports. Based on the foregoing, the Board of Directors shared the opinion expressed by the Chairman of the Audit, Risk & Sustainability Committee and acknowledged that the ICRMS is appropriate to the Group's structure and type of business, and suited to prevent the risks identified. Furthermore, the accounting principles and procedures are properly applied for the purposes of preparing the periodic financial reports.

10.2. The Internal Control and Risk Management System as it relates to the financial reporting process

In accordance with the principles outlined by the CoSO Report, the Manager in charge of the Company's financial reports — assisted by the Compliance Officer and supported by Internal Audit and, where applicable, the evaluations provided by Brembo's Audit, Risk & Sustainability Committee — carried out a process to identify and assess the risks that might prevent the company from achieving its objectives regarding the reliability of financial reporting.

The process for identifying and assessing such risks is reviewed

yearly. The Manager in charge of the company's financial reports, in collaboration with the Compliance Officer, is responsible for updating the process to reflect any changes during the year that might influence the risk assessment process (i.e., significant organisational changes, business changes, amendments or updates of accounting principles, etc.). Control measures taken to minimise risks identified during the risk assessment process are outlined using the appropriate formats (flow charts and control matrices). Key control measures have been identified from among these.

²⁷ www.brembo.com, section Investors, Reports.

In determining whether the administrative and accounting procedures are being effectively applied, the Manager in charge of the company's financial reports relies on the support of the Internal Audit function (through the performance by the latter of effectiveness tests on controls pursuant to Law 262) or the Compliance Officer (through the review and validation by the latter of effectiveness tests pursuant to Law 262 carried out by process owners for the processes within their respective remit). The Manager in charge of the company's financial reports, by agreement with the Internal Audit function and the Compliance Officer, draws up a three-year Audit plan that is carried out through scheduled annual test activities and conducted at all Group companies within the scope of application of Law 262.

If the tested control mechanisms are found to be defective, the Manager in charge of the Company's financial reports and the Compliance Officer are required to review them and evaluate, in concert with the process owners, the corrective measures recommended by the latter in a corrective plan.

The corrective plan is used by the Company to address any missing key control measures, existing control measures that following a test have been found not to have been properly applied, or existing control measures that are not entirely adequate. When this document has been defined and shared, the Compliance Officer and/or Internal Audit (in this latter case through a specific follow-up on site) verify that the improvement plan has actually been implemented.

Any event that could potentially impact the adequacy of the above Framework in light of the company's actual situation, or that might compromise the reliability of the risk analysis process,

must be identified by the Process Owners and promptly reported to the Manager in charge of the Company's financial reports (through the Compliance Officer).

The Process Owners are responsible for identifying all events within the processes in their purview that could potentially change the above framework and promptly reporting them to the Manager in charge of the Company's financial reports, through the Compliance Officer. Every six months, if no specific events have occurred that could impact the processes or control measures for which they are responsible, the Process Contact Persons must provide a formal notice thereof.

The Compliance Officer and the Internal Audit function periodically report to the Manager in charge of the Company's financial reports as to the activities carried out and test results. Also the main companies in the Brembo Group are subject to analysis and checks in conjunction with the preparation of the Brembo Group's Consolidated Annual Financial Statements and Six-Monthly Report.

On a half-yearly basis, the Manager in charge of the Company's financial reports, supported by the Compliance Officer, also requests each Group company falling within the scope of Law No. 262 to submit an attestation, duly signed by the Controller/Manager (for each Brembo S.p.A.'s²⁸ GBU) or the local CFO and CEO/Country Manager (for Group companies falling within the scope of Law No. 262). Through this attestation each Company certifies that as at the date of reference, all financial reporting processes currently in force are reliable and have been properly applied, and that the financial data in the reporting package are correct and complete.

²⁸ In addition to attestations required for each GBU, for Brembo S.p.A. a specific attestation is required for the HR Department (signed by the Chief Human Resources & Organization Officer and the Head of staff), as well as the ICT Department (signed by the Chief Information Officer).



10.3. Executive Director in charge of the Internal Control and Risk Management System

On 23 April 2020, the Board of Directors confirmed Cristina Bombassei in her role as Executive Director in charge of the Internal Control and Risk Management System, vesting her with the functions set forth in Article 7.C.4 of the Corporate Governance Code. Said function acts on the basis of the Guidelines issued by the Board of Directors and the Policies for implementing the ICRMS, issued by the function itself in July 2015.

In 2020, the Executive Director in charge of the Internal Control and Risk Management System coordinated the activities aimed at updating the assessment of risks, including sustainability risks, using measurement criteria in line with the Group's risk management methodology. He also kept the channels of communication open, coordinating with the Chief Internal

Auditor Officer, Head of Risk Management and the Control, Risks and Sustainability Committee, with the goal of monitoring the main risks and impacts for the Company of the Covid-19 health emergency, as well as the actions promptly taken at the Group level to ensure business continuity (in terms of both production and the supply chain) and all measures and protocols necessary to prevent, control and contain the spread of the contagion to safeguard the health of its collaborators and individuals, in accordance with operating conditions and the legislative and regulatory scenario.

The Executive Director in charge of the Internal Control and Risk Management System submitted the annual report to the Board of Directors at the meeting held on 4 March 2021.

10.4. Chief Internal Audit Officer

Pursuant to the Corporate Governance Code, on the proposal of the Audit, Risk & Sustainability Committee and the Executive Director in charge of the Internal Control and Risk Management System, Alessandra Ramorino was confirmed in the position of Chief Internal Audit Officer by the Board of Directors on 17 December 2012. In addition, in December 2019 the Board of Directors confirmed the related organisational structure for 2020, which it deemed adequate to the performance of the tasks set out in Article 7.C.5 of the Corporate Governance Code.

The Chief Internal Audit Officer reports hierarchically to the Board of Directors through the Chairman, and in operational terms to the Executive Deputy Chairman. She also interacts with the Audit, Risk & Sustainability Committee, the Director in charge of the Internal Control and Risk Management System (ICRMSD) and the Board of Statutory Auditors, in such a way as to ensure constant efficacy and the requisite of independence in the performance of the duties associated with the position, in a manner consistent with the company's governance system and the Corporate Governance Code, while drawing inspiration from international best practices.

Upon proposal of the ICRMSD, and after obtaining a favourable opinion from the Audit, Risk & Sustainability Committee and

the Remuneration & Appointments Committee, as well as consulting with the Board of Statutory Auditors, the Board of Directors determines the Chief Internal Audit Officer's (fixed and variable) remuneration in accordance with company policies and current laws. It also ensures that the Chief Internal Audit Officer has access to resources suited to the fulfilment of her responsibilities.

Each year, after having obtained a favourable opinion from the Audit, Risk & Sustainability Committee and consulted with the Board of Statutory Auditors, the Board of Directors assesses and approves the Audit Plan and the Internal Audit function's budget.

The mission of Brembo's Internal Audit function is to ensure the performance of independent, objective assurance and advice activities aimed at improving the organisation's efficacy and efficiency. Internal Audit is tasked with assisting the Brembo Group in achieving its objectives through a systematic professional approach oriented towards providing value-added services in all areas within its purview, to achieve ongoing improvement.

Internal Audit is also charged with verifying and assessing

the operability and suitability of the Group's risk control and management system, in a manner consistent with the Guidelines and Policies for implementing the Internal Control and Risk Management System approved by Brembo's Board of Directors. In particular, this takes place through:

- an understanding of the risks and the assessment of the adequacy of the means used to manage them;
- an assessment of the adequacy and efficacy of the Internal Control and Risk Management System, while promoting effective control, at reasonable costs, with special regard to:
 - the reliability and integrity of accounting, financial, management and non-financial information;
 - the efficiency and efficacy of company processes and the resources allocated to them;
 - the compliance of processes and transactions with laws, supervisory regulations, rules, policies, plans and internal procedures;
 - safeguarding the value of the company's business and assets.

As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and periodic relations with function Directors and Managers.

The activities carried out by the Internal Audit function continued to be oriented towards risk prevention, the determination of direct actions to be taken to eliminate anomalies and irregularities and the provision of support to the Group in the pursuit of pre-set operating targets.

During 2020, Internal Audit operated based on the approved Three-year Audit Plan, which is updated on a yearly basis in light of the changed risk scenarios, and which provides for: audits of compliance with Law No. 262/05 and Legislative Decree No. 231/2001, IT audits, audits on relevant compliance activities, ethics audits based on specific reports received and operational audits. In addition, following the Covid-19 emergency, in the course of the year the audit plan was updated to take account of the impacts of the organisation's changed risk profiles and the resources assigned to the audit function.

The Chief Internal Audit Officer checked the reliability of the Company's IT systems, with specific emphasis on the accounting systems, as contemplated under the Audit Plan, coordinating her activity with the independent auditors.

With regard to Legislative Decree No. 231/2001, the ongoing support provided by the Internal Audit function to the Supervisory Committee included the drawing up of a specific Audit Plan that was subsequently approved by the said Committee.

Throughout 2020, the Internal Audit function continued its monitoring of management of the top risks, including through follow-ups of the improvement plans defined by the management. It also provided information and training regarding the Internal Control and Risk Management System to Brembo's management.

The Chief Internal Audit Officer is not responsible for any operational areas; she has had direct access to the information required to perform her duties, reported on her work at each meeting of the Audit, Risk & Sustainability Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 25 February 2021, the Audit, Risk & Sustainability Committee was provided with appropriate information on the results of Chief Internal Audit Officer's activities for 2020 through the annual Report on the adequacy of the Internal Control and Risk Management System.

The Manager in charge of the Company's financial reports was also given due notice of activities carried out by the Chief Internal Audit Officer relating to Law No. 262/05 for 2020, during periodic meetings and through the Annual Report on the adequacy of the control model implemented for the purposes of Law No. 262/05 and the results of the tests in this area conducted by the Internal Audit function.



