

**REPORT ON THE
REMUNERATION POLICY FOR 2022
AND REMUNERATION PAID IN 2021
OF THE BREMBO GROUP**

Annex 1

English Translation for convenience – Only the Italian version is authentic





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Letter from the Chairwoman

Dear Shareholders,

It is my pleasure, as the Chair of the Remuneration & Appointments Committee, to present to you the Report on the Remuneration Policy for 2022 and Remuneration Paid in 2021, structured as per Article 123-ter of TUF and approved by the Board of Directors on 3 March 2022.

In 2021, the Company continued to operate in an uncertain scenario marked by the ongoing Covid-19 pandemic crisis, which also impacted the purchase of raw materials, slowing their procurement and creating discontinuity in the global infrastructure, logistics and distribution system. In addition to this, further factors of uncertainty emerged, such as an increase in the cost of energy, which was particularly high in the third quarter of 2021, and geopolitical tensions with major consequences on the relationship between supply and demand.

Despite the complexity and growing challenges posed by the macroeconomic scenario, Brembo confirmed its market leadership, obtaining extraordinary operating and financial results, with revenue from contracts with customers increasing by 25.8% compared to the previous year and EBITDA of 18.1% for the year.

This was achieved also thanks to the new growth and development opportunities that Brembo identified over time, aiming at increasing the competences of its human capital, the digitalisation, the focus on environmental sustainability and promotion of diversity.

In particular, a focus on sustainability represents one of the drivers underlying the 2022 Policy. In fact, the launch of the new 2022-2024 LTI Plan reserved for the Top Management and a pool of Group managers totalling approximately 65 beneficiaries introduced the use of a KPI related to ESG (Environmental, Social and Governance) topics. As for MBO, the ESG objective identified for the LTIP relates to the Group Carbon

Footprint. In 2022, our Policy thus remains a tool for remunerating our managers and personnel on the basis of the Company's sustainable growth and supporting the Group's medium/long-term strategy towards the fight against climate change and improvement of energy efficiency.

Brembo's commitment in this direction continued in 2021. For the fourth consecutive year, Carbon Disclosure Project (CDP) rewarded Brembo for its commitment in the fight against climate change and water stewardship, confirming its leadership in corporate sustainability, as well as the Group's excellence in production attentive to sustainability and transparent action towards climate change. In confirmation of its commitment to the fight against climate change, in 2021 the Company consolidated a reduction of its CO₂ emissions (Scope 1 + 2) of 34% compared to 2018, essentially through energy-efficiency projects and increasing the supply of renewable-source electricity.

In addition, there was no shortage of initiatives and investments to promote company growth with a focus on sustainability:

- Brembo was included among the 40 companies of the new MIB ESG index launched by Euronext and Borsa Italiana and dedicated to Italian listed companies that adopt the best sustainability practices
- On the occasion of the celebration of 60 years from Brembo's foundation, through its partnership with Treedom, the Group planted a forest of 14,000 trees in Kenya, in the region of Lake Victoria, and donated them to all Group employees worldwide. This forest project aims at absorbing 7,000 tonnes of CO₂ from the atmosphere over a period of ten years and is consistent with the objectives that emerged from the COP26 in Glasgow to combat climate change, with the commitment of Brembo to becoming a carbon-neutral company by 2040.

For Brembo, sustainability also means product innovation, tied indissolubly to the challenges of electrification and digitalisation being experienced by the entire automotive sector.

In 2021, Brembo led the way in research and technology with the launch of its new braking system SENSIFY, which integrates artificial intelligence and software exploiting big data to improve the experience on the road and customize brake response to the driving style.

Among the innovation and digitalisation initiatives launched in 2021, I would like to mention the opening of the Brembo Inspiration Lab in the heart of the Silicon Valley: an experimental lab focused on strengthening the Company's expertise in software development, data science and artificial intelligence. The Lab will also

welcome talents from outside the sector of reference, thus supporting a combination of a virtuous mix of various skills for the benefit of the development of Brembo's future braking solutions.

I would like to take the opportunity to thank Directors Laura Cioli and Elizabeth M. Robinson for their significant contribution to the Committee's activities.

Finally, I would like to thank you in advance for the interest that you show each year in our Remuneration Policy, and I am pleased to reiterate, on behalf of all my fellow Directors, our utmost commitment to the future, confident that, as Brembo shareholders, you will find the information provided in this document exhaustive and useful for you and get inspired by it to continue to provide your positive support during the General Shareholders' Meeting.

Best regards:

The Chairwoman of the Remuneration & Appointments Committee
Nicoletta Giadrossi



Introduction

Brembo has always believed that continuous innovation begins with the wealth of knowledge and skills of its over 12,225 employees, who represent the Group's most precious strategic asset and the source of its competitive advantage, as it continues to innovate and pursue excellence in all of its products. For Brembo, being able to rely on competent trained people means being aware of the value that each employee contributes to achieving the common goals. For this reason, the Group is committed to ensuring the development of talent in the different geographical areas and professional families, the growth of potential and enhancement of its employees' competences through training and continuous professional growth, always consistently with the Company's values and strategy.

The Group has therefore always invested in a well-structured training offer for the growth and development of its knowledge and expertise. In 2021, it continued to invest in individual training and people engagement. In particular, a Knowledge Management journey was developed for certifying employees with critical expertise, and work continued on interfunctional teams to implement the DIGITAL, GLOBAL and COOL pillars which constitute the backbone of the Group's mission.

Diversity is a strength for a global company like Brembo, which operates and is constantly confronted with very diverse situations from the economic and cultural point of view. Accordingly, every day Brembo is committed to promoting an inclusive environment that protects people's sense of belonging and encourages them to feel they are leading characters in the Group's success, fostering a culture of diversity and inclusion from the moment they are hired and respecting the points of view, voices, identities and specificities of each person.

The Group is also committed to making a concrete contribution to enhancing the various generations through engagement initiatives designed to increase

the sense of belonging. Among these initiatives is Gen Z Forum, which involved representatives of Generations Z and Y in developing and collecting creative ideas able to contribute to building the Brembo of the future.

The focus on the Group's employees is reflected not only in investment in development, growth, training and inclusion, but also in the constant attention to health and safety, and in particular management of workplace health and safety aspects in a constantly evolving pandemic scenario in which continuous information action has been taken to ensure increasingly effective risk prevention.

Several projects were implemented in 2021, including:

- the "Preventive Ergonomics" project, aimed at conducting ergonomic risk assessments to be applied throughout the process of creating production lines. By setting a Brembo ergonomic assessment standard, it will thus be possible to further increase the safety of specific plants and conduct gap analyses or identify additional improvement initiatives;
- the "WCM Safety-Pillar" project calls for a systematic and organic approach to mapping the improvements achieved due to spreading of safety knowledge at all levels of the organisation;
- the "Behaviours' Continuous Improvement" project aims at supporting all Team Leaders (Production Supervisors) in constantly monitoring workers' adoption of wrong behaviour/ actions, through the creation of short training modules designed to correct them through constant feedback to the workers.

Within this framework, Brembo's Remuneration Policy for 2022, in continuity with the past, becomes an enabling factor in support of the execution of the Group's strategy, considering its long-term strategic guidelines, guaranteeing the Company's economic and social sustainability and the attraction and retention — on increasingly challenging labour markets — of

key resources with characteristics and skills functional to ensuring the creation of value for all stakeholders, including shareholders, employees, customers and suppliers.

To this end, the Remuneration & Appointments Committee¹ performed its functions seeking to give continuity to the aims, principles and tools of the Group's Remuneration Policy, choosing to work with a view to developing an ongoing dialogue with stakeholders, aware that this key element is central

to the Group's Remuneration Policy. In fact, Brembo attaches great importance to constant interaction, throughout the year, with the main beneficiaries of its remuneration Policies and with its investors, in order to ensure ongoing improvement in the adoption of market best practices, drawing helpful inspiration from various stakeholders.

In line with Brembo's values and business strategy, and in keeping with the past, a Remuneration Policy has been drawn up aimed at:

- 
- 1 Ensuring the sustainable growth of our Group**
The ability to report economic and financial results that are above the reference market average, despite the persistence of the pandemic and the increase in commodity prices.
 - 2 Creating value for our Shareholders**
Drawing up a Policy able to ensure the alignment of the management's interests with the priority of creating sustainable shareholder value over a medium-long-term horizon
 - 3 Balancing decisions against their social and environmental impact**
Brembo has always paid particular attention to the development of global policies in the areas of ethics, responsibility, and sustainability, considering these values to be the foundation of the valuable "intangible" heritage formed by its brand, and the set of principles that characterise the way in which a socially responsible company acts.
 - 4 Promoting the Guiding Principles that characterise the Group**
Ethics, quality, acknowledgement, proactivity and belonging are the five guiding values that make up the wealth of Brembo's shared culture, as well as a benchmark for conducting the Company's business and operations in full respect for all the Group's stakeholders.
 - 5 Making the Company attractive on the market**
Brembo's remuneration policy provides for an overall remuneration suited to attracting and retaining high-profile candidates, constantly recognising the performances achieved.

¹ Appointed by the Board of Directors held on 23 April 2020, following the appointment of the company boards by the General Shareholders' Meeting on the same date.



Reconciliation between Strategy, Sustainability and Remuneration Policy

Ensuring the sustainable growth of our Group

Remuneration Policy for 2022 was drawn up in continuity with the previous years by defining remuneration elements that support the implementation of the Group’s strategic guidance through an adequate balance of short- and long-term performance parameters

Creating value for our Shareholders

Confirmation of the EVA (Economic Value Added) metric in the new 2022-2024 LTIP, thus ensuring that the interests of our shareholders are aligned to the work of the Group’s management

Balancing decisions against their social and environmental impact

Extension of the use of ESG metrics also to the long-term incentive system, through the use of a KPI linked, as for the MBO, to the Group Carbon Footprint, as a proof of Brembo’s medium-to-long term sustainability strategy

Promoting the guiding principles that characterise the Group

Integrity, responsibility and transparency are the drivers adopted in the Group’s remuneration systems; these drivers take the form of elements such as an attention to employees, supply chain sustainability and respect for local communities

Making the company attractive on the market

The Policy’s distinctive elements are designed to attract and retain highly capable management personnel and reward their responsibilities, skills and experience

This Report on the Remuneration Policy and Remuneration Paid is the result of the efforts devoted to providing with a transparent, complete account of the criteria adopted to compensate the Group’s personnel and recognise their contribution in the achievement of corporate targets, by ensuring that it has the tools needed for a thorough assessment of the Company and for the informed exercise of rights.

In addition, Brembo has always complied with applicable laws, regulations and recommendations of the Corporate Governance Code for Listed Companies (the Remuneration Policies for 2022 are consistent and compliant with the provisions of Article 5 – “Remuneration” of the New Corporate Governance Code) that the Company has adopted endorsing it into its own Corporate Governance Code (Brembo

Corporate Governance Code), as well as into the Regulations of the Board of Directors and of the Board Committees².

In particular, the Report on Remuneration Policy and Remuneration Paid is structured as follows:

- **SECTION I:** this section refers to the members of the Governing Bodies, General Managers and Key Management Personnel and contains information about the principles and guidelines according to which Brembo S.p.A. sets its Remuneration Policy, in addition to information about the procedures used to adopt and implement that Policy. This section describes in a clear, transparent and intelligible way, the general principles and purposes pursued, information regarding the governance of the process

² With reference to 2020 Corporate Governance Code, Brembo has acknowledged and constantly followed the developments and interpretative discussions in order to analyse in detail every single aspect and understand the implementation trend implemented by main listed companies. In light of the analyses carried out, the Board of Directors proposed to the Shareholders’ Meeting of 22 April 2021 to amend the By-laws (the Article “Purpose”) in order to enshrine in its By-laws a commitment already promoted by the Group, namely pursuing sustainable, long-term development. This amendment was approved by the Shareholders’ Meeting. In addition, Brembo prepared a new Brembo Corporate Governance Code, which was circulated in preliminary consultation on 15 October 2021 to the members of the Audit, Risk & Sustainability Committee and Board of Statutory Auditors — along with comparative details, underscoring the proposals for deviations and reasons for the same — and then to all Directors. The new Brembo Corporate Governance Code was then expanded to include some formal suggestions, and on 25 October 2021 once again forwarded, in its final version, to the members of the Audit, Risk & Sustainability Committee and Board of Statutory Auditors, who gave their approval on 9 December 2021. Following the above in-depth analysis and assessment, on 17 December 2021 the Board of Directors of Brembo S.p.A. approved the final text of the Brembo Corporate Governance Code, which endorsed all the principles and recommendations of the 2020 Corporate Governance Code, after having examined and evaluated any deviation on the basis of the principle of the prevalence of substance over form and also of the “comply-or-explain” principle.

aimed at defining Brembo's Remuneration Policy with details of the main Bodies and Parties involved, as well as information on the purposes, tools and recipients of the said Policy.

Section I of the Report on Remuneration Policy and Remuneration Paid, in accordance with the provisions of Legislative Decree No. 49 of 10 May 2019, is subject to the binding vote of the Ordinary Shareholders' Meeting, called to approve the 2021 Financial Statements;

- **SECTION II:** organised into two parts and audited, in accordance with the provisions of Legislative Decree No. 49 of 10 May 2019, by the firm EY S.p.A., appointed to perform the audit. The first of these contains an illustration of each of the components of remuneration paid to the members of the Board of Directors, the members of the Board of Statutory Auditors and Key Management Personnel in 2021, in accordance with the Remuneration Policy adopted for that year. The second provides a detailed account of the compensation paid during the reporting year, in any capacity and form, by the Company and its subsidiaries and associates, using the tables annexed to the Report, which are an integral part thereof.

Section II of the Report on Remuneration Policy and Remuneration Paid, in accordance with the provisions of Legislative Decree No. 49 of 10 May 2019, is subject to the advisory vote of the Ordinary Shareholders' Meeting, called to approve the 2021 Financial Statements.

The two Sections are supplemented with additional context-related information to enable the market and Investors to read the remuneration information contained in the Report together with the Group's strategic guidance and sustainability, with a view to understanding the main drivers that allow Brembo S.p.A.'s Remuneration Policy to contribute more fully to the pursuit of long-term value creation for all its stakeholders.

The Report's contents have been defined in compliance with Annex 3A, Table 7-*bis*, of the Rules for Issuers introduced by Consob Resolution No. 18049 of 23 December 2011, as subsequently amended by Consob Resolution No. 21623 of 10 December 2020.

This Report on the Remuneration Policy and Remuneration Paid, pursuant to Article 123-*ter* of TUF (Article introduced into Legislative Decree No. 58/1998 through Legislative Decree No. 259/2010, as amended by Legislative Decree No. 49/2019), applies to financial year 2022 and was approved by the Board of Directors, on the proposal of the Remuneration & Appointments Committee, during the meeting held on 3 March 2022 and has been made available to the public at Brembo's registered offices and on the Company's website (<https://www.brembo.com/en/company/corporate-governance/remuneration-policies>).



