

2016

Annual Remuneration Report of Brembo Group

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INTRODUCTION

The remuneration policy for Directors, and particularly those vested with executive powers, is a key tool in ensuring the alignment of the interests of shareholders and those of the management, with a view to constantly improving individual and corporate performances, thereby creating value in the medium/long-term. Furthermore, the remuneration policy falls within the broader context of systems designed to attract, motivate, satisfy and retain human resources who can best contribute to Company's success.

In preparing the Annual Remuneration Report (hereinafter, for brevity, also referred to as the "Report"), Brembo S.p.A. — as the parent company of the Brembo Group (hereinafter, for brevity, the "Group") — aims to provide the market with comprehensive and accessible information about the company's remuneration policies, thereby ensuring that its corporate governance system is duly implemented. Detailed information on the Group's remuneration strategy allows all shareholders and, in general, all stakeholders to be more broadly engaged in assessing the remuneration policies, enhancing the accuracy of their Company's evaluation and fostering the exercise of their rights on an informed basis.

In compliance with the Corporate Governance Code's recommendations and in line with the approach adopted in previous years, the Company voluntarily decided to continue providing detailed information to ensure high transparency and effective disclosure, in order to strengthen investors' and market confidence in the Company. For shareholders' ease of understanding, a table attached to this Report provides a reconciliation between Consob requirements as per Resolution No. 18049 dated 23 December 2011 and the content of the Report.

With this document, the Company's Directors aim to provide the General Shareholders' Meeting with a report that describes the overall 2016 Remuneration Policy, also including in Section II details about the actual implementation of the 2015 Remuneration Policy as approved by the Board on 5 March 2015.

The Annual Remuneration Policy defines the principles and guidelines adopted by the Group to establish and monitor its remuneration policy and the ensuing implementation across the Group, with reference to all members of the Governing Bodies, General Managers and Key Management Personnel.

In compliance with Article 123-ter of the Consolidated Law on Finance (i.e., Article introduced in Legislative Decree No. 58/1998 by Legislative Decree No. 259/2010) and upon proposal submitted by the Remuneration & Appointments Committee, this Remuneration Report was approved by the Board of Directors during the meeting held on 18 March 2016. Section I will be submitted to the General Shareholders' Meeting scheduled for 21 April 2016, at first call.

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"), 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 Remuneration Report was also drawn up in compliance with Consob Resolution No. 18049 of 23 December 2011, which amended Article 84-*quater* of Consob's Rules for Issuers enacting the aforementioned TUF.

Article 123-ter, paragraph 6, of TUF sets out that "the Shareholders' Meeting [...] shall pass a favourable or unfavourable resolution on the section of the remuneration report established by paragraph 3" (i.e., in Section I of this document).

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 compensation adopted by the Company.

The 2016 Remuneration Policy included in this document was defined on the basis of the principles and application criteria established by Article 6 ("Directors' Remuneration") of the Corporate Governance Code issued by Borsa Italiana (as amended in July 2015). The Company has adhered to the above-mentioned Code by adopting its own Corporate Governance Code, whose latest update was approved by the Board of Directors on 18 December 2015.

Lastly, it bears noting that this Report was drawn up in accordance with Article 4.4.3, paragraph ii), of the Related Party Transactions Procedure approved by Brembo S.p.A.'s Board of Directors on 12 November 2010, as further amended and extended.

Pursuant to Article 123-ter of TUF (Legislative Decree No. 58 of 24 February 1998, as further amended), this Report consists of the following sections:

- SECTION I, which provides information on the Remuneration Policy to be applied to the members of the Governing Bodies and Key Management Personnel. This section prospectively illustrates:
 - a) the Company's Remuneration Policy to be applied to members of the Governing Bodies, General Managers and Key Management Personnel at least up to the following year;
 - b) the procedures used to adopt and implement this policy;
- SECTION II, which is divided into two parts. The first provides details on each component of the remuneration package. The second one reports analytical details of the remuneration paid, for any reason and in any form, by the Company and its subsidiaries or associates for the year under review, through tables attached to the Report and forming integral part thereto. This section aims to provide information on the implementation of the remuneration systems and the actual remuneration paid out or payable to the company population to which the Report refers.