10.5. Organisational Model pursuant to Legislative Decree No. 231/2001

Brembo adopted an Organisation, Management and Control Model to fulfil all the legal requirements and comply with all principles that inspired the Legislative Decree No. 231/2001, with the aim to rely on an effective instrument of corporate management, able to create and protect the value of the company.

Through the adoption of this Model, Brembo formalised a structured and organic system of control procedures and activities — already existing within the company — in order to prevent and monitor the risk that 231 Offences might be committed.

In the course of the periodic verification of the efficacy and adequacy of the compliance system implemented, in 2020, in response to the health emergency situation, the Company constantly monitored any impacts on processes relevant to Legislative Decree No. 231/2001 and the related protocols. The analysis found that, generally, there were no changes to controls, which also remained valid in the Covid-19 period, nor impacts on 231 offence control, monitoring and prevention activities, which continued without interruption.

The 231 Model (Fifth Edition available on Brembo’s website in its latest update) is made up of:

<p>General Section</p>	<p>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, as well as the disciplinary system and the measures to be implemented in terms of training, circulation, amendment and updating. In 2020 the Company updated the list of predicate offences to reflect the changes to the law and verified the adequacy of the protocols and measures implemented for the applicable offences, with particular regard to the offences introduced by Law No. 157 of 19 December 2019 (the “Tax Decree”), converted Decree-Law No. 124 of 26 October 2019, “Urgent provisions regarding taxes and non-deferrable needs” – Article 25–<i>quinquiesdecies</i> (“Tax Offences”). The General Section also contains a reference to the introduction of a new Special Section dedicated to Tax Offences as a category of offences that may be committed in specific activities or company areas that are sensible or more exposed to the risk of commission of offences. The changes introduced by Legislative Decree No. 75/2020, implementing the PIF Directive (EU 2017/1371), were subject to an analysis of the predicate offences and an assessment for the purposes of updating the Model.</p>
<p>Special Sections</p>	<p>The Special Sections and relevant Sensitive Activity Analysis Sheets (the latter of which are intended for the Company’s exclusive internal use) focusing on specific types of 231 Offences which — in light of Brembo’s profile and business operations — could, in the abstract, be committed within the company. In 2020 a New Special Section dedicated to Tax Offences was introduced. For such offences, the Company has adopted a system of controls of sensitive processes deemed relevant, already prepared for Law 262/05, and two new Legislative Decree 231 sheets that contain a detailed description of the preventive protocols identified to protect against this criminal conduct.</p>
<p>Code of Ethics</p>	<p>It forms an integral part of the Model, laying 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, also for the benefit of all Stakeholders even with reference to intentional crimes and negligent manslaughter or personal injury committed in violation of accident-prevention and occupational health and safety regulations.</p>

29 Le fattispecie richiamate dal Decreto Fiscale e inserite tra i reati presupposto ai fini del D. Lgs. 231/2001 si riferiscono a alle fattispecie presenti nel Decreto Legislativo 10 marzo 2000, n. 74.

30 Tale disciplina ha previsto l’introduzione di ulteriori fattispecie di reato rilevante ai fini 231, in tema di: Frode nelle pubbliche forniture, Frode ai danno del Fondo europeo agricolo di garanzia e Fondo europeo per lo sviluppo rurale, Peculato, escluso il peculato d’uso, Peculato mediante profitto dell’errore altrui, Abuso d’ufficio, ulteriori fattispecie di reati tributari, rilevanti ai fini 231, contrabbando.

Brembo Compliance Guidelines	<p>These summarise the main rules of conduct and main control principles indicated in the Special Sections of the 231 Model which the Subsidiaries are required to adopt to prevent crimes within the meaning of Legislative Decree No. 231/2001 from being committed. They prevent from criminal liability being transferred to Brembo S.p.A. and its subsidiaries and corporate liability being transferred from the Subsidiaries to the Parent Company. They are approved by the Board of Directors.</p>
Antibribery Code of Conduct	<p>Code of Conduct that, in line with the principles entrenched in the Code of Ethics and international best practices, is aimed at:</p> <ul style="list-style-type: none"> • ensuring transparency; clearly delineating the bounds of permitted behaviour and ensuring compliance with anti-bribery regulations in force in all the jurisdictions in which Brembo operates, by any and all persons serving Brembo in any capacity whatsoever; • ensuring the highest levels of integrity by defining, <i>inter alia</i>, Brembo's policy regarding the acceptance and offer of gifts, hospitality and entertainment (i.e., the free provision of goods and/or services for promotional or public relations purposes). <p>The Code defines each party's responsibilities in order to ensure the observance of the highest standards of integrity and avoid any suspicion of inappropriate motivations underlining the offer or acceptance of a gift or act of hospitality, or an undue influence exercised on or by the recipient who accepts such an offer. The second edition of the Code, approved by the Board of Directors on 27 July 2017, raises the maximum limit on Brembo merchandising gifts (intended to promote the brand), while also requiring that subsidiaries adopt a merchandising catalogue similar to that of the Parent.</p>
Rules governing the proceedings of the Supervisory Committee	<p>Regulation revised and approved by the Supervisory Committee itself on 11 May 2017, to reflect its renewed composition, which no longer calls for the involvement of members of the Board of Statutory Auditors.</p>
Group compliance system	<p>This system entails the adoption of the 231 Model, as well as the setting up of a Supervisory Committee tasked with constantly monitoring the functioning, appropriateness and effectiveness of the Model in question:</p> <ul style="list-style-type: none"> • the adoption by each subsidiary of a compliance programme designed in light of the local regulatory framework governing corporate administrative/criminal liability; • the implementation by all subsidiaries of the general rules of conduct imparted by the Parent (Brembo Corporate and Compliance Tools) with a view to ensuring compliance with the highest ethical standards throughout the Group. In fact, if local regulations are less stringent than those of the Parent, then the latter's compliance principles will prevail (principle of prevalence). As well as the Antibribery Code of Conduct and Brembo Compliance Guidelines, the following instruments are also to be taken into account: <ul style="list-style-type: none"> – the Brembo's Code of Basic Working Conditions that codifies the principles underlying Brembo's relationships with its employees, intended exclusively for Internal use within the Company; – the Supplier Code of Conduct, – the Brembo Policy on Non-discrimination and Diversity; – Brembo's Operating Procedures, Instructions and related Internal Authorisation Matrixes, available for consultation on the Company's webportal, and duly referenced in the Sensitive Activity Sheets, in that they serve the preventive purposes contemplated in Legislative Decree No. 231/2001; other management systems and/or procedures applicable in specified corporate areas, in compliance with specific regulatory requirements, but also serving the preventive goals contemplated in Legislative Decree No. 231/2001.



OTHER TOOLS OF BREMBO'S COMPLIANCE SYSTEM

Brembo Antitrust Code of Conduct

In 2017, in order to raise awareness among company departments of compliance with competition rules, in accordance with the principles enshrined in its Code of Ethics , Brembo prepared and adopted an Antitrust Code of Conduct, in addition to the other compliance documents already issued. It represents a practical guide, tailored to Brembo's business, that provides a simple, accessible explanation of:

- the restrictions imposed by antitrust rules;
- the cases in which such restrictions may most frequently be breached;
- the most common areas/situations of risk of violations of antitrust rules;
- the proper behaviour to be adopted to ensure full compliance with antitrust legislation in the various countries in which Brembo operates.

Brembo Antitrust Code of Conduct applies to employees of Brembo S.p.A. and its subsidiaries in the EU and forms a model of reference for the compliance programmes.

The Code is a point of reference for the Company's compliance programmes and applies to employees of both the Parent and the European subsidiaries. In 2019, the local boards of directors of the European subsidiaries implemented the Brembo's Antitrust Code of Conduct with an Addendum (translated into the local language) with the aim, *inter alia*, of indicating and modifying (where necessary) employees' behaviour in accordance with local legislation.

In reference to the Covid-19 emergency, on the basis of the analysis and assessments conducted with regard to Brembo's compliance with the antitrust safeguards established in the code, the Company does not believe that there have been any particular impacts, in the sense that, due in part to the training activity performed and the progressive monitoring carried out within the framework of ordinary legal activities, the application of preventive provisions and measures continued constantly and positively.

During this emergency phase, M&A activity was also carried out in accordance with the legislation and safeguards, for example through the formation of clean teams and the establishment of clean team protocols before launching any due diligence activity.

During this emergency phase, the Company and its personnel acted in full accordance with the rules, proving full, concrete maturity in understanding and applying them.

Privacy Policy and other Operating Procedures

The Privacy Policy was approved by the Board of Directors of Brembo S.p.A. on 8 May 2018 to set out the most important principles for the protection of personal data and how such principles are to be implemented, including in the light of the new European General Data Protection Regulation (Regulation No. 679/2016/EU – GDPR), applicable in all Member States of the European Union with effect from 25 May 2018.

The Privacy Policy applies to Brembo S.p.A. and the Group's various subsidiaries based in the European Union. On 9 November 2020, the DPO's Annual Report (November 2019 - November 2020) was submitted to the Board of Directors. Said Report was drawn up taking account of: (i) internal and external (supplier) control activities performed; (ii) statistics regarding any Personal Data breaches that have occurred; (iii) number of requests received from data subjects; (iv) training activity carried out and planned; (v) number of requests for information received from local supervisory/judicial Authorities; (vi) Personal Data processing impact assessments conducted during the period. Based on the findings of this year's Report, the DPO deemed appropriate the level of adequacy to the GDPR.

