

ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS, PURSUANT TO ARTICLE 125-TER OF CONSOLIDATED LAW ON FINANCE, AND CONCERNING THE SIXTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BREMBO S.P.A., CALLED ON 20 APRIL 2017 (SINGLE CALLING).

6. Appointment of the Board of Statutory Auditors: 6.1. appointment of three Acting and two Alternate Auditors; 6.2. appointment of the Chairman of the Board of Statutory Auditors; 6.3. determination of the annual remuneration of the members of the Board of Statutory Auditors for each annual term. Related and ensuing resolutions.

Shareholders,

With reference to the sixth item on the agenda and pursuant to Article 2364, paragraph 1(2)(3), of the Italian Civil Code, the Ordinary Shareholders' Meeting has been convened to **appoint the Board of Statutory Auditors**, as the three-year term of office of the previous Board of Statutory Auditors has expired.

Accordingly, during the Ordinary Shareholders' Meeting, you are called upon to appoint a new Board of Statutory Auditors in accordance with Article 22 of the Company's By-laws, applicable provisions of law and the implementing regulations enacted by Consob. To that end, you are called upon to appoint the Chairman of the Board of Statutory Auditors and set the yearly remuneration to which the members of such Board are entitled.

Pursuant to the By-laws (Article 23), the Board of Statutory Auditors discharges the supervisory duties and the adequacy of the accounting structures entrusted to it under applicable laws and regulations and supervises compliance with the law, therefore Audit Committee (Article 19 of the Legislative Decree No. 39/2010, modified by Legislative Decree No. 135/2016) is identified with the Board of Statutory Auditors.

Pursuant to the By-laws, the appointment of the Board of Statutory Auditors is based on lists, so as to ensure that minority shareholders are duly represented in the Board and the mandatory principle of gender balance is complied with. The right to submit a list can be exercised by Shareholders who, separately or jointly with other Shareholders, in the day in which such lists are filed with the Company, can give evidence that they hold at least 1% of share capital with voting rights.

In this regard, with reference to the **submission of lists**, it should be recalled that, in accordance with the provisions of Article 22 of the By-laws, as well as the applicable laws in force and the implementing rules issued by Consob:

- the Board of Auditors shall be made up of 3 acting auditors and 2 alternates, appointed by the General Meeting on the basis of voting lists submitted by shareholders;
- the voting lists submitted for the aforesaid purpose must be divided into two sections: 1 for candidates for the post of acting auditor and the other for candidates for the post of alternate. All the voting lists submitted must include at least 1 candidate for the post of acting auditor and, in any event, a number of candidates not exceeding the total number of members to be appointed to the Board of Auditors. The lists containing a number of candidates equal to or greater than 3, considering both sections, must include a number of candidates in the acting Statutory Auditors' section such as to ensure that the composition of the Board of Statutory Auditors, in respect of its acting members, complies with the laws and regulations on gender balance (men and women) from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non-integer number, this must be rounded up to the next higher unit;
- each candidate may appear on only one list, upon penalty of ineligibility;
- the right to submit a list can be exercised by Shareholders who, separately or jointly with other Shareholders, in the day in which such lists are filed within the Company, can give evidence that they hold at least 1% of share capital with voting rights. In detail, each party entitled to vote (as well as (i) shareholders belonging to the same group, the latter term being defined to include the party, which

need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party; or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of the Consolidated Law on Finance (TUF); or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries or trust companies, a single list of candidates, under pain of disqualification of the list;