Executive Summary

A summary of the Group's Remuneration Policy for 2022 is given in the following table:

Elements of Remuneration	Scope and Conditions	Criteria and Parameters	Quantitative References
Fixed Remuneration	Developing the responsibility, expertise and contribution required by the role	Fixed remuneration is set on the basis of the powers granted and role assigned, considering applicable cases on the market for comparable roles and the impact on company results.	<ul style="list-style-type: none"> Executive Chairman: €1,250,000 Chief Executive Officer (CEO): €1,300,000³ <p>The Executive Chairman and the CEO are the two members of Key Management personnel identified by Brembo S.p.A.</p>
Annual Incentive System (MBO)	Assessing and engaging on the achievement of the Group's annual objectives and short-term challenges	<ul style="list-style-type: none"> Evaluation metrics: Group EBITDA, Group EBIT, Group sales, Group ROI, Group Carbon Footprint Performance period: annual, in compliance with the budget targets Payment method: cash <p>Clawback clauses may be applied.</p>	<p>Bonus target:</p> <ul style="list-style-type: none"> Executive Chairman: 75% of fixed component CEO: 75% of fixed component <p>Bonus cap</p> <ul style="list-style-type: none"> Executive Chairman: 100% of fixed component CEO: 100% of fixed component
Long-Term Incentive Plan (LTIP)	Promoting the creation of value for shareholders and the Group's sustainability in the long term	<ul style="list-style-type: none"> Evaluation metrics: Group Economic Value Added (EVA), Group Free Operating Cash Flow, Group NFP/EBITDA, Group Carbon Footprint Vesting period: three-year period 2022-2024 (Closed Plan) Payment method: cash <p>Clawback clauses may be applied.</p>	<p>Bonus target:</p> <ul style="list-style-type: none"> Executive Chairman: 100% of fixed component CEO: 100% of fixed component <p>Bonus cap:</p> <ul style="list-style-type: none"> Executive Chairman: 133% of fixed component CEO: 133% of fixed component
Non-monetary benefits	Complementing economic benefits with components primarily of a social security and pension nature	Primarily social security and insurance benefits, provided per the national collective labour contract standard (for industrial executives)	<ul style="list-style-type: none"> Supplementary pension schemes Health insurance Insurance policy Allocation of a car for business and personal use
Severance indemnity	Protecting the Group against potential litigation/competition risks	<p>Severance indemnity from the position of CEO and employment relationship – Cases:</p> <ul style="list-style-type: none"> Removal or non-renewal without just cause Resignation from the office and waiver of the delegated powers due to such a serious reason as to make a continuation impossible Resignation from the office and waiver of the delegated powers due to a change of control that has resulted in a substantial change in the position and/or powers <p>Non-competition agreement with the CEO: paid during the employment within the Company.</p>	<ul style="list-style-type: none"> CEO's severance indemnity: a lump-sum one-off indemnity equal to 18 months of an amount corresponding to the sum of the fixed emolument for the office, the non-competition agreement payment and the maximum amount payable by way of short-term variable component (MBO). CEO's non-competition agreement: the amount of €200,000 is included in the total fixed remuneration (Total Fixed Remuneration: €1,300,000)

³ The fixed compensation assigned to the Chief Executive Officer consists of special compensation of €1,100,000 for the position pursuant to Article 2389, paragraph 3, of the Italian Civil Code, and the payment related to the non-competition agreement over the course of the employment relationship of €200,000. This compensation is also in addition to a housing allowance of €100,000.

Section I

The main objective of the Group's Remuneration Policy is to ensure the active engagement of Directors, particularly Directors with executive powers, and of the Management, by favouring the alignment of their individual interests with those of stakeholders from a long-term perspective. The goal remains to support growth and create value through a constant assessment of individual and company performance, with the aim

of contributing to keeping profitability and productivity levels high for the entire Group. In addition, Brembo has always paid particular attention to designing its Policies so that they are in line with the business values and strategies and are, at the same time, able to ensure a competitive position in respect of the reference market and fairness for all its employees.

1. Information on the Procedures Applied for the Adoption and Implementation of the Remuneration Policy

1.1. Scope and recipients

As in previous years, the Remuneration Policy continues to be in line with corporate values and consistent with regulations and stakeholders' expectations, and has the dual objective to:

- define a remuneration system based on ethics, quality, proactivity, belonging and enhancement, and able to both attract and retain human resources who, thanks to their talent and excellent professional skills, can successfully manage and operate within the Company;
- adopt incentive schemes designed to orient their behaviours towards the fulfilment of strategic business objectives, hence creating value in the long term and fostering the alignment of the Management's interests and shareholders' expectations, while motivating those resources to achieve increasingly

challenging performance targets in view of a constant improvement.

To facilitate this alignment, the Policy envisages that part of the Management's remuneration be linked to the achievement of performance objectives — which are set and established in advance — through a Management by Objectives (MBO) Annual Incentive Plan and a Long-Term Incentive Plan (LTIP).

The Policy is defined through a formalised process (see section 1.6) involving the Remuneration & Appointments Committee, the Board of Directors, Key Management Personnel, the Human Resources & Organisation Global Central Function, the General Shareholders' Meeting and the Board of Statutory Auditors.



In detail, areas of responsibility are as follows:

Remuneration & Appointments Committee

Pursuant to the provisions set forth in Borsa Italiana's Corporate Governance Code, which Brembo S.p.A. fully complies with, in February 2001 the Company's Board of Directors established the Remuneration Committee, which later became the Remuneration & Appointments Committee, **made up of non-executive, independent Directors and chaired by an Independent Director.** The Board of Directors also defined its tasks and powers.

The Committee's composition, meetings, objectives, tasks and activities illustrated hereunder **are fully compliant with the recommendations of the 2020 version of the Corporate Governance Code.**

Pursuant to Article 2389, paragraph 3, of the Italian Civil

Code, the Remuneration & Appointments Committee is vested solely with **recommendatory functions.** The power to determine the remuneration of Directors holding special offices is in any event entrusted to the Board of Directors, in concert with the Board of Statutory Auditors and in compliance with the overall remuneration established by the General Shareholders' Meeting.

The current Committee, appointed during the Shareholders' Meeting held on 23 April 2020, will remain in office until 31 December 2022.

The Chairwoman of the Board of Statutory Auditors, R. Pagani, is permanently invited to participate in all the meetings of the Remuneration & Appointments Committee.

Composition and meetings



Nicoletta Giadrossi

Chairwoman,
Non-Executive and Independent
Director.

Committee member with appropriate financial expertise and experience.

Laura Cioli

Non-Executive and Independent
Director
In office until 25 February 2022 and replaced by co-optation upon the BoD's meeting of 3 March 2022 by Director Manuela Soffientini (Non-executive and Independent Director)

Elizabeth Marie Robinson

Non-Executive and Independent
Director

In 2021, the Committee met four times. As of the date of approval of this Report, it has held a further meeting focused on the definition of Remuneration Policy for 2021 and the launch of the new Group's Remuneration Policy.

Objectives

With reference to Remuneration: ensuring that the remuneration policies applicable to the Executive Chairman, the Chief Executive Officer, the Executive Directors, 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.

With reference to Appointments: identifying the optimal composition of the Board, in terms of the combination of skills, 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.

Responsibility areas

Periodically assessing, as indicated by the Chairman of the Board of Directors, the adequacy, overall consistency and practical application of the Remuneration Policy for Directors and Key Management Personnel (including any possible stock option or stock granting plans, three-year incentive plans, etc.). With regard to the latter, it draws on the information provided by the Directors responsible for this task.

Submitting proposals or expressing opinions to the Board of Directors regarding the remuneration of Executive Directors and other Directors holding special offices, and the performance objectives associated with the variable component of such remuneration.

Monitoring the implementation of decisions adopted by the Board of Directors by verifying, specifically, the actual achievement of performance objectives.

Formulating motions to the Board of Directors regarding the Report on Remuneration Policy and Remuneration Paid that the Directors are required to submit to the General Shareholders' Meeting to illustrate the remuneration policy for Directors and Key Management Personnel.

Performing all additional tasks that, from time to time, it may be assigned by the Board of Directors, as well as examining all issues that the Executive Chairman and the Chief Executive Officer deemed appropriate to submit to the Committee for the aspects falling within its remit.

Reporting to shareholders regarding the way in which its duties are discharged.

With reference to Appointments: formulating opinions and recommendations for the Board of Directors in regards to its size and composition, the presence of specific professional figures, the number of other positions deemed compatible with the role held within Brembo, the exceptions to the non-competition agreement, the cases of co-option, and the succession plans.

Recipient	Decision-making body	Proposing body	Technical body	Advisors, if any
Chief Executive Officer	GSM, BoD	Remuneration & Appointments Committee	Human Resources & Organisation GCF	Mercer Willis Towers Watson
Executive Directors				
Key Management Personnel				
Non-executive Directors				
Board of Statutory Auditors	GSM	Shareholders	Administration & Finance GCF	

1.2. Remuneration & Appointments Committee

In 2021, the activity of the Remuneration & Appointments Committee focused mainly on: (i) the reporting of the 2021 objectives and the assessment of performance in relation to the incentive Plans in place in 2021, (ii) annual verification of the votes cast by the 2021 Shareholders' Meeting regarding the Report on Remuneration Policy and Remuneration Paid; and (iii) proposals regarding the 2022 Policy, including the 2022 MBO architecture and the new 2022-2024 LTIP. In detail, the Remuneration & Appointments Committee met four times in 2021 and the average length of the meetings was approximately 2 hours.

The following is the activity calendar of the Remuneration & Appointments Committee, in particular with regard to the matters discussed within the framework of meetings.

For further information concerning the Remuneration & Appointments Committee's activities in 2021, the Committee's functioning and its specific activities in respect of Appointments, reference should be made to paragraph 8.2 of the 2021 Corporate Governance and Ownership Structure Report,⁴ published concurrently with this Report.

⁴ <https://www.brembo.com/it/company/corporate-governance/relazioni-sulla-corporate-governance>



2021

MEETING OF 23 FEBRUARY 2021	MEETING OF 19 JULY 2021	MEETING OF 12 NOVEMBER 2021	MEETING OF 22 DECEMBER 2021
<p>with reference to the Composition of the Board of Directors and the Combination of skills and professional backgrounds</p> <p>a) it 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, of continuing satisfaction of the requirements and implementation of the Diversity Criteria for Directors provided for by Brembo's Corporate Governance Code, as well as the compatibility of the positions held by them;</p> <p>b) it assessed the combination of professional backgrounds and managerial skills in light of Brembo's diversity policy pursuant to Article 123-bis, paragraph 2(d-bis), of TUF defined by the Regulations of the Board of Directors and Brembo's Corporate Governance Code;</p> <p>with reference to Remuneration:</p> <p>a) it assessed the closing results of the short-term annual incentive plan (2020 MBO) and defined the proposals of the short-term annual incentive plan (2021 MBO);</p> <p>b) it examined the proposals to be submitted to the Board of Directors concerning the alignment of the targets of the three-year incentive plan (2019-2021) for Executive Directors and Top Managers;</p> <p>c) it examined the Report on the Remuneration Policy for 2021 and Remuneration Paid, prepared pursuant to Article 123-ter of TUF.</p>	<p>with reference to Remuneration:</p> <p>a) it assessed the results and the votes cast by the Shareholders' Meeting on 22 April 2021 on Section I and Section II of the Remuneration Report, as well as the overall evolution of voting on Reports on Remuneration Policy and on the related trends;</p> <p>b) it shared any proposals in view of the definition of the Policies for 2022;</p> <p>c) it conducted an advance examination of the documentation required for the 2021 BPE and confirmed the appointment of the LID as responsible for coordinating the 2021 self-assessment activities.</p>	<p>with reference to Remuneration</p> <p>a) it was informed about the Talent Management & Succession Planning process</p> <p>b) it examined the trend of the results of the 2021 MBO and 2019-2021 LTIP as of 30 September 2021;</p> <p>c) it assessed the results of the assessment of Brembo's management made by a consultant specialising in annual incentive systems and discussed about possible deviations/adjustment proposals.</p> <p>with reference to Appointments:</p> <p>a) it expressed a favourable advance opinion on the BoD's proposal submitted to the Shareholders' Meeting of 17 December 2021 to appoint Matteo Tiraboschi as Executive Chairman and Alberto Bombassei as Chairman Emeritus;</p> <p>b) it expressed a favourable advance opinion on the proposal to qualify the Executive Chairman and Chief Executive Officer (CEO) as Key Management Personnel.</p>	<p>with reference to Remuneration</p> <p>a) it shared proposals on medium- and long-term remuneration policies, with a focus on the 2022 MBO with regard to the plan architecture, measurement metrics and formulation of objectives and, for the new LTIP, on industry best practices, ESG goals, the nature of the plan and the eligible population;</p> <p>b) it approved the 2022 MBO guidelines;</p> <p>c) it expressed a favourable opinion of the proposal to increase the Chief CSR Officer's compensation.</p>

1.3. Board of Directors

The Board of Directors currently in office was appointed at the General Shareholders' Meeting called to approve the 2019 Financial Statements (23 April 2020) and is made up of 11 Directors.

On 17 December 2021, the extraordinary Shareholders' Meeting approved the new corporate governance structure of Brembo S.p.A.: Matteo Tiraboschi was appointed Executive Chairman, Alberto Bombassei was appointed Chairman Emeritus, whereas Daniele Schillaci was confirmed as the Company's CEO. To integrate the Board of Directors, the Shareholders'

Meeting appointed Roberto Vavassori as Director until the expiry of the current term of the Board of Directors. Its composition and functions, as described below, **fully comply with the recommendations of the 2020 Corporate Governance Code**, which Brembo adopted in 2021.

The current Board of Directors will remain in office for the three-year period 2020-2022, i.e., until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022.

Composition



Matteo Tiraboschi

Executive Chairman

The Executive Chairman, appointed by the General Shareholders' Meeting on 17 December 2021, is the Company's legal representative and has powers of ordinary management, within the limits of the law.

Daniele Schillaci

Chief Executive Officer - CEO

The Chief Executive Officer is vested by the Board of Directors with special powers to manage the Company, as well as powers, pursuant to Article 2381 of the Italian Civil Code, with reference to occupational health and safety (as per Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.

Cristina Bombassei

Executive Directors

Valerio Battista

Non-Executive and Independent Directors

This Director also holds the position of Lead Independent Director.