In addition, operating procedures such as the following have been issued in execution of the Policy:

- Data Breach Management Procedure;
- Procedure for the Exercise of the Rights of Data Subjects;
- Procedure Privacy by Design – Privacy By Default;
- Procedure for the Exercise of the Right to Data Portability.

During the Covid-19 health emergency phase, the monitoring of and compliance with privacy rules were always ensured in Brembo's various operating activities. Accordingly, a number of other internal documents were prepared (policy statements, agreements for the appointment of data processors, instructions for authorised parties, data collection forms, etc., in addition to an extensive corpus of e-mail correspondence with the various players). From the standpoint of Brembo privacy compliance, Covid-19 emergency legislation was constantly monitored and application of the various measures prepared by Brembo in accordance with the GDPR continued. The various measures were promptly circulated and managed with continuity and without interruptions, and all data processing rules and measures were therefore implemented in full accordance with the requirements, due in part to the training and awareness-raising activity gradually performed with regard to these themes for the various data protection contacts and employees generally.

31 Available from the website www.brembo.com, in the section Company, Corporate Governance, Codes & Policies, on the basis of which Brembo acts in accordance with the principles established by national and international legislation safeguarding free competition in view of the promotion of fair competition.

Modern Slavery Statement	<p>In accordance with the contents of the British Modern Slavery Act 2015, Brembo S.p.A. published its Modern Slavery Act for 2019 in May 2020. Said Statement:</p> <ul style="list-style-type: none"> • was adopted for Brembo S.p.A. and for some of the Group Companies concerned by the requirements specified in the legislation (Brembo Poland Sp.z o.o. and Brembo Czech s.r.o.). It should be noted that the Company AP Racing, wholly controlled by Brembo S.p.A., has already prepared and approved its own Statement for 2018 and 2019 and published it on its own website. • describes the organisation, sensitive areas and actions/measures adopted by the Company to ensure the absence of any form of “Modern slavery, forced labour and human trafficking” both in respect of its own employees and those of the supply chain (identified by the same legislation as areas exposed to risk).
Global Tax Strategy and Brembo S.p.A.’s Tax Strategy	<p>In 2019, Brembo started the implementation of the Tax Control Framework of Brembo S.p.A. (set of rules, procedures, organisational structures and safeguards to allow the risk arising from the tax variable to be reported, measured, managed and controlled) in order to ensure that tax management (for both the Group and Brembo S.p.A.) ensures the pursuit of the following objectives over time:</p> <ul style="list-style-type: none"> • long-term growth of company assets and protection of the Brembo Group’s reputation and the interests of its shareholders; • proper, timely calculation and payment of taxes due by law and fulfilment of the related obligations; • containment of tax risk, understood as the risk of violating national and international tax laws or the abuse of the principles and purposes of the tax system. <p>In particular, during the meeting held on 7 November 2019 the BoD approved the Global Tax Strategy and Brembo S.p.A.’s Tax Strategy.</p> <p>The Company also implemented:</p> <ul style="list-style-type: none"> • an Interpretative Tax Risk Management Policy, drafted in the form of a procedure applicable solely to the Parent Company, designed to ensure the consistency, objectively and traceability of the interpretative decisions made by the Tax Function of Brembo S.p.A., including by establishing appropriate rules for the processing of reaching such decisions. • The Brembo Group’s Tax Compliance Model, which contains the organisational and governance guidelines that the company functions of Brembo Entities within the TCF scope follow to ensure proper management of tax risk. <p>There are multiple benefits resulting from implementing the Tax Control Framework (such as mitigation of the responsibilities of company bodies, reduction of situations of conflict with revenue authorities due to preventive risk management, prevention of violations of tax laws and a potential reduction of the penalties applied to the Group, etc.) and they all contribute to informed, scrupulous and effective management of the tax variable.</p>

Supervisory Committee

The Supervisory Committee, made up of 3 members, was appointed by the Board of Directors in the session that followed the General Shareholders’ Meeting of 23 April 2020 and will continue to serve until the end of the term of office of the Board of Directors. The Committee’s term of office will hence end on the date of approval of 2022 Financial Statements.

In accordance with Brembo’s Legislative Decree 231 Model concerning the requirements for members of the Supervisory Body (autonomy, independence, integrity and professionalism), best practices and case law on this subject, the function of Supervisory Committee was entrusted to a collegial body, made up of three members identified amongst persons complying with the professional and independence requirements, as well as with specific inspective and advisory skills and whose Chairman is external to the company’s organisation.

Members	Position
GIOVANNI CANAVOTTO	Chairman
ELISABETTA MAGISTRETTI	Independent Director
ALESSANDRA RAMORINO	Brembo’s Chief Internal Audit Officer



As regards the specific activities within its remit, the Supervisory Committee met on 25 February 2020, 5 May 2020, 24 July 2020, 29 October 2020, 10 December 2020. The Supervisory Committee also met for preparatory and coordination purposes in view of the different meetings with the other Company functions.

Moreover, in 2020 it constantly monitored the implementation of the measures adopted by the Company to address the Covid-19 health emergency, as well as their proper application/interpretation, in light of legislation applicable from time to time. The Chairman of the Committee also attended the Audit, Risk & Sustainability Committee meetings for the matters within his responsibility and interest. On 25 February 2021, a meeting was held to discuss the final periodic reports for 2020.

In 2020, the Chairman of the Supervisory Committee consulted independently with the Internal Audit Department to examine certain risk-assessment analyses made by the 231 Team, as well as to analyse the investigations carried out as a result of some reports.

In acknowledging the updating of the 231 Model and its protocols and in keeping with the reports of the previous Supervisory Committee, the Supervisory Committee confirmed that the general structure of the 231 Model remains intact, and that the Internal Audit's assurance and monitoring activities, the 231 Risk Assessment and the various reports submitted revealed no facts, acts, events or omissions that were critical in respect of compliance with the requirements of the 231 Model.

In order to check that the 231 Model was implemented effectively, audit activities were carried out with the support of the Internal Audit function, based on the Supervisory Committee's action plan. Oversight of the 231 Model was performed through the following activities:

- an analysis of the reports received by the Supervisory Committee;
- an analysis of the flow of information contained in the half-yearly report submitted to the Supervisory Committee by the internal functions of Brembo S.p.A. and relevant personnel of Group companies;
- meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/2001.

During the year, no violations of laws subject to the penalties provided for in Legislative Decree No. 231/2001 were reported.

Whistleblowing Channel

In accordance with industry-wide compliance-oriented best practices, Brembo has adopted a specific "Whistleblowing Procedure" aimed at setting up and managing reporting channels with a view to ensuring adequate information flows towards and within the Company (through the Supervisory Committee) focusing on irregularities and/or breaches of the 231 Model, the Code of Ethics or other provisions set forth in Brembo's internal rules and regulations. The reporting channel established by the Company is already in line with laws and regulations in force on Whistleblowing.

The principles underlying the management of input from whistleblowers include:

- **assurance of anonymity and confidentiality:** all of Brembo S.p.A.'s functions/executives in charge of receiving and processing reports must ensure the utmost anonymity of the person or persons making the report, whose identity may be revealed only to the Supervisory Committee;
- **bad faith reports:** the Supervisory Committee shall ensure adequate protection against bad faith reports, taking action against any such conduct and/or informing the parties/companies targeted by reports found to have been made in bad faith;
- **anonymous reports:** anonymous reports shall be taken into consideration only if appropriately detailed and supported by facts.

Reports may be made by any person or party whatsoever, including company employees, member of Corporate Bodies (Board of Directors and Board of Statutory Auditors), as well as the Independent Auditors, customers, suppliers, consultants, outside collaborators, shareholders and partners of Brembo S.p.A. and its subsidiaries, and third parties. Reports shall be submitted to the Supervisory Committee as follows:

- oral reports to the Supervisory Committee;
- ordinary post (Supervisory Committee of Brembo S.p.A. - Viale Europa, 2 - 24040 Stezzano (BG, Italy));
- e-mail (organismo_vigilanza@brembo.it);
- voice mail (+39 035-6055295);
- Internet (Corporate Governance section of the website www.brembo.com);
- facsimile transmission (+39 035-6055203).

In addition to the above reporting channels, local information channels have also been set up at the various Group companies in order to better reach all persons covered by the procedure who for reasons of language or access to IT instrument might

experience difficulties. Their functioning is governed by ad hoc procedures inspired by those of Corporate and they provide for coordination rules to ensure an adequate, timely flow of information to the Parent's Supervisory Committee.

10.6. Independent Auditors

On 23 April 2013, the contract to provide legal auditing of the accounts was awarded by the General Shareholders' Meeting to EY S.p.A. for financial years 2013-2021, according to the terms and conditions proposed by the Board of Statutory Auditors.

The financial statements of subsidiaries deemed significant as defined in the Rules for Issuers, Article 151, paragraph 1, are subject to legal auditing of their accounts by the firm that audits Brembo's financial statements.

In conducting their activity, the engaged Independent Auditors have free access to the information, print and electronic documents, archives and assets of the Parent and its subsidiaries.

The Board of Statutory Auditors, with which the Internal Control & Audit Committee is identified, pursuant to Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, and the Independent Auditors periodically exchange information and data about their respective areas of supervision and control. The Board of Statutory Auditors periodically verifies assignments other than auditing, in order to assess whether they are compatible with the statutory auditing assignment for the purposes of continuing satisfaction of the independence requirement, and monitors the ratio of auditing fees to fees for other services, to ensure that an appropriate balance is always maintained, in accordance with applicable laws and regulations.

