



**REGULATION OF THE SUPERVISORY COMMITTEE
Of
Brembo Spa**

Approved by the Supervisory Committee on 25 June 2014

TABLE OF CONTENTS:

<u>1.</u>	<u>SCOPE AND PURPOSE OF APPLICATION</u>	<u>3</u>
<u>2.</u>	<u>DEFINITIONS AND ABBREVIATIONS</u>	<u>3</u>
<u>3.</u>	<u>MATRIX OF RESPONSIBILITIES.....</u>	<u>4</u>
<u>4.</u>	<u>OPERATING PROCEDURES.....</u>	<u>5</u>
4.1	APPOINTMENT, COMPOSITION AND TIME OF OFFICE OF THE SUPERVISORY COMMITTEE.....	5
4.2	OFFICE RENUNCIATION.....	5
4.3	CONFIDENTIALITY OBLIGATION	5
4.4	TASKS AND POWERS OF THE SUPERVISORY COMMITTEE	5
4.5	INFORMATION FLOWS TO THE SUPERVISORY COMMITTEE.....	7
4.6	SUPERVISORY COMMITTEE REPORTING ACTIVITY	9
4.7	COMMITTEE'S FRAMEWORK	10
4.8	CONVOCATION AND DECISIONS OF THE COMMITTEE	11
<u>5.</u>	<u>REFERENCE DOCUMENTS.....</u>	<u>12</u>

1. SCOPE AND PURPOSE OF APPLICATION

This document regulates the composition, the term of office and nonetheless the obligations, functions and powers of the Supervisory Committee as established by the Decree, in conjunction with the functioning, efficacy, suitability of and compliance with the Model.

2. DEFINITIONS AND ABBREVIATIONS

Sensible activities : Brembo's activities in which there is the risk of offence commission;

Brembo or Company or Parent Company : Brembo S.p.A;

Legislative Decree 231/2001 or Decree: Legislative Decree No. 231 of 8 June 2001, "managing the administrative liability of legal entities, companies and associations, including bodies devoid of legal personality" as further amended and extended.

Employees: all the subjects having a paid employment relationship with Brembo;

Model: the Organisational, Management and Control Model;

Committee or Supervisory Committee: Committee provided by the Model;

Chairman: Chairman of the Supervisory Committee;

Offences: the offences covered and contemplated under Legislative Decree 231/2001 and Legislative Decree 61/2002 as further amended and extended;

Group companies: Italian and abroad companies directly or indirectly controlled by the Company, pursuant to Art. 2359 of the Italian Civil Code;

RCC: Risks Control Committee;

BoD : Board of Directors;

BoSA : Board of Statutory Auditors;

p.c.: Penal Code ;

c.c.: Civil Code;

IA: Internal Audit;

LCB : Legal and Corporate Business;

SC: Supervisory Committee;

TUA : *Testo Unico Ambientale* - Environmental Consolidated Act (L. Decree 152/2006);

TUF: *Testo Unico Finanziario* - Financial Consolidated Act (L. Decree no. 58 of February 1998 – Draghi law)

3. MATRIX OF RESPONSIBILITIES

Type of Responsibility		Bodies Involved					
		Board of Directors	Board of Statutory Auditors	Supervisory Committee	Internal Audit	Legal and Corporate Business	All
Appointment of the Members of the Supervisory Committee	Primary responsibility	X					
	Supporting responsibility		X				
Suspension and Termination of Members of the Supervisory Committee	Primary responsibility	X					
	Supporting responsibility		X				
Appointment of the Chairman of the Supervisory Committee	Primary responsibility			X			
	Supporting responsibility						
Overseeing effectiveness and respect of the Model	Primary responsibility			X			
	Supporting responsibility				X	X	
Checking the adequacy of the Model	Primary responsibility			X			
	Supporting responsibility				X	X	
Analysing that the Model remains stable and effective over time	Primary responsibility			X			
	Supporting responsibility				X	X	
Updating the Model	Primary responsibility	X					
	Supporting responsibility			X	X	X	
Approval of the Model and subsequent changes	Primary responsibility	X					
	Supporting responsibility			X			
Reporting Model breaches	Primary responsibility						X
	Supporting responsibility			X	X	X	

4. OPERATING PROCEDURES

4.1 APPOINTMENT, COMPOSITION AND TIME OF OFFICE OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is a collegial mixed body, appointed by the Board of Directors and have at least 4 members.

All the members of the Board of Statutory Auditors and Brembo Internal Audit Director are compulsorily part of the Committee. Further members are all external and are selected amongst persons solely on the basis of the requirements of autonomy, independence, honourableness, professionalism and competence and continuity of actions as requested by the Decree and on the basis of criteria established by the Model.

