

# TURNING ENERGY INTO INSPIRATION

## REPORT ON THE REMUNERATION POLICY FOR 2023 AND REMUNERATION PAID IN 2022 OF THE BREMBO GROUP

English Translation for convenience – Only the Italian  
version is authentic

## **Brembo S.p.A.**

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Registered office: CURNO (BG) – Via Brembo 25 - Italy  
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Tax code and VAT no. 00222620163

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# LETTER FROM THE CHAIRMAN

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 2023 and Remuneration Paid in 2022, structured as per Article 123-ter of TUF and approved by the Board of Directors on 2 March 2023.

The year 2022 was marked by extraordinary complexity from a geopolitical and macroeconomic standpoint. The global economy continued to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures and the economic slowdown in China. The war waged by Russia against Ukraine continued to have a severely destabilising effect on European energy and food commodity markets, thus increasing the cost of living and jeopardising economic activity.

Despite a persistently unstable geopolitical and macroeconomic scenario, in 2022 Brembo achieved excellent economic and financial results, setting a record for the Company. This performance is confirmed above all by the revenues reported in the first nine months of 2022, in line with 2021 full-year results (€2,728 million in Q3 2022 compared to €2,778 million for FY 2021). Operating margins and net income for the first nine months of 2022 were also very positive compared to the same period of 2021: EBITDA at +26.4%, EBIT at +35.3%, and net income at +39.2%.

There are five pillars on which Brembo based its success in 2022, and in which it will continue to invest to face a 2023 that is shaping up to be equally complex given the probable economic recession and the uncertainty associated with the Chinese market: a targeted M&A policy focused on specific markets of interest; R&D investments; further development of the Company's digital transformation; the protection, training and development of its people; and the Company's constant ESG commitment.

With regard to ESG in particular, I would like to point out that Brembo received an award for the fifth year running for its leadership in corporate sustainability from CDP (formerly the "Carbon Disclosure Project"), securing a place on the prestigious 'A List', drawn up by the global non-profit organisation that measures the commitment to the environment of companies, cities and organisations. For CDP, Brembo has proven a global leader through tangible measures in response to climate change and water management risks.

In view of the Company's commitment to these issues, I would like to take the opportunity to bring to your attention a new feature of this year's Report: a chapter dedicated solely to the ESG initiatives undertaken by Brembo.

In this context, Brembo has developed a remuneration policy designed in substantial continuity with that presented in 2022. It therefore focuses on goals tied to financial performance, financial solidity, shareholder value creation and sustainability in both the short and the long term, based on the principles of aligning the interests of management and stakeholders, meritocracy, attraction and retention of the best professionals, non-discrimination and constant monitoring of market best practices.

In the section dedicated to implementing the Remuneration Policy approved in 2022, a thorough analysis is provided of the correlation between performance and short-term variable remuneration only — the LTI Plan is still in its vesting phase — and the fixed remuneration paid to members of the Board of Directors and Board of Statutory Auditors.

I would also like to emphasise that, thanks to the constant engagement process pursued by the Company each year with its proxy advisors and institutional investors, the Report has been drafted taking into account the feedback given to the 2022 Report. This is aimed at adding to and expanding on the disclosure of pay-for-performance elements, particularly as regards the reporting of incentive plans and the details of the total remuneration received by the Company's Executive Directors, broken down by the various remuneration components.

This Report is presented upon the publication of the Illustrative Report on the renewal of the Board of Directors. To further strengthen the Group's governance, the outgoing Board of Directors, at the Committee's behest, formulated its proposal for the remuneration to be paid to the Non-Executive Independent Directors, based on a thorough benchmarking process conducted with the support of independent advisors.

At the end of our three-year term of office, I would like to take the opportunity to thank Directors Elizabeth M. Robinson, Laura Cioli and Manuela Soffientini (who replaced Director Laura Cioli on 3 March 2022) for their valuable 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, confident that, as Brembo shareholders, you will find the information provided in this document exhaustive and useful

for you 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 owes its success to a mindset based on innovation and continuous improvement that pervades the entire Company, from its Top Management down, and allows it to anticipate and thus harness the main trends that arise in the market, thus making it one of the foremost players in the sector worldwide.

Brembo is constantly seeking solutions that provide concrete responses to the mobility needs of an increasingly digital and connected future. It does so by designing ever more social, personalised vehicles, bringing non-traditional innovation to bear to generate ideas from unexpected perspectives capable of translating its vision “Turning Energy into Inspiration” into tangible projects and solutions. The Company looks to a future in which vehicles will be increasingly electric and sustainable, connected and interconnected, part of a broader digital ecosystem in which they will interface with other IoT devices, homes and communications systems, in a way that is increasingly integrated into our social lives.

In this scenario, Brembo’s mission has become being an authoritative solution provider, offering increasingly sustainable digital products and services capable of meeting the new needs of the automotive industry and of mobility that is necessarily attentive to the environment. To this end, various processes have been developed, in which each new product is greener than its predecessor, integrating AI and sustainable technologies into braking systems. Today, Brembo is looking to the future with the goal of standing alongside its partners in facing and overcoming the challenges posed by the automotive market and the revolutionary new mobility, thus also becoming a trusted brand for the generations of tomorrow. Brembo aims at helping shape the unique experience of driving tomorrow’s vehicles.

It was in this highly innovative scenario that in 2022 the Company launched Brembo Ventures, the Company’s venture capital unit, with the aim of expediting the development of innovative solutions for the mobility of tomorrow. Brembo Ventures will make strategic investments at global level in the best technological start-ups able to add value to both products and production processes. In particular, its focus will be on companies operating in AI, big data, sensors, mechatronics, energy efficiency and sustainability that can find application in the automotive industry. Brembo Ventures will also coordinate all relationships with the start-ups in which Brembo holds a stake, creating an ecosystem able to support their technical evolution and monitor their financial performance, in addition to managing

investments in venture capital funds and partnerships with technological incubators.

With regard to innovation, Brembo and Gold Phoenix have also signed a Joint Venture agreement establishing Shandong BRGP Friction Technology Co. Ltd. The new company will create the first large-scale Brembo manufacturing facility fully dedicated to producing innovative aftermarket pads. Shandong BRGP Friction Technology Co. Ltd. will bring together Brembo’s leadership in braking systems with Gold Phoenix’s high-tech solutions and it will focus on superior product quality and innovation, especially in terms of performance, comfort, durability and sustainability, with the aim of anticipating the challenges of electrification and autonomous driving.

At Brembo, innovation translates into creating products that always ensure an excellent performance, while also guaranteeing a greater degree of sustainability in terms of reducing emissions during the braking phase. In detail:

- in 2022, the Company unveiled the Greenance Kit Concept. This jointly developed new range of combined special alloy discs and dedicated brake pads greatly enriches Brembo’s aftermarket line-up. Brembo Beyond Greenance Kit Concept combines top braking performance with a lower environmental impact, while also increasing disc life. In fact, it guarantees the highest technical and quality standards, which are found in all Brembo products. At the same time, it ensures a much lower environmental impact with a significant reduction in emissions: -83% in PM10 and -80% in PM2.5;
- Brembo has also expanded its aftermarket range by introducing ENESYS - Energy Saving System®. This new technological solution is designed to further enhance the sustainability characteristics of a vehicle’s braking system, by reducing wear on discs and pads. This means lower harmful emissions and fuel consumption.

As a proof of the market’s appreciation of Brembo products, on 24 December 2022, SENSIFY™, the pioneering intelligent braking system of Brembo, obtained a Gold Award in the ‘chassis forward-looking’ category for its extraordinary strength, standing out of 161 applications from 129 companies.

Within this framework, Brembo’s Remuneration Policy for 2023, 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 Committee<sup>1</sup> 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 continuous 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:

<b>1</b>	<b>ENSURING THE SUSTAINABLE GROWTH OF OUR GROUP</b>
	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
<b>2</b>	<b>CREATING VALUE FOR OUR SHAREHOLDERS</b>
	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
<b>3</b>	<b>BALANCING DECISIONS AGAINST THEIR SOCIAL AND ENVIRONMENTAL IMPACT</b>
	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
<b>4</b>	<b>PROMOTING THE GUIDING PRINCIPLES THAT CHARACTERISE THE GROUP</b>
	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
<b>5</b>	<b>MAKING THE COMPANY ATTRACTIVE ON THE MARKET</b>
	Brembo's remuneration policy provides for an overall remuneration suited to attracting and retaining high-profile candidates, constantly recognising the performances achieved

<sup>1</sup> 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

<p><b>ENSURING THE SUSTAINABLE GROWTH OF OUR GROUP</b></p>	<p>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</p>
<p><b>CREATING VALUE FOR OUR SHAREHOLDERS</b></p>	<p>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</p>
<p><b>BALANCING DECISIONS AGAINST THEIR SOCIAL AND ENVIRONMENTAL IMPACT</b></p>	<p>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</p>
<p><b>PROMOTING THE GUIDING PRINCIPLES THAT CHARACTERISE THE GROUP</b></p>	<p>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</p>
<p><b>MAKING THE COMPANY ATTRACTIVE ON THE MARKET</b></p>	<p>Brembo's remuneration policy provides for an overall remuneration suited to attracting and retaining high-profile candidates, constantly recognising the performances achieved</p>

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 2023 are consistent and compliant with the provisions of Article 5 – "Remuneration" of the Corporate Governance Code) that the Company has adopted endorsing it into its own Corporate Governance Code (Brembo Corporate Governance Code - 2020 edition), as well as into the Regulations of the Board of Directors and of the Board Committees.