Laura Cioli

Non-Executive and Independent Directors

In office until 25 February 2022 and replaced by co-optation upon the BoD's meeting of 3 March 2022 by Director Manuela Soffientini (Non-executive and Independent Director)

Nicoletta Giadrossi

Non-Executive and Independent Directors

Amministratore eletto da lista di minoranza

Umberto Nicodano

Non-Executive Directors

Elisabetta Magistretti

Non-Executive and Independent Directors

Elizabeth Marie Robinson

Non-Executive and Independent Directors

Gianfelice Rocca

Non-Executive and Independent Directors

Roberto Vavassori

Executive Directors

Appointed by the General Shareholders' Meeting on 17 December 2021 for the integration of the Board of Directors, until the expiry of the current term of the Board of Directors.

Responsibility areas

Within the framework of the remuneration policies adopted, establishing the remuneration for Directors holding special offices in concert with the Board of Statutory Auditors and the Remuneration & Appointments Committee. Such remuneration is established in accordance with the resolutions of the General Shareholders' Meeting, which determines the overall remuneration for all Directors.

Examining and approving the strategic, operational and financial plans of the issuer and the Group it heads, periodically monitoring the implementation thereof.

Defining the Company's corporate governance system (without prejudice to the powers entrusted to the General Shareholders' Meeting) and the Group's structure.

Defining the nature and level of risk compatible with the Company's strategic objectives.

Assessing the adequacy of the organisational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, especially with reference to the internal control and risk management system.

Assessing the general performance of operations, taking into particular account the information received from the Delegated Bodies, and periodically comparing the results achieved with those planned.

Resolving upon the transactions carried out by the Company and its subsidiaries, should these transactions have a significant strategic, operating, capital and/or financial impact for the issuer. To this end, the Board establishes general criteria to identify highly significant transactions.

Performing at least annually an evaluation of the performance of the Board of Directors and its Committees, as well as their size and composition, taking also into account aspects such as the professional expertise, experience (including managerial experience), gender and seniority of service of their members.

In light of the assessment mentioned in the previous point, expressing its opinion before the appointment of the new Board, so as to inform Shareholders on professionals whose presence in the Board is deemed appropriate.



1.4. General Shareholders' Meeting

The role of the General Shareholders' Meeting pursuant to the By-laws, insofar as matters related to this Report, is to:

- appoint and remove the members of the Board of Directors, appoint the Board of Statutory Auditors and its Chairman and, if present, its Deputy Chairman;
- establish the overall remuneration for the Board of

Directors and the Board of Statutory Auditors;

- express a binding vote on Section I of the Report on Remuneration Policy and Remuneration Paid (Remuneration Policy);
- express an advisory vote on Section II of the Report on Remuneration Policy and Remuneration Paid (Implementation of the previous year's Remuneration Policy).

1.5. Possible Attendance of Independent Experts

Brembo also establishes its policies and verifies its remuneration structure based on the analyses conducted with the support of consultants on market benchmarks, consisting of a group of peers operating in the same industry that are deemed comparable in terms of both size and business activity. In addition, Brembo monitors trends and best practices on the Italian and global market.

Remuneration Policy guidelines are prepared and the Policies implemented are assessed in light of the context in which the Group operates: since Brembo does not have many closely comparable peer companies from a business standpoint at the domestic level, various panels have been considered for the purposes of remuneration policies in order to have a vision of both the labour market and business practices:

Benchmark peer group	Companies
European Industry Panel (12 companies)	Autoneum Holding, Autoliv, Continental, ElringKlinger, Faurecia, Leoni, Michelin, Nokian, SKF, Sogefi, TomTom, Valeo
Italian Panel (25 companies)	A2A, Amplifon, Atlantia, Buzzi Unicem, Campari, Diasorin, Enel, Eni, Ferrari, Hera, Interpump Group, Inwit, Italgas, Leonardo, Maire Tecnimont, Moncler, Nexi, Pirelli, Prysmian, Recordati, Saipem, Snam, Telecom Italia, Tenaris, Terna

Mercer and Willis Towers Watson advised Brembo by providing methodological support and market

benchmarks on compensation and executive compensation.

1.6. Process for the Policy Definition and Approval

The Remuneration & Appointments Committee submits the motion on Remuneration Policy to the Board of Directors for approval. The Human Resources & Organisation Global Central Function supports the Remuneration & Appointments Committee in drafting the Report in order to collect market information about practices, policies and benchmarks to help improve the preparation of the policy. If needed, relevant independent experts are also involved in the process.

Upon proposal from the Remuneration & Appointments Committee, which in turn can ask for the support of the Human Resources & Organisation Global Central Function, the Board of Directors prepares and adopts the Remuneration Policy, making it part of internal company rules and regulations. It specifically determines the contents of the paragraphs regarding the remuneration policy for members of the Board of Directors (paragraph 2.2), the members of the Board of Statutory Auditors (paragraph 2.3), and the Group's incentive Plans (paragraph 2.4). Pursuant to the By-laws, as concerns the Remuneration Policy for Directors holding special offices, the Board of Directors takes into account not only the proposals from the Remuneration & Appointments Committee, but also the opinion of the Board of Statutory Auditors. Once the Board of Directors has examined and approved the Remuneration Policy, the latter is submitted to the General Shareholders' Meeting and is made available by publishing the Report on Remuneration Policy and Remuneration Paid at least 21 days prior to the date on which the General Shareholders' Meeting is convened.

This complete Report on Remuneration Policy and Remuneration Paid, and specifically Section II, was previously examined by the Remuneration & Appointments Committee on 17 February 2022 and subsequently approved by the Board of Directors on 3 March 2022.

In accordance with the provisions of Legislative Decree No. 49 of 10 May 2019 and of the new Article 123-ter

of the Consolidated Law on Finance, Brembo has adopted a process for the temporary exemption from its Remuneration Policy, in the event of exceptional circumstances, where such an exemption is required in order to pursue the Group's long-term interests and sustainability as a whole, or to ensure its ability to remain on the market.

To this end, the cases identified by the Remuneration Policy as exceptional circumstances include, but are not limited to:

- the need to replace, due to unforeseen events, a person in a strategically relevant role for the Group and to negotiate a remuneration package in short order, where the constraints imposed in the improved policy could limit the ability to attract managers with the professional skills best suited to achieving the Group's objectives;
- the occurrence of significant changes in the scope of business activity while the Policy is in effect, for example the acquisition of a significant business not included within the Policy, the impact of which was not foreseeable on an *ex-ante* basis;
- an option to pay entry or retention bonuses in order to foster the acquisition and retention of resources possessing specific expertise and top-level professional skills considered necessary to achieve the Group's strategic objectives.

The Remuneration & Appointments Committee, supported by the Human Resources & Organisation Global Central Function, is the body tasked with verifying whether such exceptional situations exist and formulating the proposals for temporary exemption from the Remuneration Policy to the Board of Directors, which has been identified as the body delegated to approve such temporary exemption. As provided for in the Related Party Procedure of Brembo S.p.A., this process also requires the contribution of the Control, Risks & Sustainability Committee — which also acts as Related Party Transactions Committee — in case of amendments concerning the remuneration of Directors,

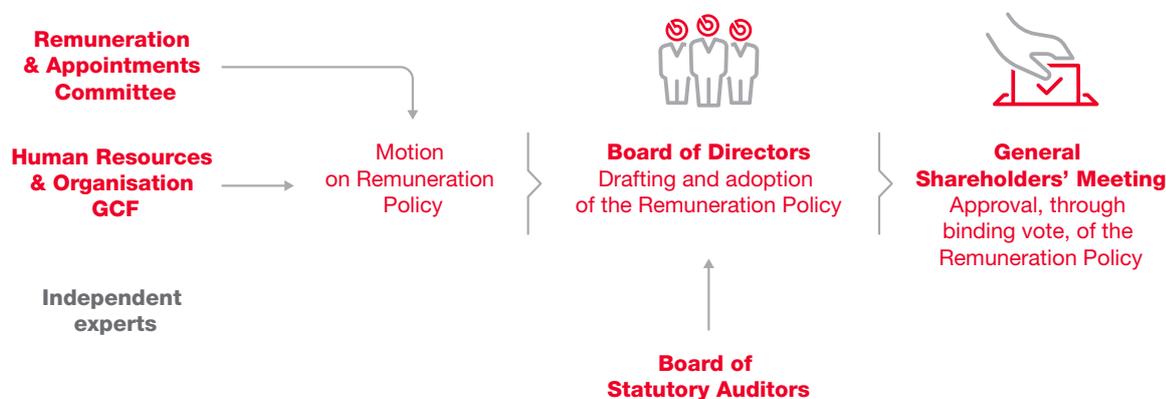


Statutory Auditors and Key Management Personnel⁵. It should be noted that all interested parties refrain from participating in board discussion and resolutions relating to their remuneration.

Any exemptions, which may concern one or more Remuneration Policy elements described in this Report, will be disclosed in the subsequent Report on Remuneration Policy and Remuneration Paid, together with the reasons that led the Company to avail itself of such an exemption.

The elements of Brembo’s Remuneration Policy for 2022 that, in case of exceptional circumstances, may be subject to exemption, without prejudice to the provisions of Regulation No. 17221 of 12 March 2010, are:

- fixed component;
- short-term variable component (MBO);
- long-term variable component (LTIP);
- benefits;
- severance indemnity.



The Related Party Transactions Procedure⁶ does not apply to the decisions of the General Shareholders’ Meeting pursuant to Article 2389, paragraph 1, of the Italian Civil Code concerning the remuneration for members of the Board of Directors and the Executive Committee (if appointed), decisions concerning remuneration for Directors holding special offices that fall within the scope of the total amount set in advance by the General Shareholders’ Meeting in accordance

with Article 2389, paragraph 3, of the Italian Civil Code, and the decisions adopted by the General Shareholders’ Meeting pursuant to Article 2402 of the Italian Civil Code concerning Statutory Auditors’ remuneration. Moreover, the Related Party Transactions Procedure also does not apply to decisions on share-based remuneration plans approved by the General Shareholders’ Meeting of Brembo S.p.A. pursuant to Article 114-bis of TUF and the related implementation measures.

5 On 12 November 2010, Brembo adopted a Related Party Transactions Procedure that, as required, is updated and approved in accordance with applicable statutory and regulatory provisions in force.

6 Brembo S.p.A.’s Related Party Transactions Procedure, updated in accordance with the amendments introduced by Consob to the Rules for Issuers and the Regulations on Related Party Transactions on 10 December 2020, is available on Brembo’s website (www.brembo.com, section Company, Corporate Governance, Governance Documents).

2. Details of the Company's Remuneration Policy

2.1. Contents of the Policy

The Board of Directors has defined a Remuneration Policy for Executive Directors, other Directors holding special offices and Key Management Personnel (Article 5, paragraph 27, of the Corporate Governance Code), taking into account market practices, especially those adopted by Italian companies with reference to executive compensation.

In order to enhance its market competitiveness and staff retention capability, the Company is committed to aligning its executive compensation practices by comparing its position with those of companies that are similar in terms of value creation.

Article 5, paragraph 27, of the Corporate Governance Code

In drawing up the Policy, the Board of Directors has taken into account the following principles and criteria (Article 5, paragraph 27, of the Corporate Governance Code) stating that *the remuneration policy for executive directors and the top management defines:*

- a balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration;
 - caps to the variable components;
 - performance objectives, to which is linked the payment of the variable components, that are predetermined, measurable and predominantly linked to the long-term horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant;
 - an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile;
 - contractual provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied;
 - clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by director's objectively inadequate results.
-

The information provided below indicates the main features of the Remuneration Policy, in terms of elements of the remuneration package and their definition, for the following groups:

- Directors not holding special offices;
- Directors holding special offices;
- Key Management Personnel;
- Members of the Board of Statutory Auditors.

The Remuneration Policy for the various groups of individuals has been drafted in continuity with the past, since it was deemed to be in line with the Company's values and consistent with regulatory provisions and the expectations of the Company's stakeholders.



The Remuneration & Appointments Committee assessed the soundness of the contents of the

Remuneration Policy considering various elements, such as:

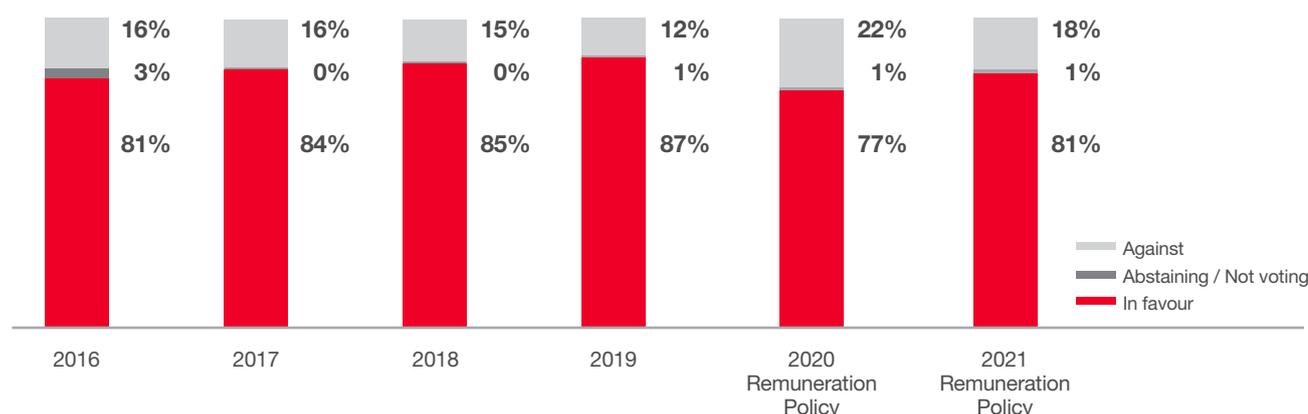
REMUNERATION POLICY



The Remuneration & Appointments Committee also devoted particular attention to the findings of the analysis and further examination relating to the results of the vote cast by the Shareholders' Meeting and the feedback received from the shareholders, as well as to the results of the engagement activity with the proxy advisors. Within this framework, considerable importance was also attached to continuous interaction

with all company stakeholders, reflecting on all potential development ideas in order to constantly improve the adoption of market best practices.

The evolution in the outcome of voting⁷ on the Remuneration Reports published from 2016 to 2019 and the Report on the Remuneration Policy published in 2020 and 2021 is shown below:



General Shareholders' Meeting	21 April 2016	20 April 2017	20 April 2018	18 April 2019	23 April 2020	22 April 2021
In favour	81.36939%	83.713928%	85.190359%	86.512285%	76.974849%	81.019343%
Abstaining / Not voting	2.55781%	0.471699%	0.325561%	0.996482%	1.147419%	0.77865%
Against	16.0728%	15.814373%	14.484079%	12.491234%	21.877773%	18.202007%

⁷ % of the ordinary shares with voting rights/entitled to vote in the Shareholders' Meeting

2.2. Remuneration of Members of the Board of Directors

The General Shareholders' Meeting of 23 April 2020 confirmed, following the appointment of the corporate bodies, the Board of Directors' overall remuneration at €9,500,000, setting 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. 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 professional and managerial profiles and their remuneration, as described in the Directors' Report on the Appointment of the Board of Directors, made available on the Company's website along with additional pre-shareholders' meeting reporting documents.