The award of assignments to the Independent Auditors is subject to two procedures, drafted in accordance with the changes introduced by Legislative Decree No. 135/2016 and the auditing of the Disclosure of Non-Financial Information pursuant to Legislative Decree No. 254/2016, examined and approved by the Board of Statutory Auditors during its meeting of 18 July 2017, which govern:

- the process for selecting and awarding the statutory auditing

assignment to Independent Auditors, as required by law, with the aim of safeguarding the independence of the external auditors — a fundamental guarantee of the reliability of accounting information;

- the process of granting assignments other than independent auditing, with the aim of:
 - i) avoiding the granting of assignments for services included in the catalogue of those banned by law;
 - ii) regularly monitoring that the fees paid for independent auditing are proportional to the fees for Other Services, in accordance with laws and regulations in force.

Given the imminent end of the term of the current independent auditing firm, and considering that the next Shareholders' Meeting, convened for 22 April 2021, the new Independent Auditors are to be appointed, in 2020 the aforementioned procedures were updated to govern the assignment of duties during the cooling Period³². In this regard, see paragraph 13.4 for the activities performed by the Board of Statutory Auditors for the new appointment.

The current Independent Auditors were assigned responsibility for verifying the preparation of the Disclosure of Non-Financial Information drafted in accordance with Legislative Decree No. 254/2016, and were granted an assignment to conduct limited assurance on the Disclosure of Non-Financial Information according to an assessment of the appropriateness and efficiency of its approach and activity.

In reporting year 2020, the Independent Auditors met regularly with the Board of Statutory Auditors for updates on ongoing audit activities and to discuss the significant matters raised in the Independent Auditors' Report pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016.

³² It is understood that until the new Independent Auditors are appointed by the Shareholders' Meeting, the principles and restrictions set out for the new incoming Independent Auditors will apply to the two companies identified in the final selection phase and indicated in the Reasoned Recommendation issued by the Board of Statutory Auditors.



10.7. Manager in charge of the Company's financial reports

Pursuant to Article 27-*bis* of the By-laws, on the basis of a non-binding opinion from the Board of Statutory Auditors, on 23 April 2020³³ the Board of Directors appointed the Chief Administration & Finance Officer, Andrea Pazzi, as the Manager in charge of the Company's financial reports, inasmuch as his function at Brembo involves managing the entire accounting information cycle, from the administrative and accounting procedures for the production of the data included in the financial statements to the preparation of the draft financial statements, and also because the Group's entire finance structure, i.e. all subsidiaries of Brembo S.p.A., report to him.

Upon reappointment, also with the favourable opinion of the Board of Statutory Auditors, the Board once again verified the satisfaction of the established professionalism requirements and granted him the pertinent powers for the performance of

the function. The Manager in charge of the Company's financial reports is responsible for defining and assessing the adequacy and efficacy of the specific administrative and accounting procedures, as well as of the related control system, safeguarding against the risks inherent in the process of preparing financial information. The assignment is set to expire on the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022.

The Manager in charge of the Company's financial reports is invited to all meetings of the Audit, Risk & Sustainability Committee and Board of Statutory Auditors in order to provide the information for which he is responsible and report with half-yearly frequency on monitoring obligations and activities for the purposes of the certifications envisaged in Article 154-*bis* of TUF.

10.8. Coordination between parties involved in the Internal Control and Risk Management System

By drafting and approving the "Guidelines for the Internal Control and Risk Management System", the Board of Directors not only indicates the objectives of the System, but also describes its participants and Bodies — both inside and outside the Company — and illustrates their responsibilities and methods of interaction.

With a view to practical implementation of these guidelines, the Executive Director in charge of the Internal Control and Risk Management System defined the "Policies for the Management of the Internal Control and Risk Management System" with the aim of tracing its overall integrated structure, so as to permit the main company risks to be identified and managed and to design the System in light of the current organisational structure, the legislative and regulatory framework and best practices.

In detail, the Director in charge of the Internal Control and Risk Management System is tasked with:

- identifying the main business risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submitting them periodically for review

to the Board of Directors;

- implementing the guidelines established by the Board of Directors, supervising the planning, implementation and management of the Internal Control and Risk Management System, as well as constantly verifying its adequacy and efficacy;
- bringing the System into line with the current operating conditions, and legislative and regulatory scenario;
- requesting the Internal Audit function to carry out audits of specific operating areas, as well as audits of compliance with internal rules and procedures in the performance of company transactions, in addition to informing the Chairman of the Board of Directors, Chairman of the Audit, Risk & Sustainability Committee and Chairwoman of the Board of Statutory Auditors thereof concurrently;
- timely reporting to the Audit, Risk & Sustainability Committee (or to the Board of Directors) regarding problems and critical issues brought to light in performing her activities or of which she has otherwise become aware, so that the Committee (or the Board) may take the appropriate initiatives;
- coordinating the Managerial Risk Committee and relying

³³ Andrea Pazzi was appointed for the first time Manager in charge of the Company's financial reports by the Board of Directors on 5 March 2018.

upon the support of the Head of Risk Management and Internal Audit as the guarantors of the Internal Control and Risk Management System (assurance).

From a strictly operative point of view, coordination is also ensured through:

- a constant information flow between the different parties involved in the ICRMS;

- participation of the various parties concerned in joint meetings for discussion of ICRMS-related issues;
- dissemination of the Internal Audit reports to the various ICRMS parties;
- circulation of the minutes, the work files and reports of the Chairman of the Audit, Risk & Sustainability Committee to the Chairman of the Board of Statutory Auditors and of the Supervisory Committee.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Brembo has examined and assessed the impact of Legislative Decree No. 49/2019 which transposed into Italian law the Directive EU 2017/828 (the so called "Shareholders' Rights II") on related parties and acknowledged the ensuing amendments introduced by Consob to the Rules for Issuers and the

Regulations on Related Party Transactions on 10 December 2020, which will become effective on 1 July 2021. New developments are currently being analysed and examined with a view to updating the Procedure and introducing all new provision by 30 June 2021.

11.1. Conflict of interests

The Company's Board of Directors did not deem it necessary to adopt special operating solutions suitable to facilitate the identification and adequate handling of situations in which a Director is the bearer of an interest on his or her own behalf or on behalf of third parties, adopting from time to time any and all measures it deems fit in such regard, in compliance with applicable regulations (including, without limitation, the disqualification from voting on matters pertaining thereto, or requesting to leave the meeting while the relevant resolution is being taken).

The Board found that current rules and procedures implemented:

- pursuant to Article 2391 of the Civil Code ("Directors' Interests") are amply adequate insofar as they require each Director to "notify all the other Directors and the Board of

Statutory Auditors of any and all interests that he or she may bear, on his or her own behalf or on behalf of third parties, in any transaction effected by the Company, specifying the nature, terms, origins and extent of any and all such interests."

- in the Related Party Regulation recently amended by Consob³⁴, in order to implement Article 2391-bis of the Italian Civil Code, which provides that the "directors involved in the transaction", i.e. the directors who have an interest in the transaction, on their own account or on account of third parties, in conflict with that of the Company, must refrain from voting on transactions with related parties, both those of lesser importance (where decided by the Board of Directors) and those of greater importance (which are always decided by a full meeting of the Board of Directors).

³⁴ Amendments introduced by Consob to the Rules for Issuers and the Regulations on Related Party Transactions on 10 December 2020.



11.2. Related Party Transactions Procedure³⁵

The purpose of the Procedure, as also specified in the Code of Ethics, is to ensure the transparency and the substantive and procedural propriety of any Related Party Transactions, with a view to safeguarding the company's higher interests. As a general rule, the said transactions may be concluded only when strictly necessary in the company's interest, without prejudice to the foregoing provisions.

The Procedure indicates the rules for evaluating the moderately and highly significant transactions undertaken directly by Brembo or through subsidiaries and establishes the organisational

safeguards and information flows deemed fit to ensuring that the competent bodies enjoy complete, timely access to all information useful in evaluating such transactions.

Brembo S.p.A.'s Related Party Transactions Procedure is available on Brembo's website (www.brembo.com, section Company, Corporate Governance, Governance Documents) and is summarised in the following table. New developments are currently being analysed and examined with a view to updating the Procedure and introducing all new provision by 30 June 2021.

Main aspects of the Related Party Transactions Procedure

Related Party Transactions Committee	This function is performed by the Audit, Risk & Sustainability Committee, as it consists of three non-executive and independent Directors.
Scope of Application	Parties set forth in Attachment 1 to the Consob Regulations: <ul style="list-style-type: none"> • Brembo S.p.A.'s Directors, both executive or non-executive; • Acting Auditors; • Key Management Personnel (in the case of Brembo: Chairman, Executive Deputy Chairman, CEO of Brembo S.p.A.); • close members of the family of Directors and Acting Auditors, who could influence, or be influenced by, that individual in their dealings with Brembo; • Entities in which one of the individuals or entities mentioned above exercises sole or joint control or significant influence, or in which the said individual or entity directly or indirectly holds a significant stake bearing no less than 20% of the voting rights.
Low Value Transaction Threshold	€250,000 (subject to annual review). This threshold was approved by the Board of Directors on 11 May 2020, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the Company.
Moderately Significant Transaction Thresholds	Transactions whose value ranges from €250,000 and the Highly Significant Transaction threshold.
Highly Significant Transaction Thresholds/Indices	Identified on the basis of the last Financial Statements, subject to annual review in accordance with the financial statements results approved by the General Shareholders' Meeting. The latest update was made by the Board of Directors on 11 May 2020 based on 2019 Financial Statements data.

³⁵ Adopted on 12 November 2010, in accordance with Consob Regulations (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), in light of the unanimous and favourable opinion of the Audit & Risk Committee (appointed for that purpose, being composed of three Independent Directors).