In particular the external members of the Committee are chosen among academicians and professionals of known competence and experience in juridical nature issues (corporate, penal, civil, administrative and procedural), or financial, accounting, internal control, risk management and company compliance or organizational nature.

The Chairman of the Supervisory Committee is up to the Chairman of the Board of Statutory Auditors.

The time of office of the SC is 3 years as the one of the Board of Directors and the Board of Statutory Auditors.

4.2 OFFICE RENUNCIATION

The members of the Supervisory Committee can, anytime, renounce to their office. However in order to do it, they have to send written communication about their decision to the Board of Directors and the Board of Statutory Auditors of Brembo.

4.3 CONFIDENTIALITY OBLIGATION

The Supervisory Committee members must be bound by a confidentiality obligation in respect of any and all information of which they may become aware in the exercise of their office or tasks, the only exceptions are related to the disclosures expressly required by the Model and the current document.

The members of the SC must keep confidentiality on information they manage to carry out their duties and must be used only in compliance with the art. 6 of the Decree. In any case any and all information owed by the SC must be treated with the applicable law and, in particular, with the Consolidated Act regarding data protection (Legislative Decree, June 30, 2003, nr. 196 as further amended and extended)

4.4 TASKS AND POWERS OF THE SUPERVISORY COMMITTEE

In order to undertake its tasks indicated in the art. 6 of the Decree, the Supervisory Committee shall be invested with the following responsibilities:

- a) Oversee, on the basis of an activity plan (from now on “Plan”) approved annually, the effectiveness and respect of the Model. In particular in relation to the Organizational structure and its ability to prevent offences included in the Decree, suggesting –where necessary –

possible updating of the Model, with particular reference to the development and changes of the organizational structure, of the company functioning and/or the current law.

- b) Check, on the basis of the Plan, the appropriateness of the Model over time and the operative procedures (from now on “procedures”) adopted by the company. Thus fostering, also after consultation with the interested organizational units, all the necessarily actions in order to improve efficiency; this task includes also the evaluation of improving solutions to submit to the company top management and the following verification of their actuation and functioning.
- c) Analyse, on the basis of the Plan, that the Model and the Procedures remain stable and effective over time;
- d) Assess the actuation and the functioning of the proposed solutions through follow-up activities;
- e) Define and manage the information flows, actuating the Model. By doing this the Supervisory Committee will be constantly informed by the different organizational units about risky areas and nonetheless It will create tailored communication channels so to be aware of possible Model violations;
- f) Oversee the effective application of the Model and observe possible behavioural inconsistencies that might emerge from the analysis of either information flows or received reports;
- g) Actuate, in compliance with the Model, an efficient information flow towards the other competent company bodies. By doing this SC will disclose the necessary information to them about the efficiency of and the compliance with the Model;
- h) Promptly communicate to the Board of Directors in case of violations of norms and procedures that may give rise to possible offences foreseen by the Decree;
- i) Check the training activities performed for the diffusion, knowing and comprehension of the Model;
- j) Monitor that internal managers of risky areas will be adequately informed about tasks and assignments that could be putted in place in order to prevent offences foreseen by the Decree;
- k) Verify the existence and the content of the Disciplinary and Sanctioning System, foreseen in case of violation of the Model (from now on “Disciplinary System”). It has furthermore to give communication of possible violations of the same to the competent organs, identified by the Disciplinary system, in order to take appropriate actions and measures.

In order to undertake its tasks just listed, SC should have the following powers of initiative and control within Brembo that the said Committee shall exercise in compliance with the Model and to the related procedures to actuate it.

The following list is just illustrative and not exhaustive of the powers of the Committee:

- a) Access to any and all company information and documents relevant to exercise the tasks appointed to the SC as foreseen by the Decree.
- b) Demand the help of outside consultants, of proven professionalism, in case of particularly complex issues requiring specific skills. Considering however the procedures required for their appointment;
- c) Verify that the managers of different units will promptly supply required information, data and/or news;
- d) Proceed, whenever necessary, to the direct audition of employees and managers of the Company;
- e) Ask for information - through the appropriate organizational channels - to external consultants, commercial partners and auditors regarding activities done by them on behalf of the Company;

The involvement of the Supervisory Committee is fundamental in the violation assessment procedure and for the delivery of the related sanctions, i.e. a disciplinary action cannot be archived and a sanction cannot be delivered, for the violation of the Model, without prompt communication to the

Supervisory Committee and in case, if requested by the owner of the disciplinary power, with suggestions by the Supervisory Committee.