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, the outgoing Board of Directors formulated this orientation taking into account the indications of the Remuneration & Appointments Committee in its meeting of 3 March 2020, including with regard to overall remuneration, and the recommendations of the Independent Directors, as well as the 2019 Board Performance Evaluation (end-of-term assessment for 2017-2019).

The overall remuneration approved by the General Shareholders' Meeting was allocated by Brembo's Board of Directors on 23 April 2020 pursuant to Article 21 of the By-laws, as illustrated below.

On 17 December 2021, the Shareholders' Meeting approved the new corporate governance structure and appointed Alberto Bombassei Chairman Emeritus of Brembo S.p.A., Matteo Tiraboschi Executive Chairman of Brembo S.p.A., confirming Daniele Schillaci as the Company's CEO. The new structure did not entail any amendment in the remuneration of the new Executive Chairman and the CEO, which thus remain in line with the amounts established by the Shareholders' Meeting in 2020. Moreover, at the same Shareholders' Meeting held on 17 December 2021, following the resignation of Alberto Bombassei from his executive functions, the Board was integrated to bring again the number of its members to 11, with the appointment of Non-Independent Director Roberto Vavassori, until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022.

In accordance with the resolution on remuneration allocation of 23 April 2020, an emolument of €55,000.00 per year of term of office was granted to the new Executive Director R. Vavassori, appointed by the Shareholders' Meeting of 17 December 2021.

2.2.1. Directors Not Holding Special Offices

Board of Directors	Directors were allocated an annual emolument of €55,000 plus emoluments for any positions held on Board Committees.
Audit, Risks & Sustainability Committee	The Chairwoman of the Audit, Risk & Sustainability Committee was allocated an emolument of €30,000 and Committee members €25,000.
Remuneration & Appointments Committee	The Chairwoman of the Remuneration & Appointments Committee was allocated an emolument of €20,000 and Committee members €15,000.



The Remuneration Policy for Brembo’s non-executive directors provides for compensation adequate to their duties, professionalism and commitment required of their assignments within the Board of Directors and Board Committees. As recommended by Article 5, paragraph 29, of the Corporate Governance Code, this compensation is not tied to financial performance objectives.

The Board of Directors further confirmed an additional emolument of €15,000 to Director Cristina Bombassei for her role as Director in charge of the Internal Control and Risk Management System (ICRMS).

Furthermore, the Board of Directors established an additional emolument of €10,000 to Director Elisabetta Magistretti for her role as member of the Supervisory Committee.

It should also be recalled that Cristina Bombassei, as Executive Director of the Company, receives a salary and participates in incentive systems, in accordance with the Company policies applicable to the respective roles, in addition to the emolument for seating on the Board of Directors.

Following the best market practices, Directors not holding special offices do not receive any form of variable remuneration. There is, however, a Directors & Officers (D&O) Liability policy to cover the risk of third-party claims arising from their actions in performance of their duties. This policy also extends to any legal expenses.

It should be also noted that, as of 2017, the Audit & Risk Committee has changed its name into “Audit, Risk & Sustainability Committee”.

2.2.2. Directors Holding Special Offices and Key Management Personnel

In preparing the Policy, the Board decided that Directors holding special offices should be subject to a remuneration policy in which a significant part of their remuneration is linked to achieving specific performance objectives since they are Executive Directors. Such performance objectives are identified and determined in advance, consistently with the guidelines of the general Remuneration Policy drawn up by the Board of Directors (Article 5, paragraph 27, of the Corporate Governance Code).

It should be recalled that at the meetings held on 6 June

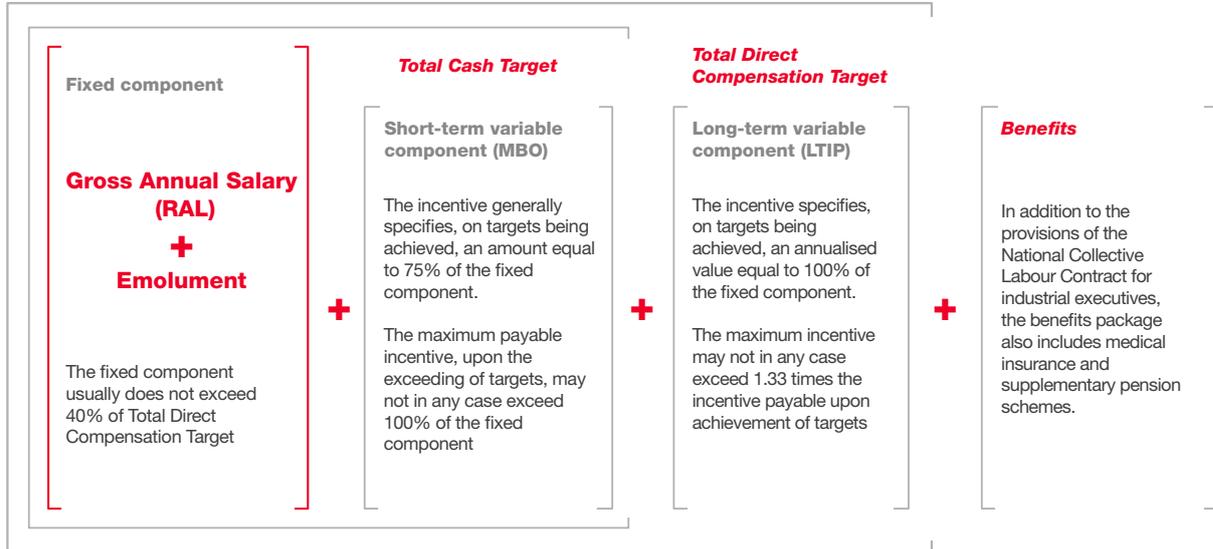
2011 and 10 November 2011, the Board of Directors also identified the Directors holding special offices as Key Management Personnel, as amended by the Board after the extraordinary Shareholders’ Meeting of 17 December 2021 (also taking into account the opinion of the Remuneration & Appointments Committee) and referring to the Executive Chairman and the Chief Executive Officer.

For Directors holding special offices and Key Management Personnel, the Remuneration Policy provides a fixed annual remuneration consisting of:

Position	Gross Annual Salary (RAL)	Emolument for the office held	Non-competition agreement	Fixed component
Executive Chairman	€1,000,000	€250,000	-	€1,250,000
Chief Executive Officer	-	€1,100,000	€200,000	€1,300,000 ⁸

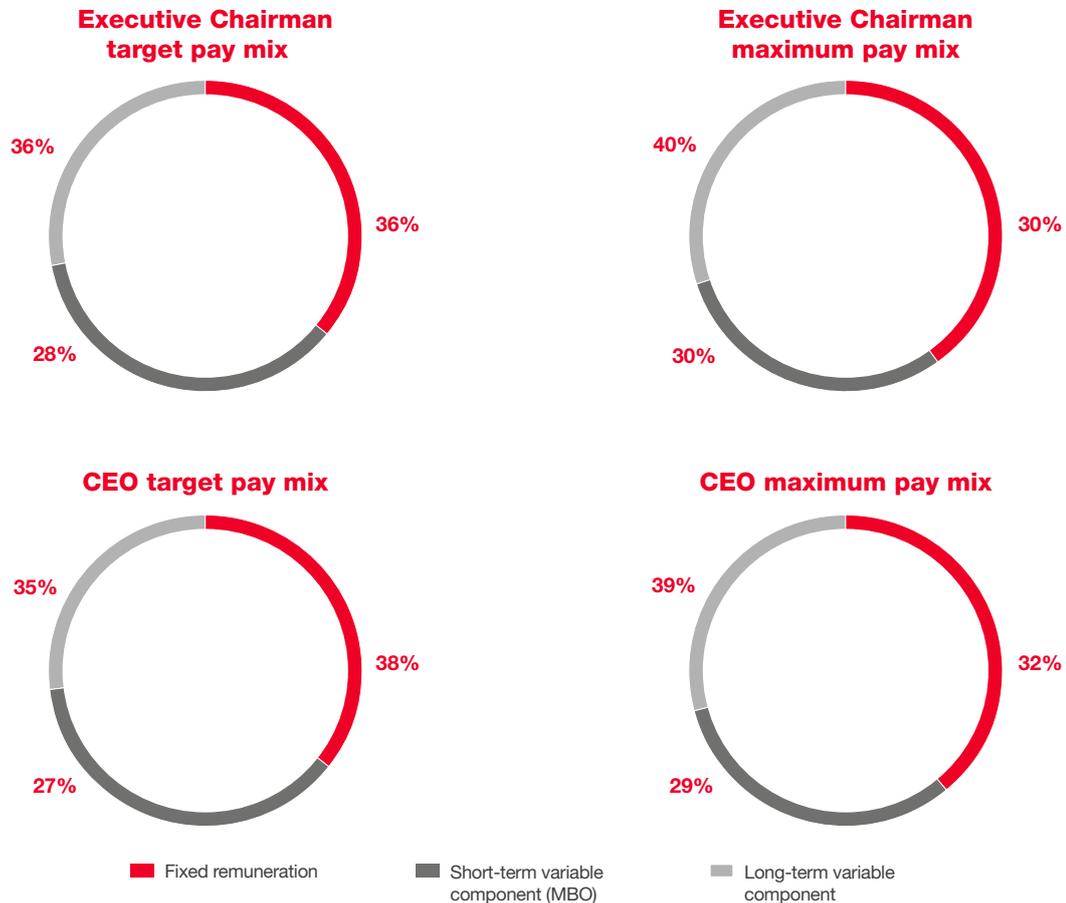
⁸ A €100,000 housing allowance is also added to this amount.

In particular, for these positions the Board resolved on a remuneration package as follows:



The composition of the compensation packages of the Executive Chairman and the Chief Executive Officer presents some variations in terms of the relative weight

of the various remuneration components, as a function of achievement of performance objectives, as indicated below:





The Board of Directors is tasked with assessing the performance levels used in the variable remuneration plans, as per the Remuneration & Appointments Committee's proposals.

On the instructions of the Chairman of the Board of Directors, the Remuneration & Appointments Committee must also periodically assess the adequacy, overall consistency and actual application of the general Policy adopted for Remuneration for Executive Directors, other Directors holding special offices and Key Management Personnel (including any Three-Year Incentive Plans, etc.).

The Remuneration & Appointments Committee also monitors the implementation of the decisions taken by the Board, verifying especially on the actual achievement of performance objectives and evaluating the proposed assignment and quantification of variable incentive Plans where objectives are achieved.

The positioning, the composition of the various compensation elements and external competitiveness were analysed based on a study commissioned to Mercer by Brembo's Human Resources & Organisation Global Central Function on current remuneration practices and policies for Top Management (especially the role of CEO) that took into account, in particular, the remuneration practices adopted by Italian companies and European peer companies within the industry that are comparable with Brembo in terms of value creation.

The remuneration packages for the C-Suite follow the same rationale and philosophy as that used to build the remuneration packages for Directors holding special offices and Key Management Personnel. In practice, these entail a fixed component (RAL), a short-term variable incentive (MBO), a possible long-term component (LTIP) in accordance with the position held, and a benefits package, based on the relevant National Collective Labour Contract and Company practices.

2.3. Remuneration of Members of the Board of Statutory Auditors

At the date of preparation of this Report, the Board of Statutory Auditors is composed of the following members

- Chairwoman: Raffaella Pagani⁹;
- Acting Auditors: Mario Tagliaferri, Paola Tagliavini;
- Alternate Auditors: Stefania Serina and Myriam Amato¹⁰.

On 23 April 2020, the General Shareholders' Meeting resolved, also in light of the Decree of the Italian Ministry of Justice's No. 169 dated 2 September 2010 ("Regulation on compensation, indemnities and criteria of expense reimbursements for professional services of certified accountants and bookkeepers") regarding remuneration for Statutory Auditors, to allocate to the Board of Statutory Auditors an overall annual remuneration of €196,000 to be divided among the

Chairwoman and Acting Auditors:

- Chairwoman: €84,000
- Acting Auditors: €56,000

In accordance with principle Q.1.6 ("Remuneration") of the Rules of Conduct for the Boards of Statutory Auditors of Listed Companies (the most recent version issued on 26 April 2018 by the National Council of Accountants and Accounting Experts), this compensation was deemed appropriate in light of the determination criteria represented by the outgoing Statutory Auditors and the related indications on quantifying the commitment required to carry out the assignment.

In line with the remuneration of the outgoing Board, the remuneration of the members of the Board of Statutory Auditors was confirmed, since the compensation was deemed by the Board of Directors to be adequate to the competency, professionalism and commitment required

⁹ Elected from the minority list submitted by a group of Shareholders representing 2.27836% of share capital.

¹⁰ Elected from the minority list submitted by a group of shareholders representing 2.27836% of share capital.

by the importance of the role filled and Brembo's size and sector characteristics, in accordance with the provisions of Article 5, paragraph 30, of the Corporate Governance Code, as well as with the average remuneration paid to Auditors of listed companies not

included in the FTSE MIB index that are comparable in terms of size.

The Statutory Auditors are, like the Directors, covered by a Directors & Officers Liability insurance policy.

2.4. Variable Remuneration - MBO and LTIP – Allocated to Certain Members of the Board of Directors and other Executives

2.4.1. MBO

In 2021, the Remuneration & Appointments Committee defined the new short-term incentive Plan (MBO 2022). Through the use of specific analyses of Italian and European sector market practice, the structure identified in previous years was confirmed with two modifications: the first concerns the introduction of an entry gate, and the second a revision of the incentive curve.

The Annual Incentive System (MBO) was designed to motivate its beneficiaries to achieve challenging targets, by recognising individual contributions to the Group's results on an annual basis.

Moreover, as of 2018 the Brembo Group has continued its process aimed at emphasising and focusing on issues relating to sustainability, with the goal of including the key drivers of ESG (Environmental, Social and Governance) factors among the objectives to be assigned to the Group's Top Management.

The 2022 MBO plan was approved by the Board of Directors on 22 December 2021, upon proposal submitted by the Remuneration & Appointments Committee. Its beneficiaries include the Executive Chairman and the Chief Executive Officer.