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 Manage-

ment 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 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 2022 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 Deloitte & Touche 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 2022, 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 2022 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. No. 259/2010, as amended by Legislative Decree No. 49/2019), applies to financial year 2023 and was approved by the Board of Directors during the meeting held on 2 March 2023, on the proposal of the Remuneration & Appointments Committee, and has been made available to the public at Brembo's registered offices and on the Company's website ([www.brembo.com/en/company/corporate-governance/remuneration-policies](http://www.brembo.com/en/company/corporate-governance/remuneration-policies)).

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## SUSTAINABILITY AT BREMBO

In November 2022, the European Council gave its final approval to the Corporate Sustainability Reporting Directive (CSRD). The new rules will ensure that investors and stakeholders have access to useful information they need to assess investment risks arising from climate change and other sustainability issues. In terms of deadlines, large listed companies (such as Brembo) are required to apply the new rules for the first time in financial year 2024 for reports published in 2025.

To bear witness to the extensive integration of sustainability issues in Brembo's company culture and values, the Company has decided to implement in its 2022 reporting — one year in advance of the schedule set by the European Council — the process that will lead up to the adoption of the new mandatory reporting standards, allowing it to publish a report in 2023 describing its current and prospective initiatives and results in relation to the three ESG dimensions. To this end, Brembo has redefined its materiality matrix, given that the CSRD introduces a new approach to the subject involving "double materiality", a combination

of impact materiality and financial materiality. Therefore the Company has preliminarily assessed two different perspectives:

- the inside-out perspective, which assesses the actual or potential material impacts on people and the environment that are directly related to an entity's operations, products and services, including upstream and downstream of its value chain;
- the outside-in perspective, which assesses the sustainability risks and opportunities that may have a positive or negative impact on the company's future cash flows, thus creating or reducing the company's value in the short, medium and long term, by influencing its development, performance, and positioning.

The combination of the outcome of the inside-out and outside-in perspectives has resulted in a materiality analysis that is already in line with the EU's mandatory sustainability reporting requirements.

# EXECUTIVE SUMMARY

A summary of the Group's Remuneration Policy for 2023 is given in the following table:

ELEMENTS OF REMUNERATION	SCOPE AND CONDITIONS	CRITERIA AND PARAMETERS	QUANTITATIVE REFERENCES
<b>Fixed Remuneration</b>	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"> <li>Executive Chairman: €1,300,000</li> <li>Chief Executive Officer (CEO): €1,300,000 <sup>2</sup></li> </ul> <p>The Executive Chairman and the CEO are the two members of Key Management personnel identified by Brembo S.p.A.</p>
<b>Annual Incentive System (MBO)</b>	Assessing and engaging on the achievement of the Group's annual objectives and short-term challenges	<ul style="list-style-type: none"> <li>Evaluation metrics: Group EBITDA, Group EBIT, Group ROI, Group Net Sales, Group Sustainability Index</li> <li>Performance period: annual, in compliance with the budget targets</li> <li>Payment method: cash</li> </ul> <p>Clawback clauses may be applied.</p>	<p>Bonus target:</p> <ul style="list-style-type: none"> <li>Executive Chairman: 75% of fixed component</li> <li>CEO: 75% of fixed component</li> </ul> <p>Bonus cap</p> <ul style="list-style-type: none"> <li>Executive Chairman: 100% of fixed component</li> <li>CEO: 100% of fixed component</li> </ul>
<b>Long-Term Incentive Plan (LTIP)</b>	Promoting the creation of value for shareholders and the Group's sustainability in the long term	<ul style="list-style-type: none"> <li>Evaluation metrics: Group Economic Value Added (EVA), Group Free Operating Cash Flow, Group NFP/EBITDA, Group Sustainability Index</li> <li>Vesting period: three-year period 2022-2024 (Closed Plan)</li> <li>Payment method: cash</li> </ul> <p>Clawback clauses may be applied.</p>	<p>Bonus target:</p> <ul style="list-style-type: none"> <li>Executive Chairman: 100% of fixed component</li> <li>CEO: 100% of fixed component</li> </ul> <p>Bonus cap:</p> <ul style="list-style-type: none"> <li>Executive Chairman: 150% of fixed component</li> <li>CEO: 150% of fixed component</li> </ul>
<b>Non-monetary benefits</b>	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"> <li>Supplementary pension schemes</li> <li>Health insurance</li> <li>Insurance policy</li> <li>Allocation of a car for business and personal use</li> </ul>
<b>Severance indemnity</b>	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"> <li>Removal or non-renewal without just cause</li> <li>Resignation from the office and waiver of the delegated powers due to such a serious reason as to make a continuation impossible</li> <li>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</li> </ul> <p>Non-competition agreement with the CEO: paid during the employment within the Company.</p>	<ul style="list-style-type: none"> <li>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).</li> <li>CEO's non-competition agreement: the amount of €200,000 is included in the total fixed remuneration (Total Fixed Remuneration: €1,300,000)</li> </ul>

<sup>2</sup> 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.

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## 1. INFORMATION ON THE PROCEDURES APPLIED FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

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### 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 the resources' 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 the Corporate Governance Code (2020 edition), 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. Paganì, is permanently invited to participate in all the meetings of the Remuneration & Appointments Committee. The other Acting Auditors may also be invited to participate.

### COMPOSITION AND MEETINGS



#### Nicoletta Giadrossi

Chairwoman, Non-Executive and Independent Director.  
Committee member with appropriate financial expertise and experience.

#### Manuela Soffientini (\*)

Non-Executive and Independent Director.

#### Elizabeth Marie Robinson

Non-Executive and Independent Director.

In 2022, the Committee met three times. As of the date of approval of this Report, it has held a further meeting focused on the compensation referring to financial year 2022, Brembo's Remuneration Policies for 2023 with regard to the revision of the remuneration packages of the Chief Executive Officer and the Executive Chairman, the change of the LTI bonus cap and of the remuneration to be paid to the newly appointed Board of Directors.

### 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.

(\*) Appointed by the Board of Directors on 3 March 2022 to replace Director Laura Cioli, who had resigned on 25 February 2022.

RECIPIENT	DECISION-MAKING BODY	PROPOSING BODY	TECHNICAL BODY	ADVISORS, IF ANY
Chief Executive Officer				
Executive Directors				Mercer
Key Management Personnel	GSM, BoD	Remuneration & Appointments Committee	Human Resources & Organisation GCF	Willis Towers Watson
Non-executive Directors				
Board of Statutory Auditors	GSM	Shareholders	Administration & Finance GCF	

## 1.2 REMUNERATION & APPOINTMENTS COMMITTEE

In 2022, the activity of the Remuneration & Appointments Committee focused mainly on: (i) assessment of the final results of the short-term incentive plans (MBO) and Long-Term Incentive Plan (2019-2021 LTIP); (ii) annual verification of the votes cast by the 2022 Shareholders' Meeting regarding the Report on Remuneration Policy and Remuneration Paid; (iii) benchmark analysis of the Top Management remuneration packages; (iv) proposals regarding the 2023 Policy, including the 2023 MBO architecture. In detail, the Remuneration & Appointments Committee met three times in 2022 and the average length of the meetings was approximately 1 hour and 30 minutes.

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 2022, the Committee's functioning and its specific activities in respect of Appointments, reference should be made to paragraph 8.2 of the 2022 Corporate Governance and Ownership Structure Report, published<sup>3</sup> concurrently with this Report.

<sup>3</sup> [www.brembo.com/it/company/corporate-governance/relazioni-sulla-corporate-governance](http://www.brembo.com/it/company/corporate-governance/relazioni-sulla-corporate-governance).

2022 **MEETING OF 17 FEBRUARY 2022****With reference to Remuneration:**

- a) it assessed the closing results of the short-term annual Incentive Plan (2021 MBO) and defined the proposals of the short-term annual Incentive Plan (2022 MBO), also in light of the analyses conducted in 2021;
- b) it evaluated the closing results of the Incentive Plan for Executive Directors and Top Managers (2019-2021 LTIP), and their consistency with the long-term policies previously adopted;
- c) it evaluated and defined the proposals of the new long-term remuneration policies, including the new three-year Incentive Plan for Top Managers (2022-2024 LTIP) and the relevant Regulation;
- d) it examined the Report on the Remuneration Policy for 2022 and Remuneration Paid in 2021, prepared pursuant to Article 123-ter of TUF and expressed a favourable opinion in view of its examination and approval by the BoD.