<p>Exclusions / Exemptions</p>	<p>Resolutions (other than those passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors and Members of Committees with special tasks, as well as Key Management Personnel, inasmuch as such resolutions also involve the Remuneration & Appointments Committee, which consists solely of non-executive Directors and a majority of Independent Directors. For instance:</p> <ul style="list-style-type: none"> • Remuneration of BoD and Board of Statutory Auditors; • Remuneration of Key Management Personnel; • Remuneration Policies; • Stock option plans.
	<p>Low Value Transactions. Ordinary Transactions (as per Consob's definition). Intercompany Transactions, including exclusively intra-Group transactions or transactions with or among subsidiaries and associates which carry out activities — as per their respective company's objects — similar to those of Brembo S.p.A.</p>

It should be noted that, regardless of the provisions of applicable laws and regulations, the Group companies implemented a local procedure that sets out the operating processes to identify their Related Parties and Related Party Transactions, as well as their approval procedures, consistently with the Guidelines set forth by the procedure adopted by Brembo S.p.A.

In addition, the Company periodically requires local senior personnel/high-level executives (other than Directors and

Statutory Auditors) and/or those with the power to bind the Company in relations with third parties and/or who by virtue of their function/role are required to engage in relation with public offices, to report entities or persons related to them who might, even in the abstract, give rise to conflicts of interests between the Company's activities and personal and family economic activities, in order to prevent situations in which a conflict of interest may arise or that may interfere with the ability to make decisions impartially in the Company's best interest.

11.3. Activities of the Related Party Transactions Committee carried out in 2020

During the meetings held in 2020 (25 February 2020, 5 May 2020, 24 July 2020, 29 October 2020, duly recorded in the minutes) the Audit, Risk & Sustainability Committee in its capacity as *Related Parties Transactions* Committee:

- was regularly updated regarding Brembo's List of Related Parties;
- received ongoing information on Related Party Transactions exempt from the application of the procedural arrangements provided for in the Brembo Procedure, including 'Ordinary' Related Party Transactions carried out at arm's length, with companies that are not part of the Brembo Group;
- at the meeting of 5 May 2020, examined the company's proposals and expressed its favourable opinion on the update of the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2019 Financial Statements, and confirmed the amount

of €250,000.00 as the 'threshold' for determining Low Value Transactions;

- was updated on the composition with creditors procedure concerning the related party Termigas Group;
- made an advance examination of the proposal to review 2020 remuneration policies (in particular with regard to short- and long-term incentive systems — 2020 MBO and 2019-2021 LTIP) — due to the extraordinary situation generated by the Covid-19 emergency —, formulated by the Remuneration & Appointments Committee in view of examination and approval by the Board of Directors on 29 July 2020;
- made an advance examination of the proposal to align the Targets of the 2019-2021 LTIP, formulated by the Remuneration & Appointments Committee in view of examination and approval by the Board of Directors on 4 March 2021.



12. APPOINTMENT OF STATUTORY AUDITORS

In accordance with the provisions of Article 22 of the By-laws:

Composition (Article 22 of the By-laws)	<ul style="list-style-type: none">• the Board of Statutory Auditors of Brembo S.p.A. is made up of three Acting Auditors and two Alternate Auditors, all appointed by the General Shareholders' Meeting based on list voting procedures;• the persons who do not comply with the requirements of eligibility, integrity, professionalism and independence, imposed under applicable regulations for such posts and by the Code of Conduct of Borsa Italiana, endorsed by the Company, cannot be appointed as Statutory Auditors (and if already appointed, are removed from office);• the Acting Auditors shall be chosen from persons who qualify as independent under the provisions of the Corporate Governance Code;• Auditors are appointed for a term of three years and are eligible for re-appointment; their remuneration is determined by the General Shareholders' Meeting.
List voting (Article 22 of the By-laws)	<p>The lists for the appointment of Statutory Auditors:</p> <ul style="list-style-type: none">• must include at least one candidate for the office of Acting Auditor and, in any case, a number of candidates not exceeding the Statutory Auditors to be elected, progressively numbered; each person may be a candidate in one list only, under penalty of ineligibility;• the lists containing a number of candidates equal to or greater than three, considering both sections, must include a number of candidates in the acting Statutory Auditors' section such as to ensure that the composition of the Board of Statutory Auditors, in respect of its acting members, complies with the laws and regulations on gender balance (men and women) from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit in compliance with the laws — including regulatory — applicable from time to time and as specified in the notice of calling of the General Shareholders' Meeting called to resolve on the appointment of the members of the Board of Statutory Auditors. Moreover, all lists must be drawn up taking into account the diversity criteria specified in Brembo S.p.A.'s Corporate Governance Code. <p>Lists may be submitted by any number of Shareholders who, on their own or together with other Shareholders, represent at least the minimum percentage of shares bearing voting rights at the ordinary General Shareholders' Meeting pursuant to applicable laws and Consob regulations, and at present equivalent to 1% of the share capital. In particular, each Shareholder holding voting rights may submit, directly or through third-party intermediaries or trust companies, a single list of candidates, under penalty of inadmissibility of the list. A single list of candidates may also be submitted by:</p> <ol style="list-style-type: none">i. Shareholders belonging to a single group, where the latter term is understood to mean a party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and all subsidiaries controlled by, or under the common control of, that same party;ii. Shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF;iii. Shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and regulatory framework. <p>The lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Shareholders' Meeting at first calling and public disclosure must be made both on the Company's website and at its registered offices, in the manner and form specified under statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Shareholders' Meeting.</p> <p>Pursuant to Article 126 of TUF:</p> <ul style="list-style-type: none">• the lists submitted are also valid for any callings of ordinary sessions of the General Shareholders' Meeting after the first, even if a new notice of calling is published;• in such cases, Shareholders may submit new lists, and the terms provided for in Article 147-ter of TUF (25 days for submission and 21 days for public disclosure) are reduced to 15 and 10 days, respectively.
Election (Article 22 of the By-laws)	<p>For the purposes of election of the Board of Statutory Auditors, the majority list elects two Acting Auditors and one (1) Alternate Auditor; consequently, the first two candidates for Acting Auditor and the first candidate for Alternate Auditor presented on that list are elected. The following are elected from the list with the second-highest number of votes, considering the sequential order in which the candidates are indicated on the list: (a) the first candidate for Acting Auditor, who will also be elected Chairman of the Board of Statutory Auditors, and (b) the first candidate for Alternate Auditor, where available, failing which, the first candidate for Alternate Auditor on the next list by number of votes will be elected to that position.</p>

13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The General Shareholders' Meeting held on 23 April 2020 appointed the new Board of Statutory Auditors for the three-year period 2020-2022 that will remain in office through to the date of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022. The Board of Statutory Auditors is composed as shown in the table below, and was appointed based on the two lists presented respectively by the Majority Shareholder Nuova FourB S.r.l. and

a group of Asset Management Companies and other institutional investors (holding 2.27836% of the share capital, overall). Pursuant to Article 22 of the By-laws, the following Statutory Auditors were elected from the minority list:

- the first candidate for Acting Auditor, Raffaella Pagani, who was also appointed Chairwoman of the Board of Statutory Auditors pursuant to law and the company's By-laws;
- the first candidate for Alternate Auditor.

13.1. Composition of the Board of Statutory Auditors

Board of Statutory Auditors - Composition at 31 December 2020

BOARD OF STATUTORY AUDITORS 2020

Office held	Name and surname	Year of birth	Seniority of service ¹	In office from	In office until	List ²	Indep. as per Code	Attendance to Board of Statutory Auditors' meetings in 2020 ³	Attendance to Board of Directors' meetings in 2020 ⁴	Weight of other offices held ⁵
ACTING AUDITORS										
Chairwoman	Raffaella Pagani	1971	29.04.2014	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi	x	100%	100%	4.55
Acting Auditor	Mario Tagliaferri	1961	20.04.2017	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	100%	100%	4.19
Acting Auditor	Paola Tagliavini	1968	23.04.2020	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	100%	100%	5.7
ALTERNATE AUDITORS										
Alternate Auditor	Stefania Serina	1984	23.04.2020	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	-	-	-
Alternate Auditor	Myriam Amato	1974	29.04.2014	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi	x	-	-	-
Number of meetings held during the year of reference (2020)								Board of Statutory Auditors: 20	Board of Directors: 8	

STATUTORY AUDITORS WHO LEFT OFFICE IN 2020

Acting Auditor	Alfredo Malguzzi	1962	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma	x	100%	100%	N/A
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NOTES

¹ The date of first appointment of each Auditor refers to the date on which the said Auditor was appointed for the first time (ever) as member of Brembo S.p.A.'s Board of Statutory Auditors.

² This column shows the list from which each Auditor was elected ("Ma": majority list; "Mi": minority list, submitted by a group of shareholders representing 2.27836% of share capital).

³ This column shows the percentage of Board of Statutory Auditors' meetings attended by Statutory Auditors in 2020 (No. of meetings attended/No. of meetings held by the Board during the Auditor's actual term of office); preparatory meetings and induction sessions are not included.

⁴ This column shows the percentage of Board of Directors' meetings attended by Statutory Auditors in 2020 (No. of meetings attended/No. of meetings held by the Board during the Statutory Auditor's actual term of office).

⁵ This column shows the number of other Directorships or Auditorships held by the Auditor within the meaning of Article 148-bis of TUF and relevant implementing provisions set forth in Consob Rules for Issuers, in addition to the weight calculated on the basis of Article 144-duodecies of these Rules. The full list of Directorships and Auditorships held is published on the Consob website pursuant to Article 144-quinquiesdecies of the Consob Rules for Issuers.



Professional Profile of the Statutory Auditors

The following is a profile of the Chairwoman of the Board of Statutory Auditors and the Acting Auditors.