In comparison to previous years, in the 2022 MBO System a change was introduced relating to the formulation of an entry gate relating to the Group's EBITDA. This performance condition involves an on/off functioning mechanism that entails payment of the final premium to the beneficiaries solely in the event that the Group's financial performance is in line with

the established targets. Otherwise, if the access entry gate is not reached, the system will not be activated, giving rise to non-payment of monetary incentives, regardless of whether the objectives in each MBO form are reached.

The purely quantitative objectives assigned to the beneficiaries were identified and broken down for eligible employees to encourage the creation of absolute and relative profitability, and the organic growth of the Group. In detail, the following criteria were selected: EBITDA, EBIT, Total Sales and ROI (for the Group); a sustainability indicator (Group Carbon Footprint) was also identified with the aim of promoting the application of a long-term sustainable business model. In line with the values that underpin the Remuneration Policy, the focus on environmental and sustainability topics is a strength of the whole Group. This vision is guaranteed by ESG metrics in the MBO form and has led Brembo to being recognised by the CDP (Carbon Disclosure Project) as one of the world's leading companies in terms of its commitment and ability to respond to climate change and water resource management.

In this regard, it bears remarking that for the purposes of verifying the performance targets with which the actual pay-out of the incentive system is associated, reference will be made, where possible, to the Financial Statements figures approved by the Board of Directors, without the use of results adjusted for extraordinary components.

Failure to achieve the minimum quantitative objectives results in no incentives being paid (proportional to the weight of the quantitative objectives for the beneficiary of the MBO in question). Where better

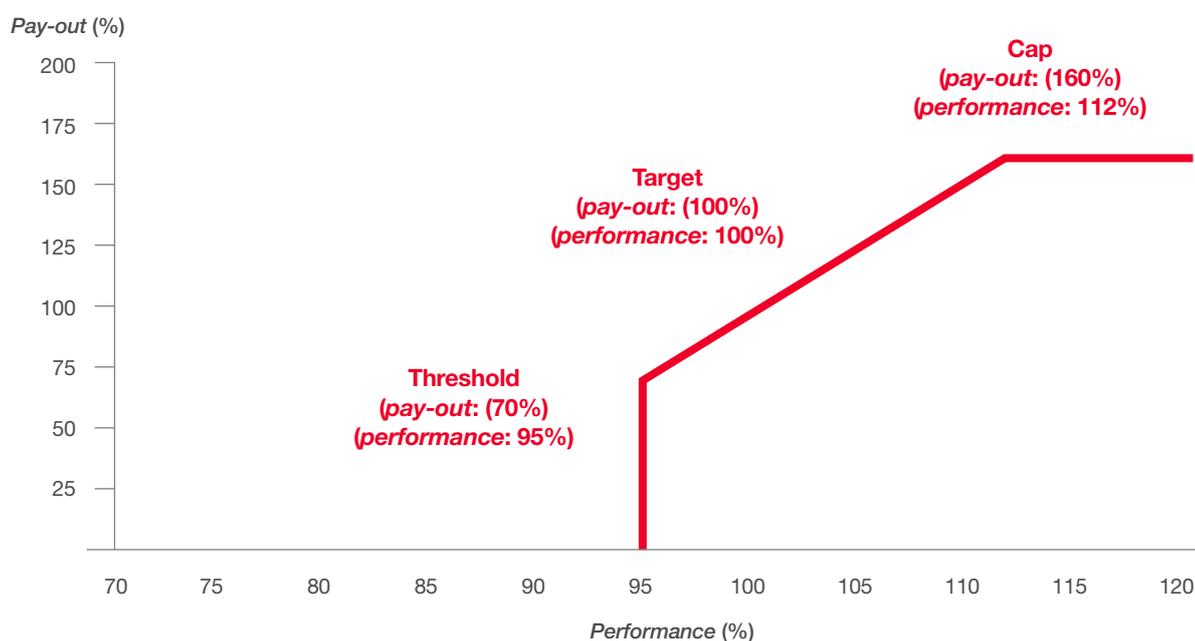


than expected results are achieved, the bonus is increased (proportional to the weight of the quantitative component in the beneficiary’s MBO form) using a 5 to 1 ratio, i.e., for every 1% improvement on forecast results, an additional 5% bonus is paid out.

The Group sets at 160% the maximum limit for the bonus payable for each objective. Similarly, project performance bonuses are also subject to a 160% limit

for each objective. The overall final cap for each form is 150%.

The amount of the incentive actually paid varies according to the degree of achievement of the targets assigned to the individual objectives. The incentive curve applied to the individual objectives of the 2022 MBO Plan, without prejudice to the overall cap on the MBO form of 150%, is shown below:



More specifically, for the MBO established for Brembo S.p.A.’s Directors holding special offices and Key Management Personnel, the overall bonus payable may not in any case exceed the 133% on-target bonus.

Brembo has exercised the right to protect the confidentiality of additional information deemed commercially sensitive, while also not disclosing forecast figures the release of which could harm the Group’s interests.

The Company may provide, in exceptional circumstances, for an option to pay Executive Directors and Key management Personnel entry or retention bonuses in order to foster the acquisition and retention of

resources possessing specific expertise and top-level professional skills considered necessary to achieve Group objectives.

2.4.2. LTIP

In 2021, the Remuneration & Appointments Committee also drew up the new LTIP and on 3 March 2022 the Board of Directors, having consulted the Remuneration & Appointments Committee, approved the 2022-2024 Incentive system and the related Rules ¹¹.

The structure of the Plan for the 2022-2024 period is based on that for the previous three-year period, since

¹¹ The long-term Plan adopted is a closed, non-rolling Plan. Therefore, a single beneficiary can have access to the Plan until the closure of the same and the bonus is paid in full at the end of the Plan. To compare it with a rolling plan, the overall value should be split for the vesting years (3 years).

the Board of Directors deemed it to be fully consistent with the new challenges to be faced by the Group over the next three years. In order to render it more consistent with the Company's long-term strategies and the sustainability plan that the Company has formulated, an ESG objective has been added to the new LTIP, bearing witness to Brembo's constantly increasing commitment to achieving excellent financial performance without compromise in relation to the Company's founding values, such as respect and protection for the environment, human capital, ethics and transparency.

In line with the Company's long-term strategies, the Plan intends to further align the interests of its beneficiaries with those of the Company by allowing the former to benefit from the desired success of Brembo over the three-year period in question. The number of beneficiaries has been increased compared with the previous system, in light of the Group's goal of focusing on people in key positions and securing their engagement. Accordingly, the Plan's beneficiaries include, in addition to the Executive Chairman and the Chief Executive Officer, a pool of members of the management team, consistent with the complexity and responsibilities managed by each, for a total of approximately 65 individuals.

This is a pure monetary Plan that allows participants to accrue a long-term incentive if the Plan objectives are met. The incentive is determined as a percentage of Gross Annual Salary (RAL), calculated based on the strategic and critical importance of the role, the impact of the role on company results and the degree of challenge in finding replacement candidates on the market. The maximum incentive for the Executive Chairman and the Chief Executive Officer cannot

exceed 1.33 times the amount payable in case the target objectives are achieved.

The reward component of the pay-out curve is offset by the fact that, for values falling below the entry point (corresponding to a performance in line with the targets of reference), no payment (proportional to the share for the performance objective) shall be paid.

If objectives are not reached for one, two or three of the four performance targets, beneficiaries are still entitled to payment of the bonus in proportion to the objective(s) actually achieved.

The LTIP incentive costs at target level are included in the Three-Year Business Plan objectives so that the LTIP is "self-financed" by the attainment of the objectives themselves.

Achieving the incentive is tied to 4 Group key performance indicators:

- Economic Added Value (EVA), used to measure the growth in value during the 2022-2024 three-year period;
- Free Operating Cash Flow, adjusted for the effects of institutional, regulatory and other factors that are completely beyond control on the part of the management, as compared to the 2022-2024 three-year period target;
- the ratio between net financial debt and EBITDA (NFP/EBITDA), compared to the targets set for the individual years 2022, 2023 and 2024;
- Sustainability Index¹² (Group Carbon Footprint).

The Incentive Plan targets are designed to reward the Group's financial and capital soundness, in line with the Business Plan and the results achieved over recent years in terms of stronger financial performance and productivity recovery.

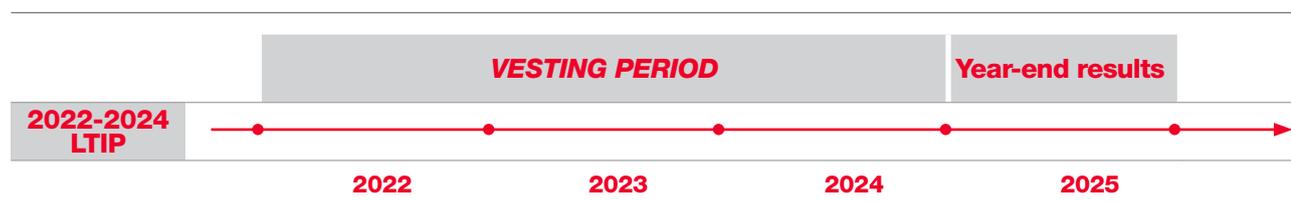
12 Formula of the sustainability index (CDP: Group Carbon Footprint):

$$\frac{\text{Total amount of CO}_2 \text{ emissions saved in the three years thanks to improvement actions (tons CO}_2\text{e)}}{\text{Base year's Scope 1 and 2 CO}_2 \text{ emissions (tons CO}_2\text{e)}} \times 100$$

Base year: for the three-year period, it corresponds to 2021.



2022-2024 LTIP timeline



The following people are responsible for all assessments of the Plan, and are likewise responsible for all related decisions, as well as the implementation of the Rules: a) the Board of Directors, for the part of the Plan related to Brembo's Executive Chairman and the Chief Executive Officer; and b) the Executive Chairman and the Chief Executive Officer or another Director, severally, where delegated by the Board of Directors, for the part of the Plan related to Managers other than Brembo's Chief Executive Officer.

The long-term incentive is paid, based on the Group's consolidated results, in a single payment at the end of the Plan.

Brembo has exercised the right to protect the confidentiality of additional information deemed commercially sensitive, while also not disclosing forecast figures the release of which could harm the Group's interests.

The Plan also has retention purposes: in addition to achieving performance targets, the entitlement of beneficiaries to receive the pay-out on the appointed date is conditional upon their ongoing employment or management role within Brembo or one of its subsidiaries.

2.5. Indemnity in the Event of Resignation, Dismissal or Termination of Employment

The current contract between the CEO in office, Daniele Schillaci, and the Brembo Group sets out specific rules for termination that provide for, in the event of:

- removal or non-renewal at the end of the Term of Office and/or Delegated powers without just cause (interpreted as per the law);
- resignation from the Office and waiver of the Delegated powers by Daniele Schillaci, necessitated by such a serious reason as to make his continuation impossible;
- resignation from the Office and waiver of the Delegated powers by Daniele Schillaci following a change of control pursuant to Article 2359 of the Italian Civil Code that has resulted in a substantial change in his position and/or his powers, occurring in the thirty days thereafter;

payment of a lump-sum one-off indemnity equal to 18 months of an amount corresponding to the sum of the

Fixed Emolument for the Office, the non-competition agreement payment and the maximum amount payable by way of short-term variable component (MBO). The total amount allocated in the event of one of the aforementioned circumstances may not in any case be less than €3,600,000 gross.

No non-monetary benefits are to be granted or maintained for such cases and no consulting contracts are to be entered into for a period after termination of the relationship.

The effects of termination of employment on the rights granted within the framework of the existing long-term incentive Plan are described in the relevant Regulation. In particular, the 2022-2024 long-term incentive Plan (LTIP) includes clauses designed to promote the retention of resources by providing that in all cases of termination of employment or directorship

prior to the date of payment of the incentive, as well as of termination with notice or notification of a disciplinary proceeding, no bonus be paid to the beneficiaries.

The Brembo Group does not have agreements with other Directors holding special offices and Key Management

Personnel to determine entitlements in the event of their leaving office or the termination of employment save those set down by the applicable legal and/or contractual requirements as per the National Collective Labour Contract.

2.6. Non-competition agreements and other arrangements

The Group may enter into non-competition agreements with its Directors, Key Management Personnel and other Executives of Brembo S.p.A. or other roles requiring strategic or specific professional skills or expertise. Such agreements can stipulate the payment of a fixed amount or a proportion of Gross Annual Salary (RAL) in relation to the duration and scope of the limitation set forth in the agreement.

In exceptional cases, the Company reserves the right to set entry, retention and one-off bonuses for Key Management Personnel, designed to attract or retain employees with skills deemed critical and key to the Company's success and achievement of its strategic long-term objectives.

With regard to non-competition agreements, such limitations vary according to trade sectors (and in any case those sectors in which the Group operates at the time of entering into the agreement) and territorial coverage. Additional variations can also relate to the role held at the time of finalising the agreement and can be extended to cover all those countries in which the Group operates.

It should be recalled that the Chief Executive Officer is a party to a non-competition agreement, consideration for which is paid over the course of the employment relationship. This amount is hence included in total fixed remuneration and is valid for a period of 18 months subsequent to the termination of office for any reason whatsoever.

2.7. Clawback/Malus

With effect from 2016, the short-term incentive system (MBO) and the long-term incentive system (LTIP) include a clawback clause, as required by the Corporate Governance Code (Article 5, paragraph 31, point c), also confirmed in the 2022 MBO and 2022-2024 LTIP currently in force. In particular, the clause allows the Company to request the refund of part or

all of the variable components of remuneration (or to withhold deferred components), the award of which was determined on the basis of data or information that subsequently proves manifestly incorrect or determined in the presence of fraudulent behaviour or gross negligence on the part of the beneficiaries.



Section II

Foreword

This section has two parts. In the tables attached to Part Two, it provides details of the specific remuneration paid to individual members of the Board of Directors, the Board of Statutory Auditors, and Key Management Personnel.

In compliance with Consob Resolution No. 21263 of 10 December 2020 amending Scheme 7-ter of Annex 3A the Rules for Issuers, Section II of the Report on Remuneration Policy and Remuneration Paid consists specifically of a first part that describes in a clear, adequate and intelligible way the items of the remuneration paid in 2021 and their compliance with the Remuneration Policy for 2021, and a second part that provides a detailed account of the compensation paid.

It also sets out the 2021 performance results accrued on the basis of the objectives set by Brembo's Board of Directors and which will determine the incentives that will be paid in 2022. In order to ensure increasingly

effective, transparent communication with shareholders, investors and the market at large, starting this year the Company has decided to provide in open form the business results achieved associated with the performance objectives of the short- and long-term incentive systems (2021 MBO and 2019-2021 LTIP)¹³.

In continuity with the past and in accordance with the new guidance provided in the new Scheme 7-bis of Annex 3A to the Rules for Issuers, the amounts presented relating to the incentive systems are thus understood to be stated on an accrual and not a cash basis.