**With reference to the Composition of the Board of Directors and the Combination of skills and professional backgrounds:**

- 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 2020 Corporate Governance Code, as well as the compatibility of the positions held by them;
- b) it assessed the combination of professional backgrounds and managerial skills in light of Brembo's diversity policy defined by the Regulations of the Board of Directors and the 2020 Corporate Governance Code;
- c) it expressed opinions on the professional profile of the possible candidate to be co-opted as a new Independent Director, as well as the guidelines on the composition of the Remuneration & Appointments Committee and Audit, Risk & Sustainability Committee.

**MEETING OF 13 JULY 2022****With reference to Remuneration:**

- a) it assessed the results of the votes cast by the Shareholders' Meeting on 21 April 2022 on Section I and Section II of the Remuneration Report;
- b) it examined the benchmark analysis of the Top Management's remuneration packages submitted by a representative of Mercer Italia, who specifically participated in the meeting.

**MEETING OF 14 NOVEMBER 2022****With reference to Remuneration:**

- a) it expressed a favourable opinion on the proposals for adjusting the remuneration packages of the Executive Chairman and the Chief Executive Officer (CEO) in view of the definition of the 2023 Remuneration Policies.

**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 Exec-

utive 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



**Roberto Vavassori**

**Matteo Tiraboschi** <sup>(c)(\*)</sup> – Executive Chairman

**Daniele Schillaci** <sup>(c)(\*\*)</sup> – Chief Executive Officer - CEO

**Cristina Bombassei** <sup>(c)</sup>

**Valerio Battista** <sup>(a)(\*\*\*)</sup>

**Manuela Soffientini** <sup>(a)(\*\*\*\*)</sup>

**Nicoletta Giadrossi** <sup>(a)(\*\*\*\*\*)</sup>

**Umberto Nicodano** <sup>(b)</sup>

**Elisabetta Magistretti** <sup>(a)</sup>

**Elizabeth Marie Robinson** <sup>(a)</sup>

**Gianfelice Rocca** <sup>(a)</sup>

**Roberto Vavassori** <sup>(c)</sup>

## 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.

(a) Non-Executive and Independent Directors.

(b) Non-Executive Directors.

(c) Executive Directors.

(\*) 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.

(\*\*) The Chief Executive Officer is vested by the Board of Directors with special powers to manage the Company, as well as powers, pur-

suant 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.

(\*\*\*) This Director also holds the position of Lead Independent Director.

(\*\*\*\*) Appointed by the Board of Directors on 3 March 2022 to replace Director Laura Cioli, who had resigned on 25 February 2022.

(\*\*\*\*\*): Director elected from a minority list.

#### 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 companies operating in the same industry that are deemed comparable in terms of both size, business activity and governance. 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 European companies — comparable to Brembo as they operate in the same industry — have been considered in order to have a vision of both the labour market and business practices:

BENCHMARK COMPANIES	COMPANIES
<b>Comparable European Industry companies (12 companies)</b>	Autoneum Holding, Autoliv, Continental, ElringKlinger, Faurecia, Leoni, Michelin, Nokian, SKF, Sogefi, TomTom, Valeo
<b>Italian companies (25 companies)</b>	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 15 February 2023 and subsequently approved by the Board of Directors on 2 March 2023.

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 approved 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 Personnel<sup>4</sup>. It should be noted that all interested parties refrain from participating in board discussion and resolutions relating to their remuneration.

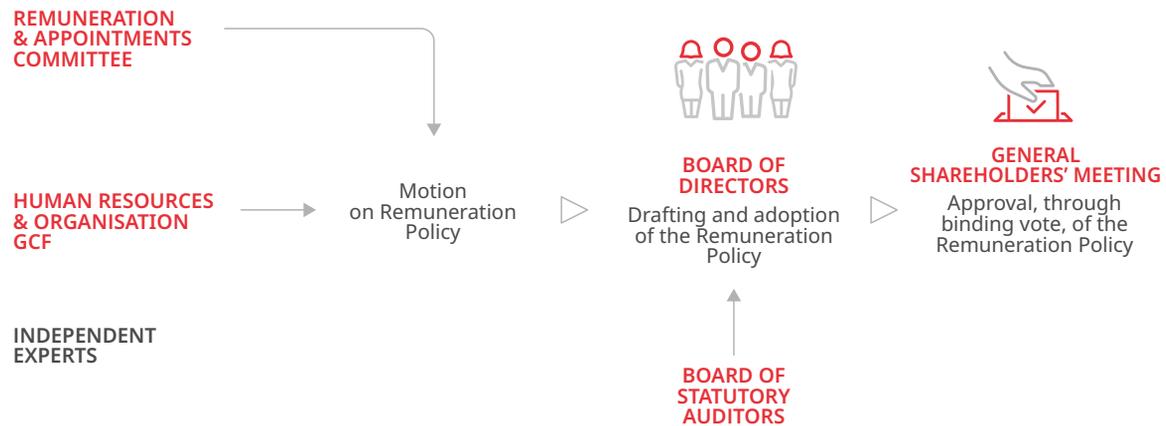
Any exemptions, which may concern one or more Remuneration Policy elements described in this Report, will be disclosed in the subsequent Report on Remuneration Policy and Remuneration Paid, together with the reasons that led the Company to avail itself of such an exemption.

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

<sup>4</sup> 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.

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 Procedure<sup>5</sup> 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.

<sup>5</sup> 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](http://www.brembo.com), section Company, Corporate Governance, Governance Documents).

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## 2. DETAILS OF THE COMPANY'S REMUNERATION POLICY

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### 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.

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#### ARTICLE 5, PARAGRAPH 27, OF THE CORPORATE GOVERNANCE CODE

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**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:**

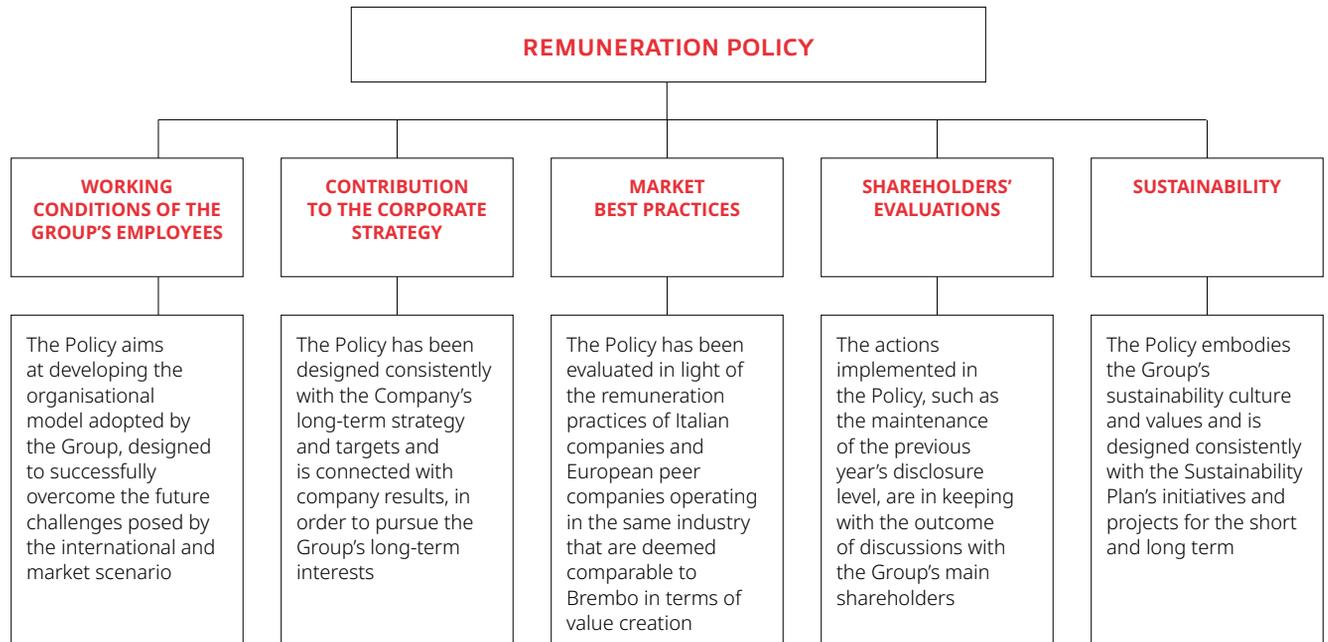
- a balance between the fixed and the variable component which is consistent with the Company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the Company. The variable component has in any case a significant 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.