RAFFAELLA PAGANI

Chairwoman

Chairwoman of Brembo S.p.A.'s Board of Statutory Auditors. With a Bachelor's Degree in Economics and Business from the University Luigi Bocconi in Milan, followed by qualification as a Certified Public Accountant, she was admitted to the Certified Public Accountants Register of Milan in 1996 and the Milan Auditors Register in 1999. She is also enrolled with the Rolls of Technical Consultants of District Court of Milan, the Rolls of Official Receivers of the District Court of Milan, and the Rolls of Auditors of Local Bodies. She practices as a Certified Public Accountant in Milan (Studio Associato Pagani). She currently chairs also the Board of Statutory Auditors of Amplifon S.p.A., Sanofi S.p.A., and Ferrovienord S.p.A. In addition, she is a member of the Board of Statutory Auditors of Enel Italia S.p.A., Servizio Elettrico Nazionale S.p.A., Dufry Shop Finance Ltd., and other companies.

In addition to being member of the Board of Directors of Azimut Holding S.p.A., she also serves as auditor of Local Bodies. She serves as sole auditor of Alpa S.p.A.

MARIO TAGLIAFERRI

Acting Auditor

Born in Milan on 9 October 1961, he graduated in Economics and Business from the State University of Bergamo in 1987. He is registered with the Cremona Accountants Association, the Register of Technical Advisors to the Judges of the Civil and Criminal Court of Cremona and the Register of Auditors. He was President of the Crema Accountants Association for eleven years and has been coordinator of the accountants associations in Lombardy. He is a published author on taxation and corporate affairs.

He is a founding partner of the firm LEXIS – Dottori Commercialisti Associati and practices from its Crema and Milan offices, primarily providing tax and corporate consultancy to SMEs and large enterprises, with a particular focus on corporate and business reorganisation through mergers and acquisitions.

He currently holds the position of Chairman of the Board of Statutory Auditors of Banca Cremasca e Mantovana Credito Cooperativo S.C.R.L., Brembo SGL CarbonCeramic Brakes

S.p.A., Cysero S.p.A., Consorzio.it S.p.A., Nerviano Medical Sciences S.r.l., Nerpharma S.r.l., S.C.R.P. S.p.A., Crema Diesel S.p.A., as well as acting auditor at Brembo S.p.A., Interpump Group S.p.A., Marsilli S.p.A., Fondazione Nazionale Commercialisti, Accelera S.r.l., Simis S.r.l., and Kilometro Rosso S.p.A.

PAOLA TAGLIAVINI

Acting Auditor

Born in Milan on 23 October 1968.

She has served as statutory auditor since 1999 (admitted to the related Register with No. 102608).

1992: She graduated with honours in Economics and Business Administration at the Bocconi University of Milan, with specialisation in Finance.

1994-1995: "Specialisation Course in Securities Exchanges and Other Regulated Markets", Istituto Lorenzetti – Università Commerciale "L. Bocconi".

Adjunct professor at the Accounting Department of Università Bocconi lecturing in "Company Auditing (advanced course)" in the Specialist Undergraduate Courses, "Internal Audit, Risk and Company Compliance" and "Enterprise Risk Management" in the master's degree programme in Accounting, Auditing and Control (since 2012).

SDA Professor of Risk Management in the Administration, Control, Company Finance and Real Estate area of SDA Bocconi. Faculty member for Audit, Risk and Compliance issues in the master's degree programme in Corporate Finance and the executive master's degree programme in Finance. Co-director of Lab-ERM and lecturer in SDA executive courses on risk management issues (since 2012).

From 1993 to 2003 she was a lecturer and researcher at Università Bocconi in Company Protection issues, as well as in the university's SPACE centre.

Visiting Researcher in the Department of Insurance & Risk Management of the Wharton School – University of Pennsylvania (1997).

She has 20 years' experience in risk management consultancy and has managed specialist teams at: Marsh, where she managed the Business Risk Advisory Unit of Marsh Italia Spa and was a member of the Advisory Board of Marsh Risk Consulting at the European level (1999-2007); Oliver Wyman, Senior Manager for Corporate Risk and Insurance EMEA (2007-

2009); AON Spa, Director of AON Global Risk Consulting for Italy and Turkey (2009-2011); currently co-partner at DGPA & Co responsible for the Risk Management division (since 2011). She serves as a member of Boards of Directors and Boards of Statutory Auditors. Currently she is an Independent Director in Eurizon Capital SGR, Eurizon Capital SA, Fideuram Investimenti SGR, as well as in listed companies Interpump Group and Rai Way (in the latter two she also serves as Chairwoman of the

Audit & Risk Committee). Moreover, she is Acting Auditor of RCS MediaGroup and OVS. She is a member or the Chairwoman of Supervisory Committees pursuant to Legislative Decree No. 231/2001.

She is the author of publications and speaker at conventions on risks, compliance and internal controls.

She is a member of NedCommunity and Women in Corporate Directors (WCD).

In accordance with the provisions of the Corporate Governance Code, the Board of Statutory Auditors assesses the independence of its members at the first appropriate meeting following their appointment, as well as on an annual basis during preparation of this Report. With reference to the notion of independence requirements of Statutory Auditors, the Board has adopted the same criteria as those defined in the Corporate Governance Code for Directors. The results of the checks are submitted to the Board of Directors which discloses the same, following the appointment of the members of the Board of Statutory Auditors, through a press release disseminated to the market and thereafter within this Report.

Satisfaction of these requirements was verified most recently upon appointment and subsequently during the meeting held

on 25 February 2021, when the respective statements issued by the Statutory Auditors were analysed and assessed, and it was confirmed that all members of the Board of Statutory Auditors satisfy the integrity, professionalism and independence requirements laid down by the law and Brembo's Corporate Governance Code, which has endorsed the independence requirements set forth in the Corporate Governance Code. With regard to the maximum number of positions held at other companies, the Company assessed the Statutory Auditors' compliance both upon their appointment and, subsequently, on the basis of the statements of each member of the Board of Statutory Auditors issued pursuant to Attachment 5-*bis* to the Rules for Issuers. The outcome of the checks for the year 2020 is given in the table on page 67.

13.2. Board of Statutory Auditors' Diversity Policies and Criteria and ensuing application

When company boards were renewed for the period 2020-2022, the outgoing Board of Directors expressed its position to the Shareholders on the managerial and professional figures deemed as key or relevant, to be valued together, and therefore in the lists of candidates for the Supervisory Body in order to ensure adequate diversity of the members of the Governing Body pursuant to Article 123-*bis*, paragraph 2, letter d-*bis*, of TUF.

It should be noted that, in addition to the applicable statutory and regulatory requirements, by updating Brembo S.p.A.'s Corporate Governance Code on 7 November 2018, the Board of Directors also approved diversity-based criteria, including related to gender diversity, in addition to those established by applicable laws and regulations. These criteria aim at ensuring the composition of a governing body that is adequate to the Group's size, positioning, complexity and the specific nature of its business sector and strategies.



ADDITIONAL DIVERSITY CRITERIA FOR THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS
(Article 8, Paragraph 3, of Brembo S.p.A. Corporate Governance Code)³⁶³⁷

GENDER	<ul style="list-style-type: none"> • Minimum quota reserved to the less represented gender determined in accordance with applicable laws and regulations³⁶.
PROFESSIONALISM	<ul style="list-style-type: none"> • Record of honouring shared ethical principles³⁷. • Overall experience of at least three years in professional or academic endeavours closely related to the Company's business; • Governance or control activities or executive or managerial duties in listed or medium-large enterprises in closely related sectors and of the size of Brembo for a suitable period. • Knowledge of business mechanisms, strategies, risk assessment and management techniques. • Understanding of the dynamics of the global financial system.
PERSONAL APTITUDES	<ul style="list-style-type: none"> • Sufficient time available in view of the complexity of the assignment • Full understanding of the powers and obligations inherent in the position and the functions to be performed. • Collaboration, involvement and ability to influence (knowing how to instil and contribute to professionalism and the development of opinions and taking a part in resolving conflicts).

In the self-assessment process of the Board of Statutory Auditors, as reported during the meeting held on 25 February 2021 (the content of which is illustrated in paragraph 13.5 below), it was found that:

- all statutory auditors meet the qualitative and quantitative Additional Criteria set out in new Article 8.C.3 of Brembo S.p.A.'s Corporate Governance Code;
- at least one third³⁸ of its members consists of the less-represented gender;
- from a qualitative perspective, the control body is composed of individuals deemed to possess adequate professional characteristics, with varied, diversified skills, strong experience in the Company's sector of operation, awareness of their powers and obligations, capable of devoting time and resources adequate to the complexity of their positions and who orient their actions to the pursuit of the company's overall interest;
- as far as professional refresher training are concerned, members of the control body attend conventions and training courses, some organised by the relevant professional associations, including in accordance with provisions on ongoing professional training;

- the adequacy of appointment processes and selection criteria are governed by the By-laws and the Regulations for Shareholders' Meetings adopted by the Company, clearly and transparently, avoiding references to or citations of agreements, organisations or entities external to the Company.

Following the appointment of the Board of Statutory Auditors by the Shareholders' Meeting of 23 April 2020, the composition of the Board of Statutory Auditors is in line with the provisions of Law No. 160 of 27 December 2019 (the less represented gender is reserved at least two-fifths, no longer at least one-third, of the members of the Board of Directors or Board of Statutory Auditors; where the application of the gender allocation criterion does not yield a whole number, it must be rounded down) and related subsequent clarification provided by Consob³⁸, according to which the ratio of two-fifths in the gender breakdown cannot be applied due to arithmetic impossibility to boards of three members. Accordingly, with regard to the latter, Consob will consider rounding-down to be in line with the new rules.

³⁶ For the three-year term 2020-2022, the 2020 Budget Law applies, with the following exception: it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded down to the next lower unit. Therefore, the rounding-down criterion and the 1/3 quota applies to the Board of Statutory Auditors

³⁷ See Brembo's Code of Ethics on the Company's website (www.brembo.com, section Company, Corporate Governance, Codes & Policies).