However SC does not have and cannot have, not even temporary, any managerial, decision-making, organizational or disciplinary power whatsoever in relation to Brembo activity.

For a better and more efficient completion of its tasks and objectives, in order to perform its own operative activity, the Committee can make use of Brembo Internal Audit, Legal and Corporate Business and nonetheless of other units that, time by time, might be useful in the accomplishment of its different functions.

The Committee may, furthermore, decide to delegate one or more specific tasks to its single members, on the basis of their specific competences and however with the obligation to report to the Committee itself. As a matter of fact the collective responsibility of the Committee remains.

The Supervisory Committee meets at least every 3 months at Brembo. However in case of specific requirements, the Chairman can convene the Committee without delays.

4.5 INFORMATION FLOWS TO THE SUPERVISORY COMMITTEE

The Supervisory Committee, in compliance with the Model, must necessarily be informed by the recipients of the Model about any and all acts, behaviours and events that might bring to a violation of the Model itself or that, broadly speaking, might be relevant pursuant to the Decree.

The information flows towards the Supervisory Committee regard:

- i. ad hoc information flows described in the focus 4.5.1;
- ii. whistleblowing reports described in the focus 4.5.2;
- iii. ongoing and periodic information flows described in the focus 4.5.3, done through:
 - Periodic report and Group periodic report towards the Supervisory Committee, sent at least two times a year;
 - The periodic update, done by the Compliance 231 unit towards the SC, about the Model, its update status and its tools and nonetheless about the compliance activities performed by the Group.

The Committee analyses the information received and evaluates the need to deliver specific recommendations / suggestions to the competent units.

4.5.1 Ad hoc information flows towards the Committee from internal company members or third parts are related to actual and potential criticalities; and regard:

Occasional news in relation to whom is necessary a prompt information to the Committee. In this case the information obligation regards:

- i. Measures of and/or news by the judicial police, or any other authority, pertaining to investigations/verifications, concerning the Company, for administrative malpractices or offences covered under the Decree;
- ii. Requests for legal assistance forwarded by company directors, officers and/or employees, in case of launching of legal proceedings due to an offence covered under the Decree as further amended and extended;

- iii. News related to effective actuation, throughout the company's levels, of the Model. The evidence of any disciplinary action taken and possible sanctions imposed to, or the filing without further action of such reports, providing reasons for the same must be provided along with the related new;
- iv. Reports prepared by control activities and auditors in which there are elements presenting critical aspects in relation to the norms under the Decree;
- v. Every anomaly found during the verification activities performed by Internal Audit;
- vi. Reports related to accidents at work occurred within Brembo S.p.A., with indication of their gravity and separate indication of the ones that have caused an absence from work of more than 40 days or however severe accidents.

The Committee can furthermore require information from external auditors, regarding the activities performed by them, that can be useful for the implementation and actuation of the Model.

4.5.2 Regarding whistleblowing, the Committee evaluates the information received (also the anonymous ones) and determines the possible actions, listening when possible the author of the warning and/or the responsible of the violation and/or any other subjects it may consider helpful, giving written motivation of its conclusion.

The Committee verifies the presence of proper information channels that enable the communication of possible warnings related to malpractice or violation of the Code of Ethics and Model (as prescribed by specific internal procedures) and furthermore adopts appropriate measures to guarantee the privacy of the "whistle-blower".

All the recommendation, in whatever form, are collected and archived by the Supervisory Committee. The information communication channels are outlined in the "PR.W.IA – 01 Warning Procedures", available on the Brembo web site in the section: Investors / Corporate Governance / Whistleblowing to Supervisory Committee.

The Supervisory Committee will act in order to protect the "whistle-blowers" against every retention, discrimination or penalization, ensuring also his/her privacy. Exceptions will be related to law compliance and the protection of Brembo's rights or of the people accused erroneously or out of malice.

4.5.3 In relation to the ongoing information flow, other than the news described above, the relevant information about current activities must be communicated to the Committee.