Section II provides specific details of:

- a) remuneration of the members of the Governing and Supervisory bodies, and General Managers;
- b) remuneration of any other member of Key Management Personnel who received, during the year, an overall remuneration (i.e., total amount of any monetary compensation) greater than the highest overall remuneration attributed to the individuals mentioned under letter a) above.

SECTION I

Foreword

The Annual Remuneration Policy provides a consistent brief overview of the principles and guidelines adopted by Brembo S.p.A. to establish and assess its remuneration policy and the relevant implementation across the Group, involving all the members of the Governing Bodies and Key Management Personnel.

In detail, this Report focuses on the members of the Board of Directors, including the CEO and General Manager, and Key Management Personnel.

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

1.1 Scope and recipients

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

- define a remuneration system based on fairness and meritocracy, able to both attract and retain human resources who, thanks to their talent and excellent professional skills, can successfully work and operate within the Company;
- motivate those resources to achieve increasingly challenging performance targets in view of a constant improvement, also through the adoption of incentive schemes designed to orient them towards the fulfilment of strategic business objectives, hence creating value and aligning the management's interests and shareholders' expectations.

In fact, also through short- and medium/long-term variable components, the Policy intends to bring its human resources' interests in line with the company's key objective of creating value for shareholders and achieving pre-set medium/long-term financial results.

This is attained by linking part of the remuneration to the achievement of performance objectives that are set and established in advance through the Management by Objectives (MBO) annual Incentive Plan and the Medium/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 Group's Human Resources & Organisation Department, the General Shareholders' Meeting and the Board of Statutory Auditors.

In detail, key areas of responsibility are as follows:

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

1.2 Remuneration & Appointments Committee

Pursuant to the provisions set forth in Borsa Italiana's Corporate Governance Code, which Brembo S.p.A. fully complies with, in February 2001 the Company's Board of Directors established the Remuneration Committee, which later became the Remuneration & Appointments Committee, made up of a majority of non-executive, independent Directors¹ and defined its tasks and powers.

The Remuneration & Appointments Committee appointed on 29 April 2014 consists of the following members:

- Barbara Borra: Chairwoman and Non-executive, Independent Director;
- Giovanni Cavallini: Committee member and Non-executive, Independent Director;²
- Umberto Nicodano: Committee member and Non-executive, Non-independent Director;

The Remuneration & Appointments Committee acts in accordance with Regulations (set out in the Brembo Corporate Governance Manual) that implement the recommendations of the 2015 Corporate Governance Code with a view to:

- ensuring that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer and General Manager, 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 potential conflicts of interest;
- identifying the optimal composition of the Board, by indicating the professional roles that may promote its proper and effective functioning and contributing to the preparation of the succession plan for Executive Directors.

¹ The provision set forth in the 2015 Corporate Governance Code requires the Remuneration Committee to be composed of independent Directors only, or, alternatively, of a majority of independent Directors, provided that the Chairman is an independent Director.

² Committee member with appropriate financial expertise and experience.

In accordance with the provisions on remuneration set forth in the 2015 Corporate Governance Code, the Remuneration & Appointments Committee has the following tasks:

- 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 regards 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 Remuneration Report that they 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 Chairman, Executive Deputy Chairman, and the CEO and General Manager 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.

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.

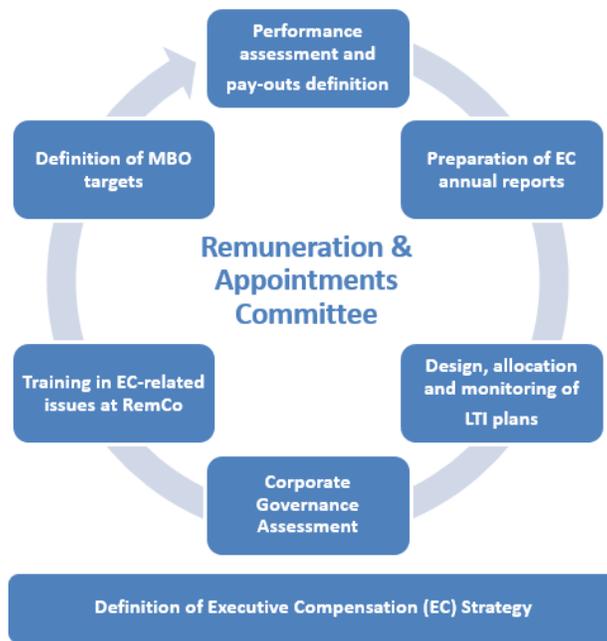
For further information concerning the Remuneration & Appointments Committee's activities in 2015, reference should be made to paragraph 6 of the 2015 Corporate Governance and Ownership Structure Report, published concurrently with this Report.