- a shareholder may not vote, neither through third party intermediaries nor trust companies, for more than one list; said restriction also applies to the shareholders specified under (i), (ii) and (iii) illustrated in the point above of this report;
- ownership of the number of shares necessary to qualify to submit lists must be certified, at the time the list is filed or, at the very latest, no less than 21 days prior to the scheduled date of the Shareholders' Meeting (i.e., no later than 30 March 2017), by presentation of a notice issued by the intermediary in respect of the shares recorded as registered in the name of each of the Shareholders in question, as at the date on which the lists are lodged with the Company;
- shareholders who intend to submit (or to participate in submitting) a list and who are directly or indirectly associated, as defined in Article 144-*quinquies* of the Rules adopted by Consob with Resolution 11971 of 14 May 1999, as amended (the "Rules for Issuers"), with other shareholders who have submitted (or participated in submitting) another list are required to state their intention to do so at the beginning of the Shareholders' Meeting at which the Board of Statutory Auditors is appointed, and this statement must be recorded in the minutes of the Shareholders' Meeting;
- the said lists of candidates, duly signed by the Shareholders submitting the same, must be filed with the Company's registered office in Stezzano (Bergamo), at Viale Europa, 2 – 24040 (for the attention of the Legal and Corporate Affairs Dept.), or forwarded to the certified e-mail address brembospa@pec.brembo.it, at least 25 calendar days prior to the scheduled date of the Shareholders' Meeting held in single calling (i.e., no later than 5.00 p.m. on 26 March 2017), together with the documents required under applicable regulations and the aforesaid Articles of the By-laws;
- lists must be filed with/forwarded to the Company under the terms and conditions specified above, together with:
 - (i) declarations issued by each candidate attesting their acceptance of their candidature and further attesting, under their own responsibility, that they do not labour under any of the reasons or causes of disqualification and ineligibility and that they meet the requirements of personal integrity and professionalism imposed under applicable regulations for such posts;
 - (ii) exhaustive information on each candidate's personal and professional features (*curriculum vitae*);
 - (iii) a list of directorships or auditorships held in other companies or bodies by candidates seeking appointment to the Board of Auditors, if the same are significant in light of restrictions on the cumulative number of positions the members of the Board of Auditors may hold, imposed pursuant to these By-laws or under applicable statutory and/or regulatory provisions;
 - (iv) a list of the shareholders submitting the voting list, with an indication of their names, company names, registered offices, registration number with the Office of the Registrar of Companies or an equivalent body, and the overall percentage of share capital held by the shareholders submitting the voting list. Any lists submitted by shareholders other than those who possess a controlling (or relative) majority shareholding in the Company, shall be accompanied, pursuant to Article 144-*sexies* (4)(b) of the Rules for Issuers, by a declaration from the each shareholder submitting the list certifying the absence of any relationships of affiliation pursuant to Article 144-*quinquies* of the Rules for Issuers;
- voting lists submitted other than in compliance with the provisions of this article, shall be deemed as never having been submitted;
- the lists shall be made available for public consultation at the Company's legal office in Curno (Bergamo), at Via Brembo 25, the website www.brembo.com, under Investor Relations/Shareholders' Meeting, as well as at Borsa Italiana S.p.A., at least 21 days prior to the scheduled date of the Shareholders' Meeting (i.e., no later than 30 March 2017);

- if, pursuant to Article 144-*sexies* (5) of the Rules for Issuers, on the final date of the term indicated for the submission of lists, only one list has been deposited, or only lists presented by shareholders who are connected to each other as contemplated by Article 144-*quinquies* of the Rules for Issuers, lists can be presented until the third day following that date, i.e., until 29 March 2017. In such a case, the 1% share capital threshold shall be reduced by half;
- if no lists are submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and its Chairman by majority of the voters in accordance with the law, whereas if only a single list is submitted, the entire Board of Statutory Auditors shall be drawn from that list and the first candidate on the list shall act as the Chairman of the Board of Statutory Auditors, all in accordance with applicable provisions of laws and regulations governing the balance of the genders (men and women) (including the rounding-up to the next higher unit in the event the application of the distribution criterion between genders results in a non integer number);
- in order to be eligible for the office of statutory auditor, pursuant to applicable laws and Articles 22 and 23 of the By-laws, candidates:
 - (i) must not labour under any of the reasons or causes of disqualification and ineligibility as per Article 148 (3) of TUF;
 - (ii) must meet the requirements of personal integrity and professionalism imposed with reference to listed companies by the Decree of the Italian Minister of Justice No. 162 of 30 March 2000; and
 - (iii) must comply with the limits to the cumulation of positions of members of the Board of Auditors established by Article 148-*bis* of TUF and Article 144-*terdecies* of the Rules for Issuers.