In accordance with Art. 123-ter, paragraph 8-bis, of TUF, the auditing firm responsible for conducting statutory auditing of the Financial Statements (Ernst & Young S.p.A.) properly verified the preparation of Section II of this Report through a formal control of the publication of the information set forth therein.

Part One

The details of the remuneration paid out in the year of reference (2021) are illustrated below. Details of the various items and additional data can be found in Section I of this Report.

The Remuneration Policy for 2021 was assessed by the Remuneration & Appointments Committee as part of the periodic evaluations required by the 2021 version of the Corporate Governance Code (17 February 2022)¹⁴. The Committee confirmed that the Policy was

consistent and compliant with the decisions previously taken by the Board of Directors. The Committee's assessment also confirmed the consistency of the Remuneration Policy for 2021 with the available market data, both in terms of overall positioning and pay mix.

More specifically, the Remuneration Policy for 2021 was implemented through payment, where applicable, of the following items:

- emolument as member of the Board of Directors;

¹³ The values of some KPIs reported in the tables for MBO and LTIP come from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report.

¹⁴ The 2021 Remuneration Policy is consistent and compliant with the provisions of Article 5 – “Remuneration” of the new Corporate Governance Code, which Brembo adopted in 2021.

- emolument as Director holding special offices;
- Gross Annual Salary (RAL) and non-competition agreement, if any;
- emolument as member of Committees;
- a variable annual component based on the achievement of pre-set corporate objectives (so called MBO);
- a long-term variable component (so-called LTIP);
- benefits included in the National Collective Labour Contract and based on company practices.

Exemption from the Remuneration Policy for 2021

In accordance with the provisions of Legislative Decree No. 49 of 10 May 2019, in 2020 Brembo adopted a process for the temporary exemption from its Remuneration Policy, implemented in the event of exceptional circumstances, where such an exemption concerning the contents of the said Policy is required in order to pursue the Group's long-term interests and sustainability as a whole.

In 2021, there were no exceptional circumstances resulting in the exercise by the Board of Directors of the exemption concerning the contents of the 2021 Policy.

With regard to the 2019-2021 LTIP, the information provided in the Report on the Remuneration Policy for 2021 and Compensation Paid in 2020 continues to apply: at the session of 23 February 2021, the Remuneration & Appointments Committee decided – with the support of the Human Resources & Organisation Global Central Function, on the basis of the approved 2021 Budget and the results as at 31 December 2020, submitted for the approval of the Board of Directors on 4 March – to leave the provisions

of the original long-term incentive plan unchanged with regard to the targets for the economic indicators for the year 2019 and 2020, proposing that the new references of the 2021 budget be used for the third year of vesting.

On 4 March 2021, by Resolution No. 722, the Board of Directors – which has been identified as the body delegated to approve such temporary exemption, on the basis of a favourable opinion from the Remuneration & Appointments Committee and the Audit, Risk & Sustainability Committee in its function of Related Party Transactions Committee, each in its purview – approved by majority vote, with the directly affected Executive Directors abstaining, the proposal to use the new 2021 budget figures as the points of reference for the third year of vesting, with no amendments to the provisions of the original Long-Term Incentive Plan relating to the financial performance targets for the years 2019 and 2020, as it deemed the said proposal consistent with the new prospects that will characterise the global automotive market and able to continue to support the performance and leadership of its Management.



Implementation of the Remuneration Policy for 2021 Fixed Remuneration

Following the appointment of the corporate boards, the General Shareholders' Meeting of 23 April 2020 confirmed the Board of Directors' overall remuneration at €9,500,000, setting 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.

On the same date, the Board of Directors approved the emoluments for the 2020-2022 term of office for the different administrative and control functions, as well as for participation of the members in Committees and the Supervisory Committee, confirming the allocation set forth for the previous 2017-2019 term of office.

On 17 December 2021, the Shareholders' Meeting approved the new corporate governance structure and appointed Alberto Bombassei Chairman Emeritus of Brembo S.p.A., Matteo Tiraboschi Executive Chairman of Brembo S.p.A., confirming Daniele Schillaci as the Company's CEO. The new structure did not entail any amendment in the remuneration of the new Executive Chairman and the CEO, which thus remain in line with the amounts established by the Shareholders' Meeting in 2020.

The tables in Part Two of this Section provide the details of the remuneration granted to newly appointed members, re-elected members and outgoing members for the months of actual service.

The emoluments received in 2021 were therefore as follows:

- Chairman (in office until 17 December 2021): €1,251,075.23;
- Executive Deputy Chairman (Executive Chairman as of 17 December 2021): €250,000;
- Chief Executive Officer: €1,300,000.

In this regard, it should be noted that, to date, the fixed remuneration for the Executive Chairman also includes a Gross Annual Salary (RAL) of €1,000,000, whereas the Chief Executive Officer received, in addition to the emolument for the office held — which includes a non-competition agreement with payment during his employment within the Company — a housing allowance of €100,000.

The amounts for the above emoluments are detailed in the related items reported in Table 1, with regard to each beneficiary.

Implementation of the Remuneration Policy for 2021 MBO

The MBO incentive for the 2021 performance year shall be paid in 2022. The results for the 2021 financial year submitted to the Board of Directors upon proposal by the Remuneration & Appointments Committee at the meeting of 17 February 2022 determined a performance score for Top Management of 133%, the maximum level of the percentage scale adopted, although the maximum performance levels set forth by the Plan had been exceeded, as shown in detail in the table below.

More specifically, the amount to be paid out in 2022 as regards the short-term incentive is thus 133% of the overall target value in question, based on the pay-out curve envisaged by the system and the relevant corporate performance evaluation in relation to the achievement of the key indicators — Group EBITDA as an absolute value, Group EBIT %, Group ROI %, Group Total Sales, and Group Sustainability Index — for both the Executive Chairman and the Chief Executive Officer, as illustrated below:

KPIs	Target value	Final value	Weight (%)	Level of achievement (%)
Group EBITDA (€ ,000) ¹⁵	357,166	467,217	30	45.0
Group EBIT % ¹⁶	6.25	9.86	20	30.0
Group ROI % ¹⁷	8.00	15.43	25	37.5
Group Total Sales (€ ,000) ¹⁸	2,344,297	2,774,836	15	22.5
Group Sustainability Index	19.00	25.04	10	15.0
Total			100%	133%

The application of this score resulted in the following pay-outs:

- for the Executive Chairman (in office as of 17 December 2021), a bonus of €1,249,968.75, equal to 100% of the annual fixed remuneration, taking into account the assigned target (100%) and maximum (133%) incentive levels;
- for the Chief Executive Officer, a bonus of €1,299,967.50, equal to 100% of the annual fixed remuneration, taking into account the assigned target (100%) and maximum (133%) incentive levels. In addition, the Chief Executive Officer has been also granted a retention bonus of €500,000 for 2021.

15 The Group EBITDA final value reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report.

16 The Group EBIT final value calculated on the Group Total Sales reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report (Operating Income/Net sales). In detail, the reconciliation between Net Operating income (Consolidated Statement of Income) and the Operating Income is given on the consolidated segment reporting (IFRS) presented in the 2021 Annual Report.

17 The Group ROI final value reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report (Operating Income/Net Invested Operating Capital).

18 The Group Total Sales final value (Net Sales) reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report. In detail, the reconciliation between Revenue from contracts with customers (Consolidated Statement of Income) and Net Sales is given on the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report.



Implementation of the Remuneration Policy for 2021: 2019-2021 LTIP

The LTIP incentive for the 2019-2021 performance period shall be paid in 2022. The results for the 2019-2021 three-year period submitted to the Board of Directors upon proposal by the Remuneration & Appointments Committee at the meeting of 3 March 2022 determined

a performance score for Top Management of 133% in the percentage scale adopted, the maximum level of the percentage scale adopted, although the maximum performance levels set forth by the Plan had been exceeded, as shown in detail in the table below.

<i>KPIs</i>	Target value	Final value	Weight (%)	Level of achievement (%)
Group Economic Value Added (EVA) ¹⁹	77,994	203,009	30.00	45.0
Group Free Operating Cash Flow ²⁰	136,598	245,666	30.00	45.0
Group 2019 NFP/EBITDA ²¹	0.92	0.75	13.33	20.0
Group 2020 NFP/EBITDA	0.87	0.77	13.33	17.5
Group 2021 NFP/EBITDA	1.60	0.88	13.33	20.0
Total			100%	133%

It bears recalling that on 29 July 2020 the Board of Directors, by Resolution No. 708 and with the favourable opinion of the Remuneration & Appointments Committee and the Audit, Risk & Sustainability Committee in its capacity as the Related Party Transactions Committee – each to the extent within their respective purviews –, approved the proposals to amend the 2019-2021 Long-Term Incentive Plan (LTIP) by majority vote, with the Executive Directors directly concerned abstaining. In particular, the incentive levels were revised, reducing for all beneficiaries of the system the opportunity bonus for the year 2020 only by 20% compared to the values set in the Remuneration Policy. In addition, the results were achieved through overperformance over the three-year period and the revision of part of the objectives (for

2021 only), as approved by the Board on the basis of the Plan data available at the time.

In light of the above change, the application of the score resulted in the following pay-outs:

- for the Executive Chairman (in office as of 17 December 2021), a bonus of €4,490,667.00, taking into account the assigned target (100%) and maximum (133%) incentive levels, assigned on a yearly basis;
- for the Chief Executive Officer, a bonus of €3,857,333.00, taking into account the assigned target (100%) and maximum (133%) incentive levels, assigned on a yearly basis.

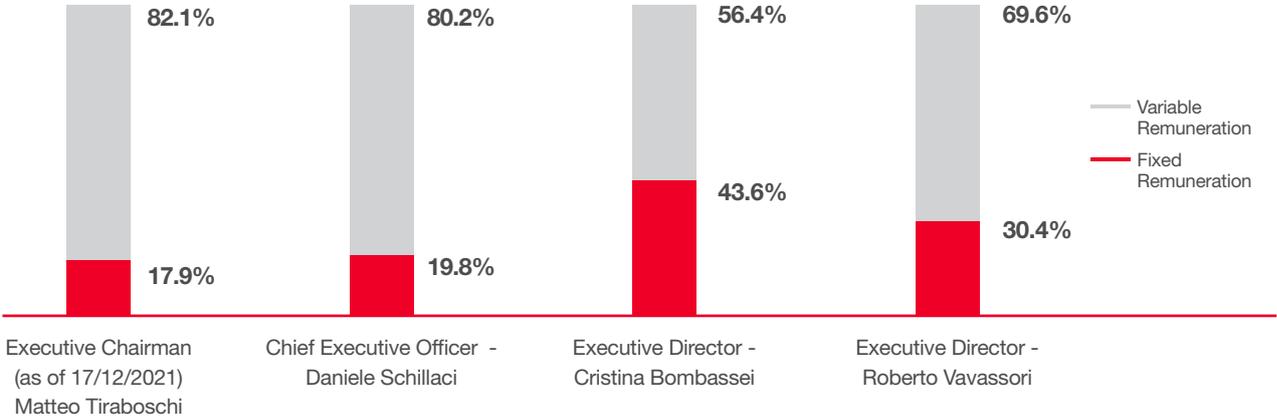
19 The EVA final value for the three years reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report and in those of the two previous years.

20 The Group FOCF final value for the three years comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report and in those of the two previous years.

21 The NFP/EBITDA final ratio for the three years reported in the table comes from the consolidated segment reporting (IFRS 8) presented in the 2021 Annual Report and in those of the two previous years.

The percentage of fixed to variable remuneration with respect to total remuneration paid to the beneficiaries

of the 2021 annual incentive system^{22 23} is given below. Table 1 shows emoluments on an individual basis:



The table does not include non-monetary benefits for 2021. Further details are provided under the “Variable

non-equity /Bonuses and other incentives” item in Table 1, with relevant details in Table 3b.

22 The short-term incentive linked to the 2021 performance will be effectively paid in May 2022.

23 The long-term incentive linked to the 2019-2021 performance will be effectively paid in May 2022.



Comparative Information Regarding the Remuneration of the Board of Directors, the Group's Results and the Average Remuneration of Brembo's Employees

The table below shows a comparison between the remuneration paid to Directors and Statutory Auditors who as at 31 December 2021 were members of Brembo's Board of Directors and/or the Board of Statutory Auditors, the Group's financial performance in terms of EBITDA, the value of Brembo's stock and the average gross annual remuneration of Brembo's employees. Each figure is provided for a period of three years (2019-2021), since the Group has adopted

the transitional scheme introduced by the new Rules for Issuers upon first application. Once four financial years have elapsed from the entry into force of the provision, the required information will be provided regarding the entire five-year period, in keeping with the guidance provided on the matter by the European Commission in its draft Guidelines on the preparation of remuneration reports²⁴:

²⁴ The figures included in the table are stated on an accrual and not a cash basis, in compliance with Annex 3A, Scheme 7-*bis*, of the Rules for Issuers introduced by Consob Resolution No. 18049 of 23 December 2011, as subsequently amended by Consob Resolution No. 21623 of 10 December 2020.

Director / Auditor (Role)	2021	2020	2019
Alberto Bombassei (Chairman until 17 December 2021)	€1,251,075	€1,300,000	€1,300,000
Matteo Tiraboschi (Executive Deputy Chairman until 17 December 2021 Executive Chairman as of 17 December 2021)	€2,499,969	€2,247,500	€2,166,047
Daniele Schillaci (Chief Executive Officer)	€3,199,968	€2,847,500	€1,723,525 ²⁵
Cristina Bombassei (Executive Director)	€311,107	€241,275	€236,822
Roberto Vavassori (Executive Director in office as of 17 December 2021)	€436,000	–	–
Valerio Battista (Independent Director)	€55,000	€55,000	€55,000
Laura Cioli (Independent Director)	€100,000	€98,333	€95,000
Nicoletta Giadrossi (Independent Director)	€100,000	€98,333	€95,000
Umberto Nicodano (Non-executive Director)	€55,000	€60,000	€70,000
Gianfelice Rocca (Independent Director)	€55,000	€55,000	€55,000
Elizabeth Marie Robinson (Independent Director)	€70,000	€46,667	–
Elisabetta Magistretti (Independent Director)	€90,000	€60,000	–
Raffaella Pagani (Chairwoman of the Board of Statutory Auditors)	€84,000	€84,000	€84,000
Mario Tagliaferri ²⁶ (Acting Auditor)	€75,125	€81,500	€81,500
Paola Tagliavini (Acting Auditor)	€56,000	€37,333	–
Corporate Performance	2021	2020	2019
Group EBITDA (€ ,000)	€467,217	€361,835	€515,169
Value of Brembo stock	€12.53 ²⁷	€10.80 ²⁸	11.06 ²⁹
Brembo employees	2021	2020	2019
Average Gross Annual Salary	€43,295.86	€42,540.73	€42,026.07

25 As of 1 July 2019, the Board of Directors co-opted Daniele Schillaci, pursuant to Article 2386 of the Civil Code, as Director and appointed him Chief Executive Officer, vesting him with all related powers. 2019 figures account for a six-month pro-rated value of fixed and variable remuneration paid to Daniele Schillaci.