³⁸ Consob Communication No. 1/20 of 30 January 2020) in which the supervisory authority confirms that it will consider the rounding-up criterion provided for in paragraph 3 of Article 144-undecies 1 ("Gender balance") of Consob Regulation adopted through Resolution No. 11971 of 14 May 1999 as subsequently amended ("Rules for Issuers), inapplicable to company bodies composed of three members due to arithmetic impossibility. Accordingly, with regard to the latter, Consob will consider rounding-down to be in line with the new rules, without prejudice to the rounding-up criterion provided for in paragraph 3 of the cited Article 144-undecies.1 of the Rules for Issuers in the case of company bodies composed of more than three members.

13.3. Board of Statutory Auditors' Duties and Activities

The Board of Statutory Auditors discharges the supervisory duties entrusted to it under applicable laws and regulations and supervises compliance with the law and By-laws, observance of the principles of sound management and, in particular, the adequacy and the material operation of the organisational, administrative and accounting structures adopted by the Company, as well as the concrete approach to implementing the corporate governance rules set forth in applicable laws. The Board of Statutory Auditors also monitors the independence of the Independent Auditors³⁹.

The Board of Statutory Auditors has been identified with the "Internal Control and Audit Committee" pursuant to Legislative Decree No. 39/2010 (as amended by Legislative Decree No.

135/2016), which assigns functions of supervision of the financial reporting process, the efficacy of internal control systems, internal auditing and risk management, the statutory auditing of the annual and consolidated accounts and the independence of the statutory auditors.

As part of its activities, the Board of Statutory Auditors may call upon the Internal Audit function to audit specific operating areas or company transactions.

Lastly, the Board of Statutory Auditors reports in relation to its supervisory activities through a specific Report to the General Shareholders' Meeting, drawn up pursuant to Article 153 of TUF, disclosed in conjunction with the Annual Report.

13.4. Activities carried out in 2020

In 2020, the Board of Statutory Auditors:

- performed 20 assessment meetings and attended all the General Shareholders' Meetings and the meetings of the Board of Directors (8 Board of Directors' meetings and 1 General Shareholders' Meeting); in addition, in the person of its Chairwoman, it attended the meetings of the Audit, Risk & Sustainability Committee (5 meetings) and Remuneration & Appointments Committee (2 meetings). The meetings of the Board of Statutory Auditors lasted about 3.5 hours on average;
- participated in thorough inquiries organised by the Company during meetings by way of induction targeted to Directors and Statutory Auditors (further details are provided in paragraph 4.6);
- in most cases, held its meetings on the same day as the Audit, Risk & Sustainability Committee and the Supervisory Committee, with a section dedicated to joint discussion of areas of common interest in order to facilitate the exchange of information between parties with significant powers in the field of internal controls;
- constantly received from Directors exhaustive and detailed information on business performance and outlook, operations carried out and the most significant economic, financial

and equity transactions performed by the Parent or its subsidiaries, as well as the status of activities and strategic projects underway, also in light of the Covid-19 health emergency;

- since the beginning of the pandemic emergency, has always been promptly informed of company management of the epidemiological emergency, all the measures and initiatives taken and implemented to ensure company continuity and protect individuals, in full accordance with the provisions issued by the competent authorities from time to time;
- was regularly informed by the Chief CSR Officer of the materiality analysis process carried out by the Company to define areas of non-financial information of a social and environmental nature deemed important to the Group for the purposes of collecting (through an IT platform — denominated "CSR 365" — based on the GRI and CDP international standards and certified for GRI purposes) and validating data at a global level in order to prepare the Disclosure of Non-Financial Information pursuant to Legislative Decree No. 254/2016;
- supervised the process of awarding contracts for services other than independent auditing on the basis of periodic statements in order to monitor the ratio of auditing fees to fees

³⁹ As required pursuant to Article 2409-bis of the Civil Code, auditing of Company's accounts was entrusted to Independent Auditors, subject to auditing activities regulations set forth for companies with listed shares, as well as to Consob's supervisory activity.



for other services for the purpose of continuing satisfaction of the independence requirement and so as to maintain an appropriate balance, in accordance with applicable laws and regulations in force;

- held various specific meetings and engaged in constant dialogue with the Chief Administration and Finance Officer as part of the process for selecting the new Independent Auditors to express a recommendation in view of the Shareholders' Meeting to be convened for 22 April 2021, called on to appoint the new Independent Auditors;
- received the necessary operational support from the Chief Internal Audit Officer for the execution of its checks, obtained all the Audit Reports and examined the Annual Audit Plan;
- met with the DPO in order to be informed of the process of monitoring the system implemented by Brembo S.p.A. and the Group's European companies in accordance with

Regulation (EU) No. 2016/279 on the protection of personal data (GDPR) and received a copy of the DPO's Annual Report to the Board;

- was constantly updated by the Chief Administration and Finance Officer and the Group's Tax Manager on tax issues, as well as on the status of implementation of the "Tax Control Framework" at Group level;
- with the aim of identifying specific risks and monitoring the improvement plans launched by the management, conducted specific inquiries into specific issues, meeting directly with top managers of the Company.

For further information on the activities performed by the Board of Statutory Auditors, reference should be made to the Statutory Auditors' Report included in the 2020 Annual Report.

13.5. Self-assessment process of the Board of Statutory Auditors carried out in 2020

The Board of Statutory Auditors undertook, for the first time in 2018, a self-assessment on its own composition and functioning also in accordance with the "Principles of conduct for the Boards of Statutory Auditors of listed companies" drawn up by Italy's National Council of Chartered Accountants and Accounting Experts, provision Q.1.1. of April 2018.

In 2020 as well the Board of Statutory Auditors made the said self-assessment. The activity was carried out through a questionnaire⁴⁰ submitted to each of the acting auditors to collect the information necessary and appropriate for the purpose of the self-assessment. The activity involved both the Board of Statutory Auditor's composition from a quantitative and qualitative standpoint, examining the individual profiles of its members and the adequacy of the processes for its appointment and selection criteria, and its functioning, including with regard to information streams for the BoD, the Committees and various officers and employees of the various functions involved from time to time.

The analysis and assessment of the results and the related discussions were conducted within the framework of a specific meeting of the Board of Statutory Auditors, duly recorded in the minutes, and were submitted in the form of a written Report to the Board of Directors, which acknowledged it during the meeting held on 4 March 2021.

The Board of Statutory Auditors of Brembo S.p.A. concluded that it had not identified deficiencies relating to the fitness of its members or the adequate composition and functioning of the Board. In particular, in light of the recently appointed Board, it deems that constant attention is devoted to progressively improving its activities in accordance with the company's increasing size and complexity, including with regard to the health emergency situation which has weakened the general competitive and economic context.

⁴⁰ For the preparation of the questionnaire and the overall self-assessment performed, the Board of Statutory Auditors decided not to avail itself of external consultants; in the case of the questionnaire only, the Board of Statutory Auditors agreed on its finalisation with the Company's legal function and corporate secretariat.

14. RELATIONS WITH SHAREHOLDERS

Brembo takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, and the financial community, scrupulously respecting mutual roles.

The management of relations with shareholders and the financial community in general is entrusted to the Investor Relations function, which is under the responsibility of Matteo Tiraboschi, Executive Deputy Chairman. Dialogue with the financial community is maintained in collaboration with the Chief Executive Officer, Daniele Schillaci.

The financial community is provided numerous opportunities to meet and engage in dialogue with the Company as part of a constant, transparent and ongoing communication process. The Company also holds events for financial analysts, conference calls and meetings with shareholders and investors at major capital markets or the Company's registered office.

The Executive Deputy Chairman and the Chief Executive Officer periodically hold a conference call with the financial analysts who cover the Company following the approval of accounting results by the BoD. The conference call is held in English; afterwards, a transcript is made available on the Company's website.

In order to provide the market with exhaustive and constantly updated financial information, the company publishes a specific Italian-English section on its website (www.brembo.com, section Investors, For Shareholders) with useful information for Stakeholders, including: press releases, Financial Statements and interim reports, presentations to the financial community, stock price trends, By-laws, regulation of Shareholders' Meetings, information regarding Corporate Governance and compliance with relevant Codes and procedures, etc.

All Investors' requests may be sent to Brembo via the following channels: e-mail ir@brembo.it and phone 035-6052145.

Company-specific information that could be relevant to Shareholders is published on Brembo's website (www.brembo.com, section Investors) so as to provide them with the data required to make informed voting decisions.

For the disclosure and filing of regulated information, Brembo S.p.A. has availed of the Consob-authorized system 1INFO (www.1info.it), managed by Computershare S.p.A.



15. GENERAL SHAREHOLDERS' MEETINGS

The By-laws govern the calling and conduct of the General Shareholders' Meetings as illustrated here below.