In addition, according to the new Article 19 of the Legislative Decree No. 39/2010, modified by Legislative Decree No. 135/2016, that adopted Directive UE 2014/56, the appliers to the Board of Statutory Auditors:

- (i) they will be chosen from those who have gained at least three years in professional or academic activities strictly related to the Brembo's business; or
- (ii) they have held management positions in companies that operate in market area closely related to the business of Brembo, or
- (iii) they have held management and supervisory skills for a suitable period in companies belong to the same market area and the same sizing of Brembo.

The lists shall be numbered in serial order according to the date of their filing with or submission to the Company.

Without prejudice to the foregoing, with reference to the procedures regulating the **voting process** to appoint the Board of Statutory Auditors, the above-mentioned Article 22 of By-laws provides that:

- (a) the first two candidates for the post of statutory auditor and (b) the first candidate for the post of alternate auditor, appearing in serial order on the list that obtained the highest number of votes, shall be appointed to the Board of Auditors;
- (a) the first candidate for the post of statutory auditor, who shall also be appointed Chairman of the Board of Auditors, and (b) the first candidate for the post of alternate auditor, if indicated, appearing in serial order on the list receiving the second highest number of votes and that is not directly or indirectly linked with the shareholders who submitted or voted the list that obtained the highest number of votes; in the case where no candidate for the post of alternate auditor is included in the said list, the first candidate for the post of alternate on the list obtaining the next highest number of votes, and that is not directly or indirectly linked with the shareholders who submitted or voted the list the obtained the highest number of votes, shall be deemed appointed to the said position;
- should the voting process not comply with law and regulations on the gender balance (men and women) from time to time in force (including the rounding-up to the next higher unit in the event the application of the distribution criterion between genders results in a non-integer number), the last-elected candidate for the post of statutory auditor of the most represented gender taken, in serial order, from the list that obtained the highest number of votes, will be excluded and replaced by the first unelected candidate of the opposite gender taken from the same list.

As for the **remuneration** to be assigned to the members of the Board of Statutory Auditors, which falls within the purview of the Shareholders' Meeting, pursuant to the law and the By-laws, the Board of Directors shall refrain from formulating specific proposals on this subject and shall ask the Shareholders to decide on the motions that may be formulated at the session of the Shareholders' Meeting.

In light of Article 125-*bis* of TUF (concerning the need to make draft resolutions available to the Shareholders) and Article 135-*undecies* of TUF (concerning the need for Shareholders to give voting instructions to the representative designated by the Company, pursuant to the above Article, where the person concerned is delegated by one or more of the aforesaid Shareholders), the draft resolutions concerning the sixth item on the agenda of the Shareholders' Meeting are set out below, it being understood that, since the resolutions in question concern the appointment of the Board of Statutory Auditors, they are necessarily incomplete as at the date of this report, since the deadline by which the lists must be filed has not yet expired and additional/alternative proposals beyond those indicated below may be submitted to the Shareholders' Meeting.

It bears clarifying that each point of the following draft resolutions and any additional motions submitted for the approval of the Shareholders' Meeting will be put to a separate vote by the Shareholders' Meeting in order to permit those entitled to vote and their proxies with voting instructions to vote separately on each of the aforementioned items, where applicable according to the voting instructions they have been given.

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

Motion

“The Ordinary Shareholders' Meeting of Brembo S.p.A.:

- having acknowledged the lists of candidates for the office of Statutory Auditor, accompanied by the necessary documentation, have been validly submitted, pursuant to currently applicable laws and regulations and the By-laws;
- having acknowledged the results of voting;

resolves

- (1) to appoint as Acting and Alternate Auditors, and as Chairman of the Board of Statutory Auditors the candidates included in the list [●], with a term of office of 3 (three) financial years, expiring on the date of approval of the Financial Statements for the year ending 31 December 2019;
- (2) to set the overall remuneration per year of the members of the Board of Statutory Auditors at Euro [●] of which Euro [●] for the Chairman of the Board of Statutory Auditors and Euro [●] for Acting Auditors;
- (3) to authorise the Chairman and Deputy Chairman, separately, to take all actions necessary to the full execution of the aforementioned resolutions, with any and all necessary and appropriate powers to that end, without exclusion, and with the power to delegate third parties.”

Stezzano, 3 March 2017

On behalf of the Board of Directors
The Chairman
signed by Alberto Bombassei