In particular:

- a) the assessments done for External Auditors selection, along with the declarations made to verify the lack of incompatibility issues between External Auditors and the Company itself; information regarding duties, conferred or that the Company is willing to confer to Auditors, other than the ones related to Balance sheet certification; possible variation in the adopted proxy and power of attorney system along with possible criticalities in its application;
- b) the register containing the names of the subjects bound to communicate as prescribed by Art. 114, paragraph 7, TUF;
- c) the actions taken by "relevant subjects" under the Internal Dealing procedure dispositions;
- d) documentation related to request, expenditure and management of public financing;
- e) contracts and supplies acquired by the Company after publicly evident procedures or private deal with public entities;
- f) news related to significant organizational and procedural changes that might affect the Model;
- g) possible transactions with clients / suppliers / partners operating in countries with indication of possible criticalities pursuant to the Model;

- h) exceptions or deviations found during the controlling activity, done by Internal Audit. They include also deviations from or exception to the standard procedure and praxis used for receipts and payments;
- i) contentious issues, even extra-judicial, related to cases relevant to the Decree;
- j) accidents and violation of Technological Security related to cases relevant to the Decree;
- k) information and training activities documentation fulfilled in compliance with the Model and, nonetheless, the employee participation documentation;
- l) documentation about monitoring and verification activities, performed by the appointee body, of environmental achievements. Monitoring documentation of environmental issues;
- m) Possible environmental inspection Minutes from Public entities and/or Control Authorities (ASL, ARPA, etc.) and every other relevant document related to environment, safety at the workplace and personal data processing;
- n) every useful document for the evaluation of the forecast and the maintenance over time of appropriate facilities. Facilities constituted to prevent illegal behaviors in the use of technological instruments and systems and in the data processing;
- o) the procedures created to protect health and safety at the workplace, plus any further modification that affects the organizational framework and Brembo protocols related to the topic. Nonetheless documents relevant to health and security in the workplace management system, e.g. Risk Assessment Document, Accident Register, Emergency plan, Minutes of the Prevention and protection against risk periodic meeting, environmental analysis and office inspection;
- p) possible Brembo expenditure towards public administration entities, e.g. contributions, sponsorship and/or donations, specifying nature, amount and recipients, excluding those provided for under development agreements;
- q) Possible Brembo expenditure towards various private entities, e.g. contributions, sponsorship and/or donations, specifying nature, amount and recipients (e.g.: any kind of association excluding commercial partners);
- r) The consultation report along with the list of orders emitted for the entire Group to consultants that: have a relationship with the public administration, as specified in the consultation request; have been activated through single sourcing process;
- s) Information related to: homages register, hospitality, entertainment received and given by Brembo S.p.A.;
- t) Whistleblowing report on the topic: Code of Basic Working Condition.

The activities performed in each risky area are subjected to specific communication towards the Committee through the forwarding of appropriate analysis Sheets, about problematic and sensible activities. This is done by the Brembo function in charge of the compliance with Legislative Decree 231/2001, on the basis of regular updating activities performed by the 231 referents.

The Supervisory Committee controls these Sheets, checks their content (also in case of audits regularly planned) with the different responsible and it is in charge of record-keeping them. The Committee however still has the power to do further controls for which it will have to supply written evidence.

4.6 SUPERVISORY COMMITTEE REPORTING ACTIVITY

The Supervisory Committee, within its appointed tasks, manages the qualified social organs information so that they will be able to adopt the subsequent measures and actions necessary to guarantee the effective and periodic adequacy and actuation of the Model.

In particular the Supervisory Committee reports every six months to the Board of Directors and the Board of Statutory Auditors about:

- a) Activities performed, with particular mention of the ones related to the assessment of Risky and sensible Activities underlined by the Decree;
- b) Criticalities emerged in relation to both behaviours or events within the Company and efficacy of the Model;
- c) Analysis of possible received whistleblowing reports and relative decisions and actions made by the Committee and other concerned subjects;
- d) Proposals about amendment and update of the Model;
- e) Information about the Activity Plan.

The Committee has also to create ad hoc information flows, despite the foreseen periodical flows, whenever the circumstances require it. In such cases, the Committee has to promptly report to the highest management levels (Chairman of the Board of Directors, Executive Deputy Chairman, CEO) regarding:

- a) Any Model violation the Committee has known after whistleblowing or that has already assessed itself;
- b) Relevant organizational or procedural lacks that can seriously determine the danger of committing an offence covered under the Decree;
- c) The lack of collaboration of the company's structures;
- d) Existence of penal procedures against either subjects operating on behalf of the Company or the Company itself, due to offences covered under the Decree. Procedures the Company got to know during the performance of its functions;
- e) Results of the assessment done by the Committee as a result of an inquiry started by the Judicial Police for offences covered under the Decree;
- f) Any and all information considered useful for the undertaking of urgent actions by the highest management levels (Chairman of the Board of Directors, Executive Deputy Chairman, CEO).