26 Of which €19,125.00 as emolument from subsidiaries and associates.

27 Closing price of Brembo stock BRE.MI at 30 December 2021.

28 Closing price of Brembo stock BRE.MI at 30 December 2020.

29 Closing price of Brembo stock BRE.MI at 30 December 2019.



The table shows, net of non-monetary benefits, the remuneration paid to the members of the Board of Directors and Board of Statutory Auditors, as per Table 1, to which reference should be made for further details. In addition, the amounts accrued to the beneficiaries under the 2019-2021 Long-Term Incentive Plan (LTIP), which will be disbursed following the approval of the 2021 Financial Statements by the Shareholders' Meeting set to meet on 21 April 2022, have not been included. The choice was made both to ensure uniformity in the representation of the data provided with the years 2020 and 2019 (which consider fixed remuneration and disbursement of the annual incentive) and comparability of the amounts disbursed during the years of reference, as the LTIP is a closed Plan that provides for a single payment of the bonus at the end of the vesting period.

The Average Gross Annual Salary was calculated taking into account Brembo S.p.A.'s employees only (3,140 employees as regard financial year 2019, 3,039 employees for 2020, and 3,098 employees at the end

of 2021). The compensation elements used in the calculation are the Fixed Remuneration, the short-term incentive (MBO) or the Company Performance Bonus (based on the offer defined for each employees' category). It should be noted that this value expresses the breakdown by employees' categories of Brembo S.p.A., where blue-collar workers accounted for approximately 55% of workforce in 2019, 54% in 2020 and 53% for 2021.

Brembo is a multinational company that operates on three continents and in 15 different countries (Brazil, China, Denmark, Germany, Japan, India, Italy, Mexico, Poland, United Kingdom, Czech Republic, Russia, Spain, United States and Sweden). Since these are countries in which the different cost of living would not have provided a consistent picture of the average remuneration and working conditions of Brembo employees, it was decided to present Gross Average Annual Remuneration based on the number of Brembo S.p.A.'s employees only.

Further Relevant Information

For purposes of defining its Remuneration Policy, Brembo met its proxy advisors, with the aim of assessing the opportunity of applying any suggestions that emerged during the discussion. This dialogue provided a valuable contribution on the perspective of the shareholders and, more generally, of the market on how the characteristics of the Remuneration Policy adopted are perceived.

In implementing the Remuneration Policy for 2021, the Remuneration & Appointments Committee took account of the vote and assessments expressed at the Shareholders' Meeting of 22 April 2021 regarding Section II of the Report on Remuneration Policy and Remuneration Paid for 2021, which received the vote in favour of 74.8651% of the ordinary shares represented.

In particular, the main issues that emerged from the discussion with the main proxy advisors underscored the criterion of continuity which the Group has sought to follow in implementing its Remuneration Policies.

In response to the inputs received, the disclosure provided in the Report on Remuneration Policy and Remuneration Paid for 2022 is believed to be extensive, thorough and detailed. In particular, with regard to the incentive systems envisaged, attention is drawn to the change represented by the fully transparent indication of the values of the objectives, target and final, for both the short-term (2021 MBO) and long-term (2019-2021 LTIP) incentive Plans. To complement the considerable detailed information presented in this document on

the nature of the MBO and LTIP targets, it should be noted that the threshold for access to satisfaction of the targets is challenging, set at 95% for the MBO and 100% for LTIP. This striving for overperformance therefore remains one of the distinctive elements of Brembo's remuneration philosophy, consolidated by the positive track-record achieved by the Group in 2021, which was in any case a complex year.

As already described above, greater disclosure and visibility were provided in the reporting of the performance objectives associated with the 2021 MBO and 2019-2021 LTIP to ensure immediacy and transparency in the disclosure and align the document with the lawmaker's requests and investors' desires.

It should also be noted that in 2021 Brembo did not apply any *ex-post* corrective mechanism to the variable component (malus or reimbursement of variable components, i.e., clawback). In addition, no indemnities and/or other benefits were awarded for leaving office or termination of employment during the year for any of the individuals whose remuneration is specifically illustrated in Table 1.

Table 1 illustrates the benefits awarded in 2021, valued in terms of tax liability. More specifically, these values relate to the following benefits: i) annual contribution to the supplementary pension fund; ii) annual contribution to the supplementary health insurance; iii) allocation of a car for business and personal use for at least three years (value net of the contribution from the beneficiary); iv) other supplementary care plans.



Part Two

Table 1 - Remuneration paid³⁰ to members of the Board of Directors, members of the Board of Statutory

A	B	C	D
Name and Surname	Role	Term of office	Expiry of office
Matteo Tiraboschi	Executive Deputy Chairman - Executive Chairman	01/01/2021 - 17/12/2021 17/12/2021 - 31/12/2021	Until date of approval of Financial State as at 31/12/2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Daniele Schillaci	Chief Executive Officer	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Cristina Bombassei	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Roberto Vavassori	Director	17/12/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Valerio Battista	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Laura Cioli	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Nicoletta Giadrossi	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Umberto Nicodano	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Gianfelice Rocca	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Elizabeth M. Robinson	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Elisabetta Magistretti	Director	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Raffaella Pagani	Chairwoman of the Board of Statutory Auditors	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Mario Tagliaferri	Acting Auditor	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
Paola Tagliavini	Acting Auditor	01/01/2021 31/12/2021	Until date of approval of Financial State
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			

30 The figures included in the table are stated on an accrual and not a cash basis, in compliance with Annex 3A, Scheme 7-bis, of the Rules for Issuers introduced by Consob Resolution

Auditors, General Managers and other Key Management Personnel

	1	2	3		4	5	6	7	8
	Fixed remuneration	Remuneration for participation in committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other remuneration	TOTAL	Fair Value equity remuneration	End of office/ termination of employment indemnity
ments									
	1,250,000.00		5,740,635.75		53,537.29		7,044,173.04		
ments as at 31/12/2022	1,250,000.00		5,740,635.75		53,537.29		7,044,173.04		
	1,400,000.00		5,657,300.50		193,791.11		7,251,091.61		
ments as at 31/12/2022	1,400,000.00		5,657,300.50		193,791.11		7,251,091.61		
	205,692.07		284,904.24		13,317.95	15,000.00	518,914.26		
ments as at 31/12/2022	205,692.07		284,904.24		13,317.95	15,000.00	518,914.26		
	280,000.13		640,363.08		18,107.49		938,470.70		
ments as at 31/12/2022	280,000.13		640,363.08		18,107.49		938,470.70		
	55,000.00						55,000.00		
ments as at 31/12/2022	55,000.00						55,000.00		
	55,000.00	45,000.00					100,000.00		
ments as at 31/12/2022	55,000.00	45,000.00					100,000.00		
	55,000.00	45,000.00					100,000.00		
ments as at 31/12/2022	55,000.00	45,000.00					100,000.00		
	55,000.00						55,000.00		
ments as at 31/12/2022	55,000.00						55,000.00		
	55,000.00	15,000.00					70,000.00		
ments as at 31/12/2022	55,000.00	15,000.00					70,000.00		
	55,000.00	35,000.00					90,000.00		
ments as at 31/12/2022	55,000.00	35,000.00					90,000.00		
	84,000.00						84,000.00		
ments as at 31/12/2022	84,000.00						84,000.00		
	56,000.00						56,000.00		
ments as at 31/12/2022	19,125.00						19,125.00		
	75,125.00						75,125.00		
ments as at 31/12/2022	56,000.00						56,000.00		
	56,000.00						56,000.00		



A	B	C	D
Name and Surname	Role	Term of office	Expiry of office
DIRECTORS / STATUTORY AUDITORS WHO LEFT OFFICE IN 2021			
Alberto Bombassei	Chairman	01/01/2021 17/12/2021	
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			

Matteo Tiraboschi

- Fixed remuneration: Gross Annual Salary (RAL) of €1,000,000.00; emolument of €250,000.00
- Bonuses and other incentives: 2021 MBO of €1,249,968.75; 2019-2021 LTI of €4,490,667.00

Daniele Schillaci

- Fixed remuneration: emolument of €1,100,000; non-competition agreement of €200,000.00; housing allowance of €100,000.00
- Bonuses and other incentives: 2021 MBO of €1,299,967.50; 2019-2021 LTI of €3,857,333.00; retention bonus of €500,000.00

Cristina Bombassei

- Fixed remuneration: Gross Annual Salary (RAL) of €150,692,07; emolument of €55,000.00
- Bonuses and other incentives: 2021 MBO of €90,415.24; 2019-2021 LTI of €194,489.00
- Other remuneration: remuneration for Responsibility for Internal Control System and Risk Management of €15,000.00

Roberto Vavassori (in office since 17 December 2021)

- Fixed remuneration: Gross Annual Salary (RAL) of €260,000.13; one-off remuneration of €20,000.00
- Bonuses and other incentives: 2021 MBO of €156,000.08; 2019-2021 LTI of €484,363.00

Valerio Battista

- Fixed remuneration: emolument of €55,000.00

Laura Cioli

- Fixed remuneration: emolument of €55,000.00
- Audit, Risk & Sustainability Committee: as Chairwoman €30,000.00
- Remuneration & Appointments Committee: as a member €15,000.00

Nicoletta Giadrossi

- Fixed remuneration: emolument of €55,000.00
- Audit, Risk & Sustainability Committee: as a member €25,000.00
- Remuneration & Appointments Committee: as Chairwoman €20,000.00

Umberto Nicodano

- Fixed remuneration: emolument of €55,000.00

Gianfelice Rocca

- Fixed remuneration: emolument of €55,000.00

Elizabeth M. Robinson

- Fixed remuneration: emolument of €55,000.00
- Remuneration & Appointments Committee: as a member €15,000.00

Elisabetta Magistretti

- Fixed remuneration: emolument of €55,000.00
- Audit, Risk & Sustainability Committee: as a member €25,000.00
- Supervisory Committee: as a member €10,000.00

Raffaella Pagani

- Fixed remuneration: emolument of €84,000.00

Mario Tagliaferri

- Fixed remuneration: emolument of €56,000.00; emolument from subsidiaries and associates of €19,125.00

Paola Tagliavini

- Fixed remuneration: emolument of €56,000.00

	1	2	3		4	5	6	7	8
			Bonuses and other incentives	Profit sharing					
	Fixed remuneration	Remuneration for participation in committees	Variable non-equity	Non-monetary benefits	Other remuneration	TOTAL	Fair Value equity remuneration	End of office/ termination of employment indemnity	
	1,251,075.23					1,251,075.23			
	1,251,075.23					1,251,075.23			

DIRECTORS/STATUTORY AUDITORS WHO LEFT OFFICE IN 2021

Alberto Bombassei (in office until 17 December 2021)

- Fixed remuneration: emolument of €1,251,075.23



Table 3b - Cash incentive plans for Members of the Board of Directors, General Managers and other Key Management Personnel

A	B	1	2A	2B	2C	3A	3B	3C	4
Name and Surname	Role	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Matteo Tiraboschi	Executive Deputy Chairman - Executive Chairman								
(I) Remuneration in company drawing up financial statements		2021 MBO	1,249,968.75						
		2019-2021 LTIP	4,490,667.00						
(II) Remuneration from subsidiaries and associates									
(III) Total			5,740,635.75						
Daniele Schillaci	Chief Executive Officer								
(I) Remuneration in company drawing up financial statements		2021 MBO	1,299,967.50						
		2019-2021 LTIP	3,857,333.00						
(II) Remuneration from subsidiaries and associates									
(III) Total			5,157,300.50						
Cristina Bombassei	Director								
(I) Remuneration in company drawing up financial statements		2021 MBO	90,415.24						
		2019-2021 LTIP	194,489.00						
(II) Remuneration from subsidiaries and associates									
(III) Total			284,904.24						
Roberto Vavassori	Director								
(I) Remuneration in company drawing up financial statements		2021 MBO	156,000.08						
		2019-2021 LTIP	484,363.00						
(II) Remuneration from subsidiaries and associates									
(III) Total			640,363.08						

Schema 7-ter of Table 1

Shareholdings of Members of the Board of Directors and the Board of Statutory Auditors, General Managers and other Key Management Personnel

Name and Surname	Role	Shareholding in	Number of shares held at end of previous financial year (2020)	No. of shares acquired	No. of shares sold	Number of shares held at end of financial year (2021)
Alberto Bombassei	Chairman (until 17/12/2021)	Brembo S.p.A.	178,723,765	15,840		178,739,605*
Roberto Vavassori	Executive Director	Brembo S.p.A.	9,370			9,370

* Change due to acquisition following option right offer – June 2021



Attachments

Reconciliation of Regulatory Requirements with the Report on Remuneration Policy and Remuneration Paid

SECTION I – Remuneration Policy

With reference to the members of the Board of Directors, the General Managers and other Key Management Personnel, this section contains at least the following information:

a) the bodies or parties involved in the preparation, approval and possible revision of the remuneration policy, specifying the respective roles and the bodies or parties responsible for correctly implementing said policy;

Pages 11-16

b) any intervention of a remunerations committee or other committee competent on the matter, describing its members (differentiating between non-executive and independent directors), its competences and its operating methods, and any other measures aimed at avoiding or managing any conflict of interests;

Pages 12-14

c) how the company has kept into account the compensation and the work conditions of its own employees in the determination of the remuneration policy;

Pages 6-7; 20

d) the name of any independent experts who may be involved in preparing the remunerations policy;

Page 16

e) the purposes pursued with the remuneration policy, the principles underlying it, the duration and, in case of revision, the description of the changes with respect to the last remuneration policy submitted to the shareholders' meeting and how this revision keeps into account the votes and the evaluations of the shareholders expressed in the course of such meeting or afterwards;

Pages 7-8; 20

f) the description of policies concerning fixed and variable components of remuneration, with specific regards to the indication of the related weight under the scope of total salary and distinguishing between short- and long-term variable components;

Pages 22-28

g) the policy applied with regard to non-monetary benefits;

Pages 10; 23

h) with reference to the variable components, a description of the financial and non-financial performance objectives, if appropriate, keeping into account criteria of social corporate responsibility on which base they are assigned, distinguishing between short- and long-term variable components, and information on the connection between the variation of results and the variation of remuneration;

Pages 25-28

i) the criteria used to evaluate achievement of the performance objectives underlying the assignment of shares, options, other financial instruments or other variable components of remuneration, specifying the variable remuneration portion that is assigned on the basis of the level of objectives achieved;