During its meetings, the Remuneration & Appointments Committee examined the issues falling within its remit and submitted the relevant motions to the Board of Directors.

In addition, since the Long-term Incentive Plan (2013-2015 LTIP) ended in 2015, during the year the Remuneration & Appointments Committee, in collaboration with the Group's Human Resources & Organisation Department, focussed on preparing the motion for the new incentive system for the three years 2016-2018, which was approved by the Board of Directors on 18 March 2016. To that end, the Chairman of the Committee and its other members consulted constantly with the Group's Human Resources & Organisation Department to explore the various aspects of the proposal.

At the date of approval of this Report, the Committee has already held one meeting to examine the actual results of the annual Short-term Incentive Plan (2015 MBO) and the Incentive Plan for Executive Directors and Top Managers (2013-2015 LTIP), as well as to review this Report and subsequently submit it to the Board of Directors for approval.

It should however be noted that the Remuneration & Appointments Committee carried out its activity as part of an ongoing process, made up of the following chronological macro-phases: focus on performance assessment and the definition of variable remuneration pay-outs; draft of the Remuneration Report; analysis of variable incentive plan targets; and assessment of main executive compensation elements.



1.3 Board of Directors

Brembo S.p.A.'s Board of Directors, which attended the General Shareholders' Meeting called to approve the 2013 Financial Statements (29 April 2014), was made up of 11 Directors³: Alberto Bombassei (Chairman), Matteo Tiraboschi (Executive Deputy Chairman), Andrea Abbati Marescotti (CEO and General Manager), Cristina Bombassei, Barbara Borra, Giovanni Cavallini, Giancarlo Dallera, Bianca Maria Martinelli, Umberto Nicodano, Pasquale Pistorio, and Gianfelice Rocca.

Pursuant to the Company's By-laws and Corporate Governance Code, and solely for matters related to this Report, the tasks of the Board are the following:

- 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, periodically comparing the results achieved with those planned;

³ In detail, for 2016 the Board of Directors is composed of: 4 Executive Directors (Alberto Bombassei, Cristina Bombassei, Matteo Tiraboschi, Andrea Abbati Marescotti), 2 Non-executive Directors (Giancarlo Dallera, Umberto Nicodano), 5 Non-executive and Independent Directors (Barbara Borra, Giovanni Cavallini, Bianca Maria Martinelli, Pasquale Pistorio, Gianfelice Rocca).

- 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 into account the professional expertise, experience (including managerial experience), gender and seniority of service;
- in light of the assessment mentioned in the previous point, expressing its opinion before the appointment of the new Board, so as to inform Shareholders on professionals whose presence in the Board is deemed appropriate.

1.4 General Shareholders' Meeting

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

- appoint and remove the members of the Board of Directors, appoint the Board of Statutory Auditors and its Chairman and Deputy Chairman;
- establish the overall remuneration for the Board of Directors and the Board of Statutory Auditors;
- express an advisory vote on the Report.

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 comparable peers operating in the same industry. In addition, Brembo monitors trends and best practices on the Italian market.

Mercer Italia and Towers Watson Italia 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 Department supports the Remuneration & Appointments Committee in drafting the report by providing market information about practices, policies and benchmarks to help improve the policy and to involve relevant independent experts, if needed.

Upon proposal from the Remuneration & Appointments Committee, which in turn can ask for the support of the Group's Human Resources & Organisation Department, the Board of Directors prepares and adopts the Remuneration Policy, making it part of internal company rules and regulations. It specifically determines the content 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 2.2.3), and the Group's incentive plans (paragraph 2.3). Pursuant to the By-laws, as concerns the remuneration 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 Policy, the latter is submitted to the Shareholders' Meeting for an advisory vote and is made available by publishing the Remuneration Report at least 21 days prior to the date on which the General Shareholders' Meeting is convened.

The complete Remuneration Report, and specifically Section II, was previously examined by the Remuneration & Appointments Committee on 3 March 2016 and subsequently approved by the Board of Directors on 18 March 2016.