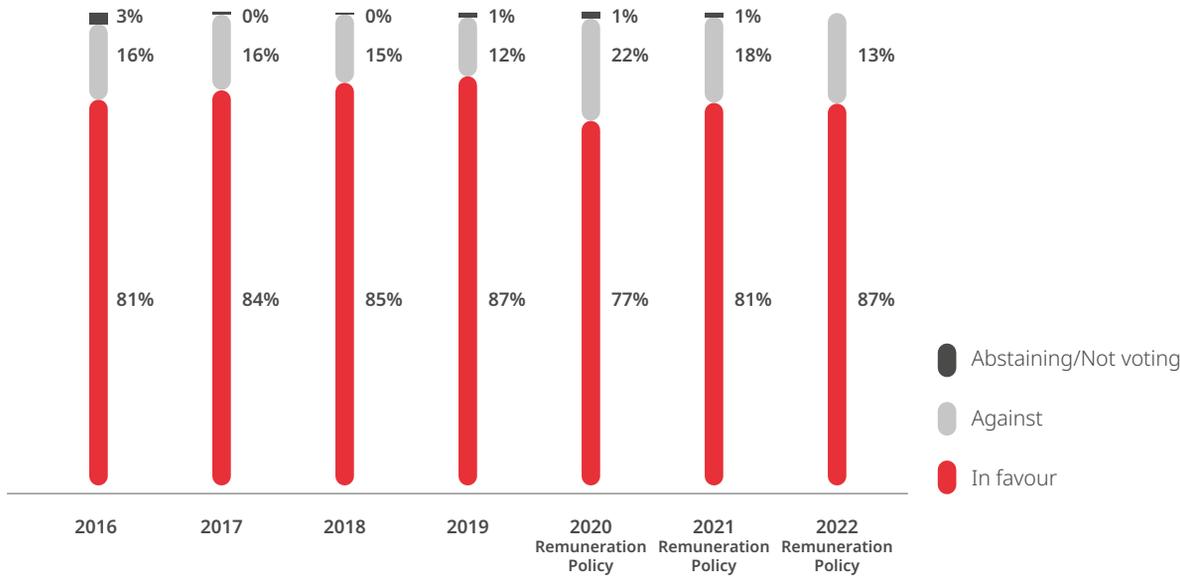
The Remuneration & Appointments Committee assessed the soundness of the contents of the Remuneration Policy considering various elements, such as:



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 en-

gagement 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 voting<sup>6</sup> on the Remuneration Reports published from 2016 to 2019 and the Report on the Remuneration Policy published in 2020, 2021 and 2022 is shown below:



GENERAL SHAREHOLDERS' MEETING	21.04.2016	20.04.2017	20.04.2018	18.04.2019	23.04.2020	22.04.2021	21.04.2022
In favour	81.36939%	83.713928%	85.190359%	86.512285%	76.974849%	81.019343%	86.575108%
Abstaining / Not voting	2.55781%	0.471699%	0.325561%	0.996482%	1.147419%	0.77865%	0%
Against	16.0728%	15.814373%	14.484079%	12.491234%	21.877773%	18.202007%	13.424892%

## 2.2 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

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.

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.

On 25 February 2022, Director Laura Cioli, independent member of the Company's Board of Directors, Chairwoman of the Audit, Risk & Sustainability Committee and member of the Remuneration & Appointments Committee, formally notified to Brembo her intention to resign from her position, with immediate effect, due to unexpected new professional commitments. On 3 March 2022, the Board of Directors:

- pursuant to Article 2386 of the Italian Civil Code, co-opted Manuela Soffientini as new member of the Board of Directors, until the Shareholders' Meeting called to approve the Financial Statement for the year ended

<sup>6</sup> % of the ordinary shares with voting rights/entitled to vote in the Shareholders' Meeting.

31 December 2022, and confirmed she meets the independent requirements as per TUF and the Corporate Governance Code;

- appointed Manuela Soffientini new member of the Remuneration & Appointments Committee and of the Audit, Risk & Sustainability Committee;
- appointed Elisabetta Magistretti Chairwoman of the Audit, Risk & Sustainability Committee until the Shareholders' Meeting called to approve the 2022 Financial Statements;
- set the remuneration to be awarded for the positions indicated above within the framework of the total remuneration established by the General Shareholders' Meeting of 23 April 2020 and in line with the allocation determined by the Board on that same date.

In view of the renewal of the corporate bodies, which will take place during the Shareholders' Meeting called on 20 April 2023, the outgoing Board of Directors has expressed its opinion, approved in the meeting of 2 March 2023, concerning: i) the Board's size and composition; ii) the types of professionals and managers who will sit on the Board; iii) and the related remuneration. Such guidelines have been described in the document issued by the outgoing Board

"Guidelines of the Outgoing Board of Directors of Brembo S.p.A. to the Shareholders on the qualitative-quantitative composition of the new Board of Directors (2023-2025)" and in the "Directors' Illustrative Report on the Appointment of the Board of Directors", made available on the corporate website along with additional pre-shareholders' meeting information documents.

In detail, guidelines on remuneration for the new 2023-2025 mandate both as Directors and Members of the Board Committees, envisage the definition of remuneration consistent with the complexity of the role and the required commitment, in line with market benchmarks. In particular, the proposal put forward by the outgoing Board of Directors, including in light of the indications and recommendations provided by the Remuneration & Appointments Committee, calls for confirming the overall remuneration approved by the General Shareholders' Meeting on 23 April 2020, totalling €9,500,000 per year of term of office, in line with the policy applied to date, also including the remuneration to Directors holding special offices.

The following remuneration thus refers to the Board of Directors appointed for the 2023-2025 mandate.

### 2.2.1 Directors Not Holding Special Offices

<b>Board of Directors</b>	With reference to Directors it was resolved to envisage an annual emolument of €60,000 for the 2023-2025 mandate, plus emoluments for any positions held on Board Committees.
<b>Audit, Risks &amp; Sustainability Committee</b>	The Chairwoman of the Audit, Risk & Sustainability Committee was allocated an emolument of €30,000 and Committee members €25,000.
<b>Remuneration &amp; Appointments Committee</b>	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 subsequently 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.

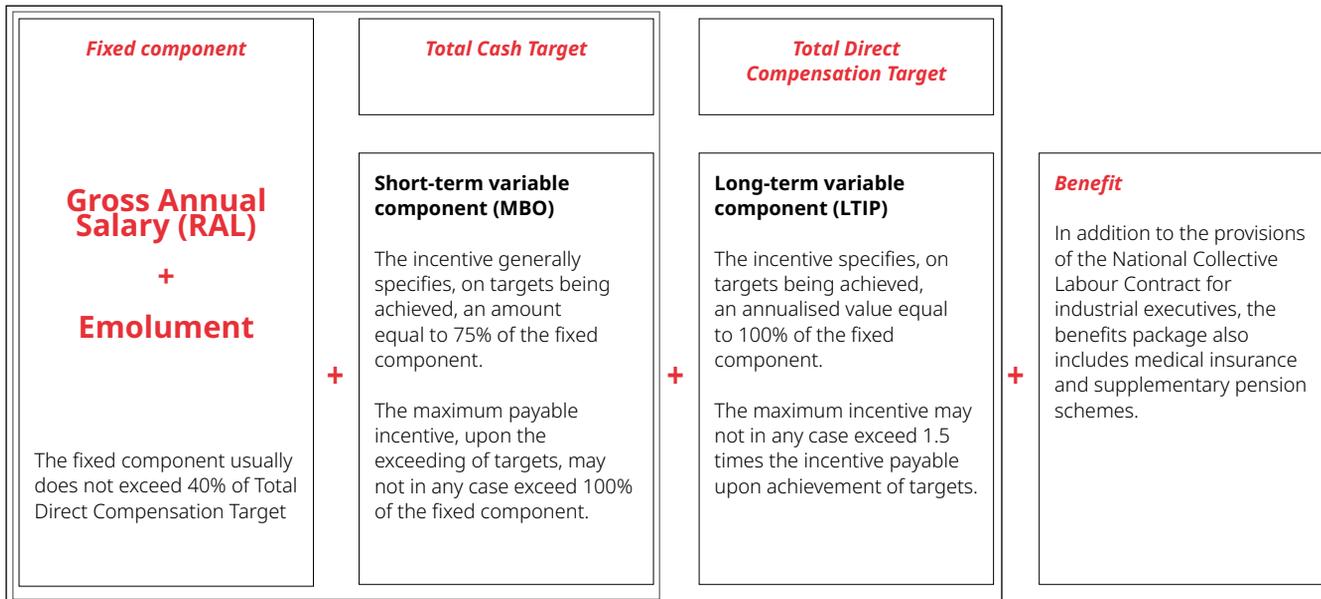
For Directors holding special offices and Key Management Personnel, the Remuneration Policy provides a fixed annual remuneration consisting of:

POSITION	GROSS ANNUAL SALARY - RAL (€)	EMOLUMENT FOR THE OFFICE HELD (€)	NON-COMPETITION AGREEMENT (€)	FIXED COMPONENT (€)
Executive Chairman	1,050,000	250,000	-	<b>1,300,000</b>
Chief Executive Officer	-	1,100,000	200,000	<b>1,300,000</b> <sup>7</sup>

With regard to the 2023 Remuneration Policy, it should be noted that, on its meeting of 15 February 2023, the Remuneration & Appointments Committee expressed a positive opinion on bringing the Executive Chairman's Gross Annual Salary (RAL) to €1,050,000 per annum, so as to ensure

that fixed remuneration is internally aligned.