Pages 25-28

j) information aimed at highlighting the contribution of the remuneration policy and, in particular, of the policy on the variable components of remuneration, to the company strategy, the pursuit of the company's long-term interests and the company sustainability;

Pages 4-5; 6-8; 20

k) the terms for the maturity of rights (“vesting period”), any deferred payment systems, indicating the period of deferral and the criteria used to determine such periods and, if applicable, *ex-post* correction mechanisms of the variable component (malus or reimbursement of variable components, i.e., clawback);

Pages 27; 28

l) information on any provision of clauses for holding financial instruments in the portfolio after purchase, with the indication of the periods for which they may be held and the criteria used to determine such periods;

Not applicable

m) the policy relating to treatments established in the event of termination of office or employment, specifying:

i) the duration of any employment contracts and other agreements, the notice period, if applicable, and what circumstances determine the onset of the right;

ii) the criteria to determine the remuneration of the members of the board of directors, general managers and, at aggregate level, the executives with strategic responsibilities, differentiating, if applicable, the components assigned in reference to a director’s office from those assigned in reference to an employment position, as well as the components assigned in consideration of any non-competition commitments. Where these compensations are expressed in yearly amounts, indicate in a detail manner the components of such annual compensations (fixed, variable, etc.);

iii) any connections between these compensations and the company performance levels;

iv) any effects of employment termination on the rights assigned within the context of financial instrument-based incentive plans or to be disbursed as cash;

v) any possibility of assignment or maintenance of non-monetary benefits in favour of the parties concerned or stipulation of consulting contracts for a period subsequent to the termination of the employment contract;

Pages 28-29

n) information on the presence of any insurance coverage or social security or pension plans, other than compulsory ones;

Page 23

o) any remuneration policy applied with reference: (i) to independent directors; (ii) to committee membership; and (iii) to the carrying out of specific duties (chairman, etc.);

Pages 21-22

p) if the remuneration policy has been defined using the salary policies of other companies as reference and, if so, the criteria used for the choice and selection of such companies;

Pages 16; 24

q) the elements of the remuneration policy which, if exceptional circumstances occur, can be departed from and, without prejudice to Regulation No. 17221 of 12 March 2010, any other procedural conditions based upon which the departure can apply;

Pages 17-18

r) In reference to the members of control bodies, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the section describes any criteria for the determination of compensation. If, in view of the preparation by the shareholders, for submission to a general meeting, of proposals on the compensation to the control body, the outgoing control body has transmitted to the company detailed information on the quantification of the commitment required for the performance of the office, the section contains a summary of such detailed information.

Pages 24-25



SECTION II – Remuneration Paid - Part one

Part one provides a suitable, clear and comprehensible representation of each of the items comprising remuneration, including treatment provided for in the event of cessation of office or termination of employment, highlighting the coherence with the relevant remuneration policy and the modalities by which the remuneration contributes to the company's long-term results. With regard to the variable components, information is provided on the modalities by which the performance objectives of the relevant remuneration policy are applied. In particular, for the subjects whose compensation components are indicated individually, as represented at the preceding paragraph 1, letters a) and b), of this Section, information is provided on the objectives achieved in respect of those planned, without prejudice to the right of the companies to omit such information if necessary in order to protect the confidentiality of commercially sensitive information or unpublished provisional data, specifying the reasons for this choice. Furthermore, information is provided on the percentage of the fixed and variable remuneration components in respect of the total remuneration, specifying the elements considered in the calculation, including by means of referral to the Tables in the second part of this Section. With regard to financial instrument-based incentive plans, detailed information may also be provided by means of referral to the information contained in the compensation plans established by Article 114-*bis* of the Consolidated Law.

In case of assignment of indemnities and/or other benefits in the event of termination of office or employment in the course of the year, the companies specify:

- the circumstance giving rise to their maturity;
Not applicable
- the end-of-office or end-of-employment compensations, differentiating the portion paid upfront from the portion possibly subject to deferral mechanisms, and the components assigned in reference to a director's office from those assigned

in reference to an employment position, as well as the components assigned in consideration of non-competition commitments;

Not applicable

- any presence of performance criteria to which the assignment of indemnity is linked;
Not applicable
- any effects of the termination of employment on rights assigned as part of financial instrument-based incentive plans or to be disbursed as cash;
Not applicable
- any existence of agreements providing for the assignment or maintenance of non-monetary benefits in favour of parties who have ceased their office or the stipulation of consulting contracts for a period subsequent to the termination of employment, specifying the related amount;
Not applicable
- any other compensation assigned on any ground and in any form whatsoever;
Not applicable
- the compliance of the indemnity and/or other benefits with the indications of the relevant remuneration policy.
Not applicable

The companies provide information on departures from the remuneration policy in case of exceptional circumstances, indicating (for each instance):

- the specific elements departed from and the relevant remuneration policy that provided for the right to depart;
Page 31
- information on the nature of the exceptional circumstances, including an explanation of how the departure is necessary to pursue the company's long-term interests and sustainability as a whole or to protect its ability to stay in the market;
Not applicable

- information on the procedure followed and the confirmation of the compliance of such procedure with the conditions indicated in the relevant remuneration policy;

Page 31

- information on the remuneration paid in such exceptional circumstances.

Not applicable

The companies provide information on any application of *ex-post* correction mechanisms of the variable component (malus or reimbursement of variable components, i.e., clawback), indicating in summary the reasons, the amount being corrected and the relevant financial year of the compensations subject matter of the measures. The aforementioned information is provided on an individual basis in relation to the subjects indicated at the preceding paragraph 1, letters a) and b), of this Section, and at aggregate level for the key management personnel other than those indicated in letter b), paragraph 1, of this Section.

Page 39

The companies provide comparison information, in relation to the last five financial years, or shorter period of listing of the company or office of the subjects concerned, on the annual variations:

- in the total remuneration of each subject in relation to whom the information referred to in this section of the Report is provided on an individual basis;

Page 37

- in the company results;

Page 37

- in the average annual gross salary, for full-time employment, of the employees other than those whose remuneration is indicated on an individual basis in this section of the Report.

Page 37

The companies provide information on how they have kept into account the vote cast by the shareholders' meeting on the second section of the Report of the previous financial year.

Page 39



Regulatory Framework

This document was drawn up in accordance with Article 123-*ter* of Legislative Decree No. 58 of 24 February 1998 (the so-called “Consolidated Law on Finance” or “TUF”), in its most recent version as amended by Legislative Decree No. 49 of 10 May 2019, which establishes that “at least twenty-one days prior to the date of the General Shareholders’ Meeting [...] listed companies shall disclose to the public their remuneration report and make it available at the Company’s registered offices, on the corporate website and according to the procedures provided for by Consob’s regulation.

This Report on the Remuneration Policy was also drawn up in compliance with Consob Resolution No. 21263 of 10 December 2020, which amended Article 84-*quater* of Consob’s Rules for Issuers enacting the aforementioned TUF.

Article 123-*ter*, paragraph 3-*ter*, of TUF, as amended by Legislative Decree No. 49 of 10 May 2019, sets out that the Shareholders’ Meeting shall pass a favourable or unfavourable resolution on Section I of the Report on Remuneration Policy and Remuneration Paid and that “the resolution as per paragraph 3-*bis* is binding.”

Article 123-*ter*, paragraph 6, of TUF, sets out instead that the Shareholders’ Meeting, convened pursuant to Article 2364, paragraph 2, or Article 2364-*bis*, paragraph 2, of the Civil Code, shall pass a favourable or unfavourable Resolution on Section II of the Report established by paragraph 4. Said resolution “is not binding”, but the “outcome of voting is made available to the public.” This rule is designed to provide the market with comprehensive, prompt information as to the remuneration policies and emoluments adopted by the Company.

The Report on Remuneration Policy and Remuneration Paid included in this document was defined on the basis of the principles and application criteria established by Article 5 (“Remuneration”) of the Corporate Governance Code issued by Borsa Italiana (version of January 2020).

It bears also noting that this Report on Remuneration Policy and Remuneration Paid was drawn up in accordance with Article 4.4.3, paragraph ii), of the Related Party Transactions Procedure, approved for the first time by Brembo S.p.A.’s Board of Directors on 12 November 2010, and updated as required and in full compliance with regulations in force.

Glossary

Chief Executive Officer (CEO): this is the member of the Board of Directors whom the Board has confirmed on 23 April 2020 the management functions and powers granted by resolution granted on 6 June 2011, and reconfirmed on 23 April 2020 upon the most recent renewal of the corporate bodies. Since 1 July 2019, Daniele Schillaci has been the Chief Executive Officer of Brembo S.p.A.

Executive Directors: Matteo Tiraboschi, Daniele Schillaci, Cristina Bombassei and Roberto Vavassori.

Directors holding special offices: Matteo Tiraboschi and Daniele Schillaci.

Annual Total Direct Compensation on target: total guaranteed gross fixed remuneration plus the annual variable remuneration for the short-term plan upon achievement of the objectives and the portion of variable remuneration for the long-term remuneration plan on reaching target values.

General Shareholders' Meeting: this is the Company's collective decision-making body. All vote holders are represented at the GSM, directly or by proxy. It holds the powers allocated to it by law and the By-laws. The main among such powers are to approve the Financial Statements, and appoint and remove Directors, the Board of Statutory Auditors and its Chair. With reference to the Remuneration Policy, it expresses a binding opinion on Section I and a non-binding opinion on Section II of the Report on Remuneration Policy and Remuneration Paid.

C-Suite: all holders of officer-level positions reporting to the Executive Chairman and the Chief Executive Officer of Brembo S.p.A.

Clawbacks: these are contractual agreements that allow the Company to claim the return of all or part of variable remuneration components paid based on

results subsequently found to be incorrect due to the recipient's negligent or grossly negligent conduct or conduct in breach of the relevant standards (company, legal, regulatory, etc.), without which the results would not have been achieved.

Corporate Governance Code: this is the Corporate Governance Code issued by Borsa Italiana S.p.A., approved in December 2011 (the latest edition available is that updated in 2020) by the Corporate Governance Committee. The Code is promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria. The document includes a series of indications about the best practices for the organisation and functioning of Italian listed companies. These recommendations are not binding, although listed companies "must inform the market and their shareholders about their governance structure and the degree to which the Code is adopted."

Board of Statutory Auditors: this is the control body within the Company responsible for the monitoring and control functions required by applicable laws and regulations. It expresses an opinion during the definition process of the Remuneration Policy for Directors holding special offices in conjunction with the Remuneration & Appointments Committee.

Audit, Risk & Sustainability Committee: this is a Board committee set up in accordance with Article 6 of the Corporate Governance Code. It consists of independent Directors or, alternatively, of Non-executive directors, with a majority also being independent. Its role is to support the Board of Directors, on the basis of an adequate control process, in its evaluations and decisions concerning the internal control system and risk management, and the approval of the periodic financial reports.

Remuneration & Appointments Committee: this is a Board Committee charged with, *inter alia*,



submitting a proposal to the Board of Directors on a general Remuneration Policy for executive Directors, Directors holding special offices and Key Management Personnel.

Board of Directors (Board; BoD): this is a collective body that is entrusted with managing the Company. The Board of Directors of Brembo S.p.A. in office for the period 2020-2022 is comprised of 11 Directors: Matteo Tiraboschi (Executive Chairman), Daniele Schillaci (Chief Executive Officer), Cristina Bombassei, Roberto Vavassori, Valerio Battista, Laura Cioli, Nicoletta Giadrossi, Umberto Nicodano, Gianfelice Rocca, Elizabeth M. Robinson and Elisabetta Magistretti. It is in charge of approving the Remuneration Policy proposed by the Remuneration & Appointments Committee and submitting it to the General Shareholders' Meeting for examination and passing of all the relevant resolutions pursuant to Article 123-ter of TUF.

Key Management Personnel: individuals who are granted specific powers and responsibilities by the Board of Directors to, directly or indirectly, plan, direct and control the Company's activities, including the Directors (executive and otherwise) of the entity and the members of the Board of Statutory Auditors. Based on this definition, Brembo S.p.A. has identified the roles of Executive Chairman and the Chief Executive Officer (CEO) as falling within this category, and therefore 2 individuals listed herein.

EBITDA: the Group's result before interest, taxes, depreciation and amortisation.

EC: Executive Compensation.

ECONOMIC VALUE ADDED - EVA: this indicates the economic growth of a company over time, defined as NOPAT – (Invested Net Capital *WACC%).

Entry Gate: this is the minimum level to reach, below which the plan does not allow the pay-out of any incentives.

ESG: acronym for Environmental, Social, Governance.

Free Operating Cash Flow: Group's Operating Cash Flow as approved by the Board of Directors and determined by EBITDA + Net Investments + Changes in Working Capital.

LTIP: Long-Term Incentive Plan. This Plan gives participants the opportunity to earn a multi-year cash bonus based on objectives set for the Company.

Objective Target: this is the standard level for an objective or goal to be achieved and to receive 100% of the incentive (without changing the multiplying or discretionary parameters). For the minimum acceptable objective target, see "Entry Gate".

Net Financial Position: the difference between financial payables and receivables, including the Group's cash and cash equivalents.

Executive Chairman: the Chairman of the Board of Directors of Brembo S.p.A., appointed by the General Shareholders' Meeting, and to whom on 17 December 2021 the Board confirmed the management functions and powers granted by Resolution dated 6 June 2011 and reconfirmed by the Board of Directors on 17 December 2021, upon the most recent renewal of the corporate bodies. The Executive Chairman of Brembo S.p.A. is Matteo Tiraboschi.

Gross Annual Salary (RAL): this is the fixed annual amount received, including taxes and social security contributions, by the employee, without any annual bonuses, other bonuses, indemnities, fringe benefits, expense refunds and any other form of variable or one-off remuneration.

Rules for Issuers: Consob Regulation No. 11971 of 14 May 1999 (as further amended), containing the rules governing issuers of financial instruments.

Regulation for Related Party Transactions: this is Consob Regulation No. 17221 of 12 March 2010, which identifies the rules for related party transactions (as defined in Attachment 1 of the said document).

Report: Brembo Group's Report on Remuneration Policy and Remuneration Paid.

Shareholder: an individual or entity holding shares in the Company.

Annual Incentive System or MBO (Management by Objectives): this is the Plan that grants the plan beneficiaries the opportunity to receive an annual cash incentive, based on the objectives set for each employee and the annual incentive Plan in place.

Stakeholder: any party that has an interest in a company.

Consolidated Law on Finance (TUF): this is Legislative Decree No. 58 of 24 February 1998, as amended. It introduced a series of principles (“general guidelines”), with the specific regulations issued by the Regulator (Consob).