The Related Party Transactions Procedure, as approved by the Board of Directors on 12 November 2010, does not apply to the decisions of the General Shareholders' Meeting pursuant to Section 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.

2 – Details of the Company's Remuneration Policy

2.1 Contents of the Policy

The Board of Directors has defined a general policy for the remuneration of Executive Directors, Directors holding special offices and Key Management Personnel (Principle 6.P.4 of the Corporate Governance Code) also for 2016.

This remuneration policy was defined taking into account market practices, especially those adopted by Italian multinationals as regards executive compensation.

In order to enhance its market competitiveness and potential for staff retention, the company seeks to align its executive compensation practices by comparing its position with those of companies that are similar in terms of value creation.

In defining the Policy, the Board took into account the following principles and criteria (Operational Criterion 6.C.1 of the Corporate Governance Code):

- a) the fixed component and the variable component shall be adequately balanced as a function of the issuer's strategic objectives and risk-management policy, also considering the issuer's business segment and the characteristics of the business activity conducted in actual practice;
- b) maximum limits shall be set for the variable components;
- c) the fixed component shall be sufficient to compensate Directors for their services in the event that the variable component is not paid due to failure to meet the performance objectives set by the Board of Directors;
- d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components is linked – is pre-determined, measurable and linked to the creation of value for shareholders in the medium/long term;
- e) payment of a significant portion of the variable remuneration shall be deferred for an adequate period of time after it accrues; the amount of that portion and the term of deferral shall be consistent with the characteristics of the business activity conducted and the related risk profiles.

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

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

2.2 Remuneration of Members of the Board of Directors

At the date of preparation of this Report, the Board is composed as follows:

- Directors not holding special offices⁴: Cristina Bombassei, Barbara Borra, Giovanni Cavallini, Giancarlo Dallera, Bianca Maria Martinelli⁵, Umberto Nicodano, Pasquale Pistorio, Gianfelice Rocca;
- Directors holding special offices: the Chairman of the Board of Directors Alberto Bombassei, the Executive Deputy Chairman Matteo Tiraboschi and the CEO and General Manager Andrea Abbati Marescotti.

On 29 April 2014, in accordance with Article 21 of the By-laws, the Board of Directors of Brembo split the total compensation of €4,000,000⁶ allocated to the Board of Directors by the General Shareholders' Meeting as described below.

2.2.1 Directors Not Holding Special Offices

- Directors were allocated an annual emolument of €45,000 plus emoluments for any positions held on Board Committees;
- the Chairman of the Audit & Risk Committee was allocated an emolument of €20,000 and Committee members €15,000;
- the Chairwoman of the Remuneration & Appointments Committee was allocated an emolument of €20,000 and Committee members €10,000.

The Board of Directors further resolved to pay an additional emolument of €10,000 to Director Cristina Bombassei for her role as Director in charge of the Internal Control and Risk Management System (ICRMS). Cristina Bombassei also takes part in the annual incentive system, as she is a company Executive.

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.

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 policy in which a significant part of their remuneration is linked to achieving specific performance objectives since they are Executive Directors — with the exception of the Chairman, whose remuneration package only includes the emolument. Such performance objectives are identified and determined in advance, consistently with the guidelines of the general remuneration policy drawn up by the Board (Principle 6.P.2 of the Corporate Governance Code).

At the meetings held on 6 June 2011 and 10 November 2011, the Board of Directors identified and confirmed the Directors holding special offices as Key Management Personnel in the following positions: the Chairman, the Executive Deputy Chairman, the CEO and General Manager.

For the Chairman of the Board of Directors, the package resolved on is made up as follows:

⁴ Pursuant to the Corporate Governance Manual, the Board of Directors verified the existence upon appointment (29 April 2014) and subsequently on a yearly basis, of compliance with the independence requirement (based on the application criteria set forth in the Corporate Governance Code 2015). However, it has favoured substantial over formal aspects. For 2015, the following Directors qualified as non-executive and independent within the meaning of the Corporate Governance Code: Barbara Borra, Giovanni Cavallini, Giancarlo Dallera, Bianca Maria Martinelli, Pasquale Pistorio, Gianfelice Rocca.

⁵ Elected from the minority list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of the share capital, overall).

⁶ The overall remuneration for the Board of Directors also includes emoluments for the Executive Deputy Chairman and the CEO and General Manager; further details are provided in Section II, page 17.