The Supervisory Committee has furthermore to report without delays to:

- Audit and risks Committee and Board of Directors, about any possible Model violation done by the Chairman of the Board of Directors, Executive Deputy Chairman, CEO, Company's managers or members of the Board of statutory auditors;
- Board of statutory auditors, about any possible Model violation done by external auditors or by members of the Board of Directors, in order to implement the necessary measures prescribed by law.

The Minutes are quarterly transmitted to the Executive Director in charge of the Internal Control System and Risk Management.

The Supervisory Committee prepares also, periodically and at least once a year, a written report on the performed activities. Then it sends it, along with the possible motivated report of the expenditures, to the Chairman of the Board of Directors, Executive Director in charge of the Internal Control System and Risk Management, Chairman of the Board of statutory auditors, Chairman of the Control and risks Committee. The report contains integration and modification proposals of the Model.

4.7 COMMITTEE'S FRAMEWORK

The Chairman is in charge of convening the Committees' meetings, as explained by the following point - 4.8. He/She verifies its correct constitution, regulates the meeting and checks the results of the votes.

In case of absence or temporary impediment of the Chairman, his/her functions are exercised by the oldest Auditor of the Committee.

The Committee may decide to delegate one or more specific tasks to its single members, on the basis of their specific competences. The appointed member has then the obligation to report to the Committee on the activities done, during the first meeting, so that the Committee will be able to exercise the appropriate control.

The Committee is furthermore supported in the fulfilment of its functions by a Technical Secretariat appointed by the Committee itself.

The Technical Secretariat has the following functions:

- Arranges everything necessary to the Committee meeting (convocations, information material, etc.);
- Keeps all the acts related to the Committee' activities (minutes, results of the controls, received and sent reports);
- Manages every activity needed for the correct and smooth functioning of the Committee;
- Acts as a Secretary during the Committee's meeting.

The Committees' documentation is kept in a dedicated Committee room, sited at Brembo S.p.A. Viale Europa 2, Stezzano (BG) ITALY

4.8 CONVOCAZIONE AND DECISIONS OF THE COMMITTEE

The Committee meets quarterly and every time the Chairman requires it, or when at least two members require it by the head office. The Board of Directors can, anytime it wants, ask to the Chairman to convene a meeting in order to talk about particularly important issues. The Committee appoints a Secretary, who has to fulfil the functions described in the point above - 4.7.

The Chairman call the Committee through a communication containing the agenda of the meeting. This has to be send by e-mail or other used communication forms (telegram – fax) well in advance or, in case of urgency, at least 24 hours before the meeting date. The required documentation has to be deposited at the Technical Secretariat and has to be available to all the members of the Committee. Every member has furthermore the ability to insert a new topic in the agenda.

The components of the Committee that cannot attend the meeting have to send written communication to the Technical Secretariat.

The meeting of the Supervisory Committee are validly constituted with the presence of the majority of the members, and are presided by the Chairman supported by the Secretary.

However the meeting is considered again validly constituted, even without a formal convocation, when all the members participate to it.

The possibility that the Committees' meeting will take place through a telecommunication system is permitted. However all the participants have to be identified and have to be able to attend the discussion properly. They also have to be able to intervene simultaneously during it, and nonetheless to examine the documents in real time. If all these requirements are fulfil, then the place where the meeting has taken place will be considered the one where the Chairman and the Secretary were.

The decisions of the Committee are made by absolute majority of the presents. Each member has one vote; in case of parity the vote of the Chairman prevails (or the vote of the one that substitute him/her has explained in a previous point – 4.1). The vote is broad, unless the Committee differently establish it through motivated documentation. The contrary member has the right to see, written on the Minutes, the reasons of his/her dissent.

Every member of the Supervisory Committee must notify to the other members any interest they have (for themselves or on behalf of other) within the activity/activities the Committee manages specifying nature, terms, origin and reach of it.

If he/she is a member that was appointed with delegated function, he/she must refrain from performing that activity and has to appoint for its performance the Committee as a whole.

In case these situations happen, evidence of the happening has to be presented in the Minutes.

The Supervisory Committee can decide, within its meeting, to audit employees, members of the organizational organs, external consultants. These audits have to be verbalized and the Technical Secretariat is in charge of the verbalization of the meetings.

The Minutes has to be signed by the Chairman and the Secretary, and kept along with the documents of the Committee.

In case of access requests to the information and the archive of the Committee, received from third parts, the Chairman is in charge to make the decision.

5. REFERENCE DOCUMENTS

- Organisational, Management and Control Model
- Legislative Decree 231/2001
- Periodic Report to the Supervisory committee
- Periodic Report of the Supervisory committee by the group companies