<p>Calling of General Shareholders' Meetings</p>	<p>Under Article 10, the By-laws establish that the General Shareholders' Meeting shall be called by the Board of Directors by notice of calling containing an indication of the date, time and venue of the scheduled meeting, the items placed on the agenda, as well as further information required by applicable laws and regulations. The notice of calling shall be published on the Company's website and in compliance with and within the terms set forth by laws and regulations in force at that time.</p> <p>The Ordinary General Shareholders' Meeting must be called by the Governing Body at least once a year within 120 days following the end of the Company's financial year, or within 180 days from such date in the case where the Company is required to draw up consolidated financial statements, or where warranted by specific reasons pertaining to the Company's corporate purpose and structure, such reasons being indicated in the Directors' Report on Operations as per Article 2428 of the Civil Code.</p>
<p>Addition of items to the Agenda and submission of New Motions</p>	<p>Article 10-<i>bis</i> establishes that Shareholders individually or collectively representing at least one fortieth of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the Agenda for the General Shareholders' Meeting, indicating the proposed additional items in the application, or to submit motions on items already on the agenda.</p>
<p>Right to pose questions prior to the General Shareholders' Meeting</p>	<p>The amendments to Brembo S.p.A.'s By-laws, approved by the Extraordinary Shareholders' Meeting of 21 April 2016, introduced a new Article 10-<i>ter</i>, establishing that those entitled to vote during General Shareholders' Meetings may pose questions regarding the items on the Agenda even before the General Shareholders' Meeting, in accordance with the procedures and terms set in the Notice of Calling.</p>
<p>Participation in and representation at the General Shareholders' Meeting</p>	<p>Pursuant to Article 11, also partially amended by the Extraordinary Shareholders' Meeting on 21 April 2016, the voteholders may participate in the meeting and cast their votes provided that the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the General Shareholders' Meeting is scheduled (or within other term as provided for under applicable law). Any party entitled to participate in a Shareholders' Meeting may be represented by another person, not required to be a shareholder, through proxy granted pursuant to the procedures prescribed by applicable laws and regulations and indicated in the Notice of Calling. Proxies may be also granted electronically and notified to the Company by e-mail sent to the certified e-mail address specified in the notice of calling. Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Shareholders' Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting.</p>
<p>Quora and resolutions of the General Shareholders' Meeting</p>	<p>Pursuant to Article 13, also amended by the Extraordinary Shareholders' Meeting on 21 April 2016, Ordinary and Extraordinary Shareholders' Meetings are normally held following a single calling. The quorum requirements for constituting a session and passing resolutions set out in applicable current provisions of law shall apply to this end. However, should the Board of Directors deem it appropriate, it may decide that the Ordinary or Extraordinary Shareholders' Meeting be held following multiple callings, expressly specifying this information in the notice of calling. The Ordinary and Extraordinary Shareholders' Meeting at first, second or third calling shall be validly constituted and pass resolutions with majorities established under law applicable case by case.</p>
<p>Documentation of General Shareholders' Meetings</p>	<p>All documentation related to General Shareholders' Meeting, including reports focusing on the items placed on the Agenda and motions raised in respect of the said items, is made available for public consultation at the Company's registered office and on the corporate website, as well as through the authorised data storage system (www.1info.it), within the terms established by current applicable regulations. As a general rule, attending Shareholders are provided with the Group's economic and financial highlights and market performance, as well as analyses about trends in the markets in which the Group operates, the state of completion of main investment projects and the business outlook.</p> <p>The General Shareholders' Meeting Regulation designed to regulate the proper and efficient functioning of the General Shareholders' Meetings (most recently updated on 29 April 2011) is available on the website: www.brembo.com, section Investors, For Shareholders, Shareholders' Meeting.</p>

In accordance with the provisions governing the conduct of Shareholders' Meetings of companies with listed shares (Decree-law No. 18 of 17 March 2020, Article 106 – "Cure Italy Decree"), issued for the Covid-19 health emergency to protect individual health, Brembo has availed itself of the option of holding the Shareholders' Meeting scheduled for 23 April 2020 (i.e., the date originally provided in the calendar distributed to the public) through the use of instruments available to limit the physical presence of the shareholders in a single location, i.e. through the exclusive participation of the Designated Representative, pursuant to Article 135-*undecies* of TUF, on the premises of Computershare S.p.A., and to conduct the meeting by telecommunication systems.

All those entitled to attend the Shareholders' Meeting were able to grant proxies, with any voting instructions, to the Designated

Representative, by completing and signing a specific form, made available on the website www.brembo.com in the section Investors, For Shareholders, Shareholders' Meeting, and from the Company's office. In addition, the Designated Representative could also be granted proxy or sub-proxy pursuant to Article 135-*novies* of Legislative Decree No. 58 of 24 February 1998, by way of derogation from Article 135-*undecies*, paragraph 4, of that same Decree.

The notice of calling for the next General Shareholders' Meeting, convened on 22 April 2021, is available on the Company's website www.brembo.com, section Investors, For Shareholders, Shareholders' Meeting, 2021, from the authorised storage mechanism (www.1info.it), and has been published in summary version in the daily newspaper // *Sole24Ore*.

16. FURTHER CORPORATE GOVERNANCE INITIATIVES (pursuant to Article 123-*bis*, paragraph 2(a) of TUF)

16.1. Assignment of sustainability tasks and functions to the Audit & Risk Committee

When appointing the new company officers on 20 April 2017, the Board of Directors assigned responsibility for supervising sustainability issues to the Audit & Risk Committee, resulting in the change of the Committee's name to the Audit, Risk & Sustainability Committee, and its specific duties were updated accordingly. Said approach, defined on the basis of the best practices in this area, Legislative Decree No. 254/2016 on the Disclosure of Non-Financial Information, as well as the related nature of its duties, has been maintained also in view of the reappointment of the company bodies for the 2020-2022 term.

The tasks and functioning of the Audit, Risk & Sustainability Committee were therefore expanded and incorporated into a new version of the Regulations, approved by the Board of Directors during its meeting on 20 April 2017, and subsequently

amended (in Article 4.2) during the meeting held on 23 April 2020. In particular, the main sustainability tasks relate to:

- reviewing and assessing (i) sustainability policies aimed at ensuring the creation of value over time for Shareholders as a whole and all other stakeholders over the medium and long term, in accordance with sustainable development principles; (ii) sustainability guidelines, goals and the resulting processes, and sustainability reports submitted annually to the Board of Directors;
- monitoring international sustainability initiatives and the Company's participation in such initiatives with the aim of strengthening the Company's international reputation.

See section 9 for information on the Committee's composition and work in 2020



16.2. Reporting Channel (Whistleblowing System)

With regard to the Internal Control and Risk Management System, the Company has implemented an internal system for employees to report any irregularities or violations of applicable legislation and internal procedures, which already

satisfies the requirements established by applicable laws, the characteristics of which are described in section 10.5, concerning the Organisation, Management and Control Model Pursuant to Legislative Decree No. 231/2001.

17. CHANGES AFTER 31 DECEMBER 2020

There were no changes after 31 December 2020.

18. REMARKS ON THE LETTER FROM CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE (22 December 2020)

The notice sent by the Chairman of the Corporate Governance Committee to all issuing companies and the Annual Report – Eighth Edition – on the state of application of the Borsa Italiana Corporate Governance Code were first circulated to the Executive Directors, Chairwoman of the Board of Statutory Auditors and subsequently examined by the Lead Independent Director together with the Independent Directors during their meeting on 19 January 2021 and then by the Board of Directors during its plenary meeting held on the same day.

In general, a sound level of implementation of the Code by Brembo is reported, thanks to compliance with the provisions

of the Corporate Governance Code and the adoption of appropriate practices.

All the recommendations identified by the Corporate Governance Committee in its letter of 22 December 2020 – (i) sustainability; (ii) pre-board meeting information; (iii) application of independence criteria; (iv) board self-assessment; (v) appointment and succession of directors; (vi) remuneration policies – are found to be implemented and improvement activities are being constantly performed in particular with regard to the management of sustainability issues in the company's business and its capacity to pursue value creation in the long term.

Recommendations identified by the Corporate Governance Committee in its Letter of 22 December 2020	Implementation at Brembo - Reference within the Report
<p>Sustainability</p> <ul style="list-style-type: none"> Integrate the sustainability of the business activity into the definition of strategies, of the internal supervisory and risk management system and of the remuneration policy, also on the basis of a relevance analysis of the factors that may affect long-term value generation. 	<p>Para. 1.2 Para. 4.7.3</p>
<p>Appointment and Succession of Directors</p> <ul style="list-style-type: none"> Ensure the completeness and timeliness of the resolution proposals functional to the process of appointing the corporate bodies and express, at least in non-concentrated ownership companies, an orientation on its optimal composition; Provide, at least in large companies, a succession plan for executive directors that identifies at least the procedures to be followed in the event of early termination of office. 	<p>Para. 4.1 and 4.2</p>
<p>Application of Independence Criteria</p> <ul style="list-style-type: none"> Always justify on an individual basis the possible non-application of one or more independence criteria; Define ex ante the quantitative and/or qualitative criteria to be used for evaluating the significance of the relationships under examination. 	<p>Para. 4.4</p>
<p>Pre-Board Meeting Information</p> <ul style="list-style-type: none"> Explicitly determine the prior-notice deadlines deemed appropriate for sending the pre-meeting documentation; Provide in the corporate governance report a clear indication of the prior-notice deadlines identified and their effective compliance; Not provide that these prior-notice deadlines can be waived for mere reasons of confidentiality. 	<p>Para. 4.7.2</p>
<p>Board Self-Assessment</p> <ul style="list-style-type: none"> Evaluate the contribution of the board to the definition of strategic plans; Oversee the board review process. 	<p>Para. 4.12</p>
<p>Remuneration Policies</p> <ul style="list-style-type: none"> Provide clear information on the identification of the weight of the variable component, distinguishing between components linked to annual and multi-year time horizons; Strengthen the link between variable remuneration and long-term performance objectives, including, where relevant, also non-financial parameters; Limit to exceptional cases, subject to adequate explanation, the possibility of disbursing sums not linked to predetermined parameters (i.e. ad hoc bonuses); Define criteria and procedures for the assignment of severance payments; Verify that the amount of remuneration awarded to non-executive directors and to members of the controlling body is adequate for the competence, professionalism and commitment required by their office. 	<p>Para. 8 Report on the Remuneration Policy and Remuneration Paid⁴¹</p>

41 <https://www.brembo.com/en/company/corporate-governance/remuneration-policies>