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

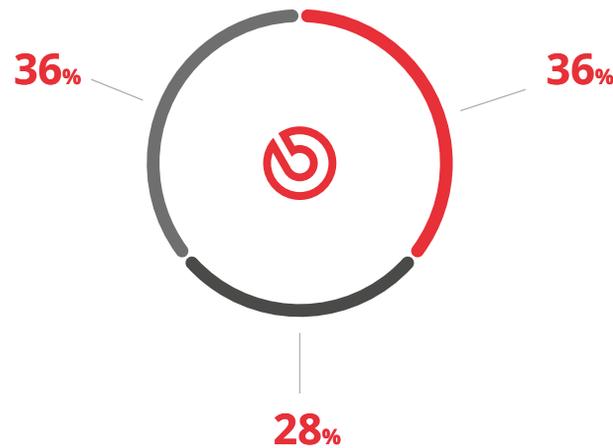


<sup>7</sup> A €100,000 housing allowance is also added to this amount.

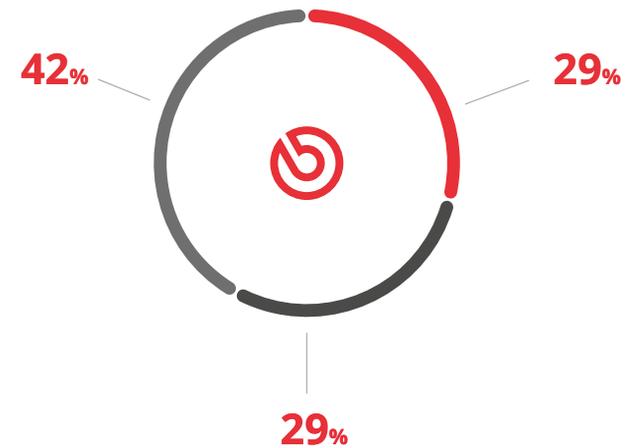
The composition of the compensation packages of the Executive Chairman and the Chief Executive Officer presents some variations in terms of the relative weight of

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

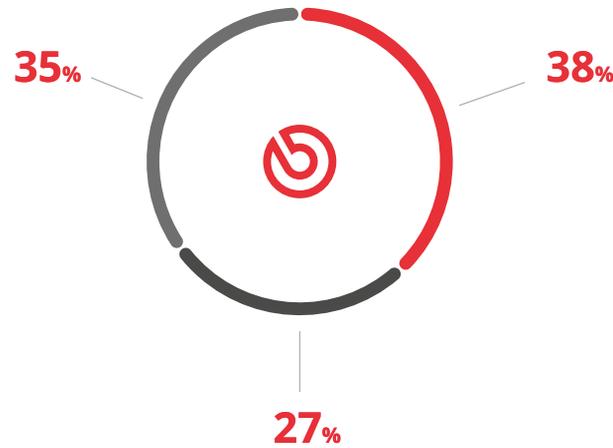
#### EXECUTIVE CHAIRMAN - TARGET PAY MIX



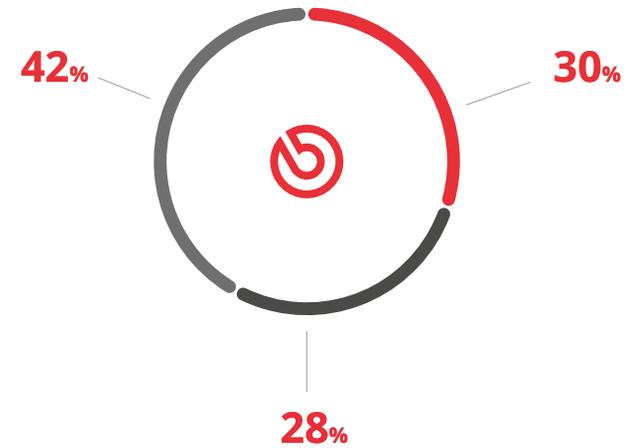
#### EXECUTIVE CHAIRMAN - MAXIMUM PAY MIX



#### CEO - PAY MIX TARGET



#### CEO - MAXIMUM PAY MIX



● Fixed remuneration

● Short-term variable component (MBO)

● Long-term variable component

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 roles of Executive Chairman and CEO) that took into account the remuneration practices adopted by Italian companies and European peer compa-

nies within the industry that are comparable with Brembo in terms of value creation and governance structure.

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 National Collective Labour Contract in force 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 Pagani<sup>8</sup>;
- Acting Auditors: Mario Tagliaferri, Paola Tagliavini, Stefania Serina;
- Alternate Auditors: Stefania Serina and Myriam Amato<sup>9</sup>.

Following the resignation, with immediate effect, of Paola Tagliavini — Acting Statutory Auditor belonging to the Majority List and appointed on 29 April 2022 — the Alternate Auditor belonging to the same list, Stefania Serina, took over under the terms of the law and of the By-laws. Stefania Serina will remain in office until the next Shareholders' Meeting.

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 view of the renewal of the Board of Statutory Auditors upon the General Shareholders' Meeting that will approve the 2023 Financial Statements, the Shareholders will also be called upon to resolve on the remuneration to be paid to the members of the Board of Statutory Auditors pursuant to Article 2402 of the Italian Civil Code, including based on the instructions regarding the quantitative definition of the required commitment that the outgoing control body will provide to the Board. The related total remuneration of the Statutory Auditors that will sit on the new Board of Statutory Auditors is expected to be in line with that for the previous three-year term.

<sup>8</sup> Elected from the minority list submitted by a group of Shareholders representing 2.27836% of share capital.

<sup>9</sup> Elected from the minority list submitted by a group of shareholders representing 2.27836% of share capital.

## 2.4 VARIABLE REMUNERATION - MBO AND LTIP – ALLOCATED TO CERTAIN MEMBERS OF THE BOARD OF DIRECTORS AND OTHER EXECUTIVES

### 2.4.1 MBO

In 2022, the Remuneration & Appointments Committee defined the new short-term incentive Plan (2023 MBO).

The Annual Incentive System (MBO) was designed to align the beneficiaries' organisational conduct and motivate them 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 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 2023 MBO plan was approved by the Board of Directors on 2 March 2023, upon proposal submitted by the Remuneration & Appointments Committee. Its beneficiaries include the Executive Chairman and the Chief Executive Officer.

The 2023 MBO system provides for an entry gate relating to the Group EBITDA in absolute terms. 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.

The following table shows the 2023 MBO targets set forth the Executive Chairman and the Chief Executive Officer.

2023 MBO EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER	WEIGHT
Group EBITDA Abs. Value	30%
Group EBIT %	20%
Group ROI %	25%
Group Net Sales	15%
Group Sustainability Index	10%

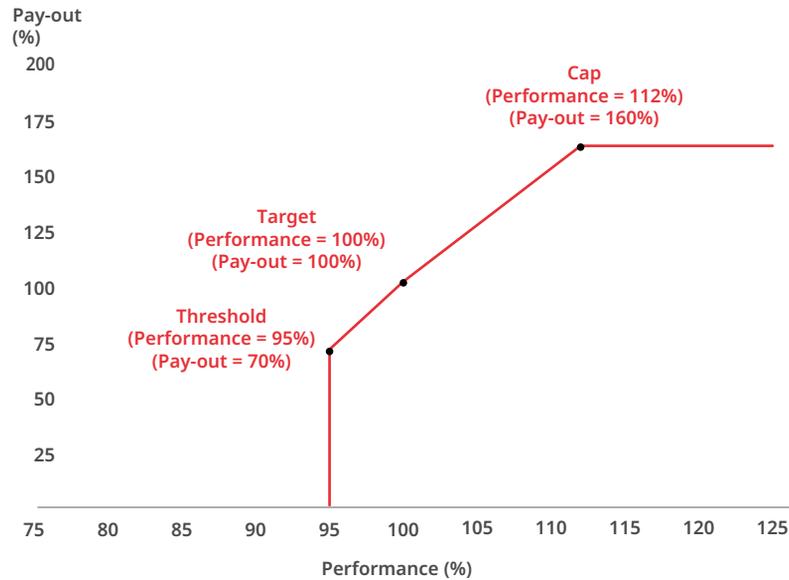
In this regard, it bears remarking that for the purposes of verifying the performance targets with which the actual pay-out of the incentive system is associated, reference will be made, where possible, to the figures given in the Segment Reporting in the Financial Statements, as approved by the Board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

Failure to achieve the minimum quantitative target 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 MBO 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 2023 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<sup>10</sup>.

The structure of the Plan for the 2022-2024 period is based on that for the previous three-year period, since the Board of Directors deemed it to be fully consistent with the new challenges to be faced by the Group over the 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.

<sup>10</sup> 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).

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 Group's management team, consistent with the complexity and responsibilities managed by each, for a total of approximately 60 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 objective targets are achieved.

In its meeting of 15 February 2023, the Remuneration & Appointments Committee, with regard to the definition of the 2023 Remuneration Policy, analysed the proposal for setting the bonus cap for the Executive Chairman and the Chief Executive Officer at 1.5 times the incentive payable at the achievement of the performance target, with a view to pursuing a gradual alignment of the LTI policy established for all sub-groups of the plan beneficiaries. Following the analysis the Remuneration & Appointments Committee expressed a favourable opinion. The proposal, aimed at ensuring that the Top Management's packages are constantly aligned with international benchmarks, was then submitted to the vote of the Board of Directors, which approved it upon its meeting of 2 March, with a view to transposing it in Section I of the Report to be submitted to the General Shareholders' Meeting for approval. All parties directly involved did not take part in voting, as provided

for by the internal Regulation of the Board of Directors of Brembo S.p.A. The bonus cap revision has retroactive effects and, therefore, it is effective as of the first year of the vesting period of the 2022-2024 LTIP.

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:

- Group Economic Value Added (EVA), used to measure the growth in value during the 2022-2024 three-year period;
- Group 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 Group Net Financial Position and Group EBITDA (NFP/EBITDA), compared to the targets set for the individual years 2022, 2023 and 2024;
- Group Sustainability Index<sup>11</sup> (Group's carbon footprint) at the end of the 2022-2024 three-year period.

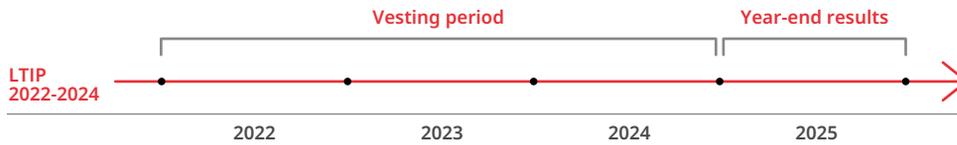
The Incentive Plan targets are designed to reward the Group's financial and capital soundness, in line with the Business Plan and the results achieved over recent years in terms of stronger financial performance and productivity recovery.

11 Formula of the Group Sustainability Index (CDP: Group Carbon Footprint):

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

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

## 2022-2024 LTIP TIMELINE



In 2023, Brembo's LTI Plan will complete its second year of vesting, definitively terminating at the end of fiscal year 2024. The final results of the objectives associated with the LTI Plan will be reported at the beginning of 2025 and, on the basis of the performances achieved by the beneficiaries, the bonus accrued will be paid following the Shareholders' Meeting that will approve the 2025 Financial Statements.

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 the 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), 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.

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.

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## **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 2023 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 2022 and their compliance with the Remuneration Policy for 2022, and a second part that provides a detailed account of the compensation paid.

It also sets out the 2022 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 2023. In order to ensure increasingly effective,

transparent communication with shareholders, investors and the market at large and in keeping with the provisions introduced in the previous year, the Company provides in open form the business results achieved associated with the performance objectives of the short-term incentive system (2022 MBO)<sup>12</sup>.

In continuity with the past and in accordance with the guidance provided in the 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 (Deloitte & Touche 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 (2022) are illustrated below. Details of the various items and additional data can be found in Section I of this Report.

The Remuneration Policy for 2022 was assessed by the Remuneration & Appointments Committee as part of the periodic evaluations required by the 2021 version of the Corporate Governance Code (15 February 2023)<sup>13</sup>. 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 2022 with the available market data, both in terms of overall positioning and pay mix.

More specifically, the Remuneration Policy for 2022 was implemented through payment, where applicable, of the following items:

- emolument as member of the Board of Directors;
- 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.

<sup>12</sup> The values of some KPIs reported in the tables for MBO and LTIP come from the consolidated segment reporting (IFRS 8) presented in the 2022 Annual Report under section "Segment Report" in "Group Activities, Segments, Significant Transactions and Further Information".

<sup>13</sup> The 2022 Remuneration Policy is consistent and compliant with the provisions of Article 5 – "Remuneration" of the new Corporate Governance Code, which Brembo adopted in 2022.

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## EXEMPTION FROM THE REMUNERATION POLICY FOR 2022

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 2022, there were no exceptional circumstances resulting in the exercise by the Board of Directors of the exemption concerning the contents of the 2022 Policy.

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## IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2022: 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.

It should be noted that on 25 February 2022, Director Laura Cioli, independent member of the Company's Board of Directors, Chairwoman of the Audit, Risk & Sustainability Committee and member of the Remuneration & Appointments Committee, formally notified to Brembo her intention to resign from her position, with immediate effect, due to unexpected new professional commitments. On 3 March 2022, the Board of Directors co-opted Manuela Soffientini as new member of the Board of Directors, pursuant to Article 2386 of the Italian Civil Code.

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 2022 were therefore as follows:

- Executive Chairman: €1,250,000;
- Chief Executive Officer: €1,300,000.

In this regard, it should be noted that the fixed remuneration for the Executive Chairman also includes a Gross Annual Salary (RAL) of €1,000,000 and the emolument for the role amounting to approximately €250,000, 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 2022: 2022 MBO

The MBO incentive for the 2022 performance year shall be paid in 2023. The results for the 2022 financial year submitted to the Board of Directors upon proposal by the Remuneration & Appointments Committee at the meeting of 15 February 2023 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 2023 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 (€ thousand) <sup>14</sup>	487,522.00	586,034.00	30	48.00
Group EBIT % <sup>15</sup>	7.79	10.20	20	32.00
Group ROI % <sup>16</sup>	11.98	17.99	25	40.00
Group Net Sales (€ thousand) <sup>17</sup>	3,271,673.00	3,620,906.00	15	23.10
Group Sustainability Index	19	40.3	10	16.00
<b>Total</b>			<b>100%</b>	<b>150.00 → 133.33</b>

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

- for the Executive Chairman, a bonus of €1,250,000.00, 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 €1,300,000.00,

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 for 2022 a pro-rated 2019-2021 LTIP one-off remuneration of €800,000 referring to the first half of 2019 and paid in 2022.

14 The Group EBITDA final value reported in the table come from the consolidated segment reporting (IFRS 8) presented in the 2022 Annual Report under section "Segment Report" in "Group Activities, Segments, Significant Transactions and Further Information".

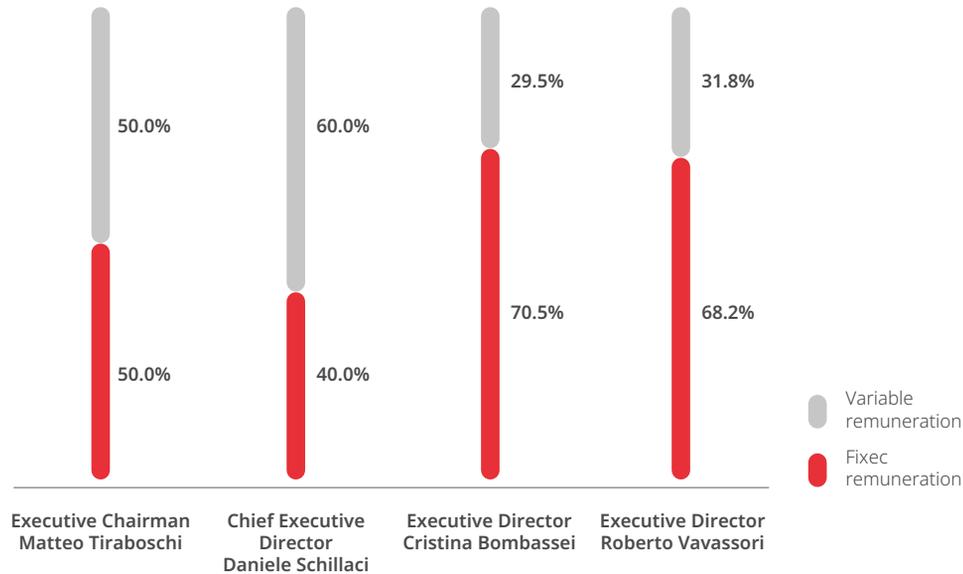
15 The Group EBIT final value calculated on the Group Total Sales reported in the table come from the consolidated segment reporting (IFRS 8) presented in the 2022 Annual Report under section "Segment Report" in "Group Activities, Segments, Significant Transactions and Further Information" (Operating Income/Net sales). The reconciliation between Net Operating income (Consolidated Statement of Income) and the Operating Income is given in the specific table included in the aforementioned section of the 2022 Annual Report.

16 The Group ROI final value reported in the table come from the consolidated segment reporting (IFRS 8) presented in the 2022 Annual Report under section "Segment Report" in "Group Activities, Segments, Significant Transactions and Further Information".

17 The Group Total Sales final value (Net Sales) reported in the table come from the consolidated segment reporting (IFRS 8) presented in the 2022 Annual Report under section "Segment Report" in "Group Activities, Segments, Significant Transactions and Further Information". The reconciliation between Revenue from contracts with customers (Consolidated Statement of Income) and Net Sales is given in the specific table included in the aforementioned section of the 2022 Annual Report.

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

the 2022 annual incentive system <sup>18</sup>is given below. Table 1 shows emoluments on an individual basis:



The table does not include non-monetary benefits for 2022. It should also be noted that the 2022-2024 Long-Term Incentive Plan (LTIP) is a closed, non-rolling plan, whose payment, conditional upon the achievement of the relevant

performance indicators, will only be disbursed at the end of 2024. Further details are provided under the “Variable non-equity /Bonuses and other incentives” item in Table 1, with relevant details in Table 3b.

### 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 2022 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 four years (2019-2022), 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 reports<sup>19</sup>:

<sup>18</sup> The short-term incentive linked to the 2022 performance will be effectively paid in May 2023.

<sup>19</sup> 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.

<b>DIRECTOR / AUDITOR (ROLE) (€)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Matteo Tiraboschi (Executive Chairman)	2,500,000	2,499,969	2,247,500	2,166,047
Daniele Schillaci (Chief Executive Officer)	3,500,000 <sup>20</sup>	3,199,968	2,847,500	1,723,525 <sup>21</sup>
Cristina Bombassei (Executive Director)	328,685	311,107	241,275	236,822
Roberto Vavassori (Executive Director)	491,000	436,000	-	-
Valerio Battista (Independent Director)	55,000	55,000	55,000	55,000
Laura Cioli <sup>22</sup> (Independent Director)	18,265	100,000	98,333	95,000
Manuela Soffientini <sup>23</sup> (Independent Director)	76,086	-	-	-
Nicoletta Giadrossi (Independent Director)	100,000	100,000	98,333	95,000
Umberto Nicodano (Non-executive Director)	55,000	55,000	60,000	70,000
Gianfelice Rocca (Independent Director)	55,000	55,000	55,000	55,000
Elizabeth Marie Robinson (Independent Director)	70,000	70,000	46,667	-
Elisabetta Magistretti <sup>24</sup> (Independent Director)	94,004	90,000	60,000	-
Raffaella Pagani (Chairwoman of the Board of Statutory Auditors)	84,000	84,000	84,000	84,000
Mario Tagliaferri <sup>25</sup> (Acting Auditor)	73,000	75,125	81,500	81,500
Paola Tagliavini <sup>26</sup> (Acting Auditor)	19,741	56,000	37,333	-
Stefania Serina <sup>27</sup> (Acting Auditor)	32,742	-	-	-
<b>CORPORATE PERFORMANCE (€)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Group EBITDA (€ thousand) <sup>28</sup>	586,034	467,217	361,835	462,628
Value of Brembo stock	10.45 <sup>29</sup>	12.53 <sup>30</sup>	10.80 <sup>31</sup>	11.06 <sup>32</sup>
<b>BREMBO EMPLOYEES (€)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Average Gross Annual Salary	45,470	43,296	42,541	42,026

20 Including €800,000 as one-off remuneration for the pro-rated 2019-2021 LTIP regarding the first half of 2019.

21 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.

22 She resigned from her position on the Board of Directors on 25 February 2023. 2022 figures are a pro-rated value calculated for the period 1 January 2022-25 February 2022.

23 Appointed by the Board of Directors on 3 March 2022 to replace Director Laura Cioli, who had resigned on 25 February 2022. 2022 figures are a pro-rated value calculated for the period 3 March 2022-31 December 2022.

24 Appointed by the Board of Directors on 3 March 2022 as Chairwoman of the Audit, Risk & Sustainability Committee to replace Director Laura Cioli, who had resigned on 25 February 2022.

25 Of which €17,000.00 as emolument for subsidiaries and associates.

26 She resigned from her position on the Board of Statutory Auditors on 29 April 2022. 2022 figures are a pro-rated value calculated for the period 1 January 2022-29 April 2022.

27 In office as of 29 April 2022. 2022 figures are a pro-rated value calculated for the period 29 April 2022-31 December 2022.

28 The Group EBITDA actual value reported in the table is taken from the consolidated segment reporting document (IFRS 8) presented in the 2022 Annual Report.

29 Closing price of Brembo stock BRE:MI at 30 December 2022.

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

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

32 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. It should be noted that the Executive Directors' remuneration does not include the 2022-2024 Medium/Long-Term Incentive Plan (LTIP), whose payment, conditional upon the achievement of the relevant performance indicators, will only be disbursed at the end of 2024, as it is a closed, non-rolling plan. In addition, the amounts accrued to the beneficiaries under the 2019-2021 Long-Term Incentive Plan (LTIP) and disbursed in 2022, following the approval of the 2021 Financial Statements by the Shareholders' Meeting of 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 2021, 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 last two LTIPs launched by Brembo provide 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, 3,098 employees at the end of 2021 and 3,168 employees at the end of 2022). 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, 53% in 2021 and 50% in 2022.

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 2022, the Remuneration & Appointments Committee took account of the vote and assessments expressed at the Shareholders' Meeting of 21 April 2022 regarding Section II of the Report on Remuneration Policy and Remuneration Paid for 2022, which received the vote in favour of 83.432675% 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 2023 is deemed to be extensive, thorough and detailed. In particular, with regard to the incentive systems envisaged, continuity with the provisions of the 2022 Policy has been ensured, providing the fully transparent indication of the values of the target and final objectives for the short-term incentive plan (2022 MBO). 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 2022, which was a particular year marked by a partial economic recovery, but also by a geopolitical and macro-economic instable scenario.

As already described above, greater disclosure and visibility were provided in the reporting of the performance objectives associated with the 2022 MBO 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 2022 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 2022, 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 PAID<sup>33</sup> TO MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL**

A	B	C	D
NAME AND SURNAME	ROLE	TERM OF OFFICE	EXPIRY OF OFFICE
<b>Matteo Tiraboschi</b>	Executive Chairman	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Daniele Schillaci</b>	Chief Executive Officer	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Cristina Bombassei</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Roberto Vavassori</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Valerio Battista</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Manuela Soffientini</b>	Director	03.03.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Nicoletta Giadrossi</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Umberto Nicodano</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Gianfelice Rocca</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Elizabeth M, Robinson</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Elisabetta Magistretti</b>	Director	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Raffaella Pagani</b>	Chairwoman of the Board of Statutory Auditors	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			

<sup>33</sup> 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.

1	2	3			4	5	6	7	8
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
		BONUSES AND OTHER INCENTIVES	PROFIT SHARING						
1,250,000.00		1,250,000.00			83,496.47		2,583,496.47		
							0.00		
1,250,000.00	0.00	1,250,000.00	0.00		83,496.47	0.00	2,583,496.47	0.00	0.00
1,400,000.00		2,100,000.00			197,227.06		3,697,227.06		
							0.00		
1,400,000.00	0.00	2,100,000.00	0.00		197,227.06	0.00	3,697,227.06	0.00	0.00
216,678.40		97,007.04			15,985.24	15,000.00	344,670.68		
							0.00		
216,678.40	0.00	97,007.04	0.00		15,985.24	15,000.00	344,670.68	0.00	0.00
335,000.00		156,000.00			20,963.21		511,963.21		
							0.00		
335,000.00	0.00	156,000.00	0.00		20,963.21	0.00	511,963.21	0.00	0.00
55,000.00							55,000.00		
							0.00		
55,000.00	0.00	0.00	0.00		0.00	0.00	55,000.00	0.00	0.00
44,050.00	32,035.70						76,085.70		
							0.00		
44,050.00	32,035.70	0.00	0.00		0.00	0.00	76,085.70	0.00	0.00
55,000.00	45,000.00						100,000.00		
							0.00		
55,000.00	45,000.00	0.00	0.00		0.00	0.00	100,000.00	0.00	0.00
55,000.00							55,000.00		
							0.00		
55,000.00	0.00	0.00	0.00		0.00	0.00	55,000.00	0.00	0.00
55,000.00							55,000.00		
							0.00		
55,000.00	0.00	0.00	0.00		0.00	0.00	55,000.00	0.00	0.00
55,000.00	15,000.00						70,000.00		
							0.00		
55,000.00	15,000.00	0.00	0.00		0.00	0.00	70,000.00		
55,000.00	39,004.00						94,004.00		
0.00							0.00		
55,000.00	39,004.00	0.00	0.00		0.00	0.00	94,004.00		
84,000.00							84,000.00		
							0.00		
84,000.00	0.00	0.00	0.00		0.00	0.00	84,000.00	0.00	0.00

A	B	C	D
NAME AND SURNAME	ROLE	TERM OF OFFICE	EXPIRY OF OFFICE
<b>Mario Tagliaferri</b>	Acting Auditor	01.01.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Stefania Serina</b>	Acting Auditor	29.04.2022-31.12.2022	Until date of approval of Financial Statements as at 31.12.2022
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Directors / Statutory Auditors who left office in 2022</b>			
<b>Laura Cioli</b>	Director	01.01.2022-25.02.2022	
(I) Remuneration in company drawing up financial statements			
(II) Remuneration from subsidiaries and associates			
(III) Total			
<b>Paola Tagliavini</b>	Acting Auditor	01.01.2022-29.04.2022	
(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: 2022 MBO of €1,250,000.00

#### Daniele Schillaci

- Fixed remuneration: emolument of €1,100,000.00; non-competition agreement of €200,000.00; housing allowance of €100,000.00
- Bonuses and other incentives: 2022 MBO of €1,300,000.00; one-off remuneration of €800,000.00<sup>34</sup>

#### Cristina Bombassei

- Fixed remuneration: Gross Annual Salary (RAL) of €161,678.40; emolument of €55,000.00
- Bonuses and other incentives: 2022 MBO of €97,007.04
- Other remuneration: remuneration for Responsibility for Internal Control System and Risk Management of €15,000.00

#### Roberto Vavassori

- Fixed remuneration: Gross Annual Salary €260,000.00; emolument of €55,000.00; one-off payment €20,000.00
- Bonuses and other incentives: 2022 MBO of €156,000.00

#### Valerio Battista

- Fixed remuneration: emolument of €55,000.00

#### Manuela Soffientini (in office as of 3 March 2022)

- Fixed remuneration: emolument of €44,050.00
- Audit, Risk & Sustainability Committee: as a member €20,022.00
- Remuneration & Appointments Committee: as a member €12,013.70

#### 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 €4,926.71 until 3 March 2022; as Chairwoman €24,077.29 as of 3 March 2022
- 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 €17,000.00

#### Stefania Serina (in office since 29 April 2022)

- Fixed remuneration: emolument of €32,742.47

<sup>34</sup> A one-off remuneration for the pro-rated 2019-2021 LTIP regarding the first half of 2019 and amounting to €800,000, disbursed in 2022.

1	2	3			4	5	6	7	8
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
		BONUSES AND OTHER INCENTIVES	PROFIT SHARING						
56,000.00							56,000.00		
17,000.00							17,000.00		
73,000.00	0.00	0.00	0.00	0.00	0.00	0.00	73,000.00	0.00	0.00
32,742.47							32,742.47		
							0.00		
32,742.47	0.00	0.00	0.00	0.00	0.00	0.00	32,742.47	0.00	0.00
10,045.93	8,219.40						18,265.33		
10,045.93	8,219.40	0.00	0.00	0.00	0.00	0.00	18,265.33		
19,740.97							19,740.97		
19,740.97	0.00	0.00	0.00	0.00	0.00	0.00	19,740.97		

#### DIRECTORS/STATUTORY AUDITORS WHO LEFT OFFICE IN 2022

**Laura Cioli** (in office until 25 February 2022)

- Fixed remuneration: emolument of €10,045.93
- Audit, Risk & Sustainability Committee: as Chairwoman €5,507.00; Remuneration & Appointments Committee: as a member €2,712.40

**Paola Tagliavini** (in office until 29 April 2022)

- Fixed remuneration: emolument of €19,740.97

**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
			PAYABLE/ PAID	DEFERRED (*)	DEFERRAL PERIOD	NO LONGER PAYABLE	PAYABLE/ PAID	STILL DEFERRED		
NAME AND SURNAME	ROLE	PLAN	BONUS FOR THE YEAR		BONUS FOR PREVIOUS YEARS				OTHER BONUSES	
			<b>Matteo Tiraboschi</b>	Executive Chairman						
(I) Remuneration in company drawing up financial statements		MBO 2022	1,250,000.00							
		LTIP (2022-2024)		1,250,000.00						
(II) Remuneration from subsidiaries and associates										
(III) Total			1,250,000.00	1,250,000.00						
<b>Daniele Schillaci</b>	Chief Executive Officer									
(I) Remuneration in company drawing up financial statements		MBO 2022	1,300,000.00							
		LTIP (2022-2024)		1,300,000.00						
(II) Remuneration from subsidiaries and associates										
(III) Total			1,300,000.00	1,300,000.00						
<b>Cristina Bombassei</b>	Director									
(I) Remuneration in company drawing up financial statements		MBO 2022	97,007.04							
		LTIP (2022-2024)		53,893.00						
(II) Remuneration from subsidiaries and associates										
(III) Total			97,007.04	53,893.00						
<b>Roberto Vavassori</b>	Director									
(I) Remuneration in company drawing up financial statements		MBO 2022	156,000.00							
		LTIP (2022-2024)		130,000.00						
(II) Remuneration from subsidiaries and associates										
(III) Total			156,000.00	130,000.00						

(\*) The amount in column 2B is the face value for the reference year of the 2022-2024 LTIP against the achievement of the target objectives set. Moreover, it should be noted that the 2022-2024 LTIP is a closed, non rolling plan. The figure in column 2B thus represents the value assigned to the year of reference and not the overall plan value.

**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 (2021)	NO. OF SHARES ACQUIRED	NO. OF SHARES SOLD	NUMBER OF SHARES HELD AT END OF FINANCIAL YEAR (2022)
Cristina Bombassei	Executive Director	Brembo S.p.A.	91,218,398.55 (*) Indirect ownership, of which: • bare ownership of 53,657,881.50 shares • full ownership 37,560,517.55 shares			91,218,398.55 (*) Indirect ownership, of which: • bare ownership of 53,657,881.50 shares • full ownership 37,560,517.55 shares
Roberto Vavassori	Executive Director	Brembo S.p.A.	9,370			9,370

(\*) The number of shares reported in the table is calculated in proportion to the interest held by C. Bombassei in the share capital of Nuova FourB S.r.l., which in turn holds 178,859,605 ordinary Brembo shares, equal to 53.563% of Brembo S.p.A.'s share capital.

# 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:

<b>a)</b>	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	<b>Pages 12-17</b>
<b>b)</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	<b>Page 13-15</b>
<b>c)</b>	how the company has kept into account the compensation and the work conditions of its own employees in the determination of the remuneration policy	<b>Page 21</b>
<b>d)</b>	the name of any independent experts who may be involved in preparing the remunerations policy	<b>Page 17</b>
<b>e)</b>	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	<b>Pages 7-8; 21</b>
<b>f)</b>	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	<b>Pages 24-30</b>
<b>g)</b>	the policy applied with regard to non-monetary benefits	<b>Pages 11; 24</b>
<b>h)</b>	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	<b>Pages 27-30</b>
<b>i)</b>	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	<b>Pages 28-30</b>
<b>j)</b>	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	<b>Pages 4-5; 6-8; 21</b>
<b>k)</b>	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)	<b>Pages 28-30; 32</b>
<b>l)</b>	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	<b>Not applicable</b>



<b>m)</b> 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;	<b>Page 31</b>
<b>n)</b> information on the presence of any insurance coverage or social security or pension plans, other than compulsory ones;	<b>Pages 11; 24</b>
<b>o)</b> 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.);	<b>Pages 22-23</b>
<b>p)</b> 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;	<b>Pages 17; 26</b>
<b>q)</b> 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;	<b>Pages 18-19</b>
<b>o)</b> 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.	<b>Page 26</b>

## 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	<b>Not applicable</b>
• 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	<b>Not applicable</b>
• any presence of performance criteria to which the assignment of indemnity is linked	<b>Not applicable</b>
• any effects of the termination of employment on rights assigned as part of financial instrument-based incentive plans or to be disbursed as cash	<b>Not applicable</b>
• 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	<b>Not applicable</b>
• any other compensation assigned on any ground and in any form whatsoever	<b>Not applicable</b>
• the compliance of the indemnity and/or other benefits with the indications of the relevant remuneration policy	<b>Not applicable</b>
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	<b>Not applicable</b>
• 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	<b>Not applicable</b>
• information on the procedure followed and the confirmation of the compliance of such procedure with the conditions indicated in the relevant remuneration policy	<b>Not applicable</b>
• information on the remuneration paid in such exceptional circumstances	<b>Not applicable</b>
The companies provide information on any application of <i>ex-post</i> 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.	<b>Page 39</b>

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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 **Pages 37-38**
- in the company results **Pages 37-38**
- 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 **Pages 37-38**

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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**

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# 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 voteholders 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, Manuela Soffientini, 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 x 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 (NFP):** 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 related management functions and powers.

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).