- Annual emolument of €1,300,000.

For the other Directors holding special offices and Key Management Personnel, the Board resolved on a remuneration package as follows:

- **Fixed component (RAL + emolument)**
The fixed component usually does not exceed 55% of on-target Annual Total Direct Compensation (excluding the benefits component);
- **Short-term variable component (annual MBO)**
The incentive generally specifies, on targets being achieved, an amount equal to 50% of Gross Annual Salary (RAL). The maximum payable incentive, upon the exceeding of targets, may not in any case exceed 75% of Gross Annual Salary (RAL);
- **Medium/long-term variable component (LTIP)**
The incentive specifies, on targets being achieved, an annualised value equal to 66.6% of Gross Annual Salary (RAL). The maximum payable incentive, upon the exceeding of targets, may not in any case exceed 100% of the Gross Annual Salary (RAL);
- **Benefits**
In addition to the provisions of the National Collective Labour Contract for industrial executives, the benefits package also includes medical insurance and supplementary pension schemes.

The Board of Directors is required to assess 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 the remuneration of Executive Directors, Directors holding special offices and Key Management Personnel (including any possible Three-Year Incentive Plans etc.).

The Remuneration & Appointments Committee also monitors the implementation of the decisions taken by the Board, focusing especially on the actual achievement of performance objectives and evaluating the proposed assignment and quantification of variable incentive schemes 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 Italy by Brembo's Human Resources & Organisation Department on current remuneration practices and policies for top management (especially, CEOs), particularly on the remuneration practices adopted by multinational Italian companies that are comparable with Brembo in terms of value creation.

The remuneration packages for top managers follow the same rationale and philosophy as that used to build the remuneration packages for Directors holding special offices, General Managers and Key Management Personnel. In practice, this entails a fixed component (RAL), a short-term variable incentive (MBO), potentially a medium/long-term component (LTIP) and a benefits package, based on the relevant National Collective Labour Contract and company practices.

2.3 Remuneration of Members of the Board of Statutory Auditors

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

- Chairwoman: Raffaella Pagani⁷;
- Acting Auditors: Milena Motta, Sergio Pivato;
- Alternate Auditors: Marco Salvatore and Myriam Amato⁸.

On 29 April 2014, the General Shareholders' Meeting resolved, also in light of the Decree of the Ministry of Justice's No. 169, dated 2 September 2010 ("Regulation on compensation, indemnities and criteria of expense reimbursements criteria for professional services of certified accountants and bookkeepers") regarding remuneration for Statutory Auditors, to allocate to the Board of Statutory Auditors an annual remuneration of €216,000.00⁹ to be divided among the Chairwoman and Acting Auditors.

The Chairwoman and members of the Board of Statutory Auditors also serve on the Supervisory Committee appointed by the Board of Directors on 29 April 2014. This Committee has six members, both from within and outside the company:

- Chairwoman: Raffaella Pagani (Chairwoman of the Board of Statutory Auditors);
- Members: Milena T. Motta (Auditor), Sergio Pivato (Auditor), Alessandra Ramorino (Brembo Group's Internal Audit Director), Marco Bianchi (External Advisor), Mario Tagliaferri (External Advisor).

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

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

1. MBO

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

The 2016 MBO plan was approved by the Board of Directors on 18 March 2016, upon proposal submitted by the Remuneration & Appointments Committee. It includes the Executive Deputy Chairman and the CEO and General Manager.

Purely quantitative objectives 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).

Failure to achieve the minimum quantitative objectives results in no incentives being paid (proportional to the weight of the quantitative objectives for the beneficiary of the MBO in question). Where better than expected results are achieved, the bonus is increased (proportional to the weight of the quantitative component for the beneficiary of the MBO in question) using a 4 to 1 ratio, i.e., for every 1% improvement on forecast results, an additional 4% bonus is paid out.

The Group sets a maximum limit for the bonus — at 150% — where target objectives are exceeded. Similarly, project performance bonuses are also subject to a 150% limit.

More specifically, for the MBO established for Directors holding special offices and Executives, the overall bonus payable may not in any case exceed the 150% on-target bonus.

⁷ Elected from the minority list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).

⁸ Elected from the minority list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).

⁹ This remuneration also includes the activities carried out by the Board of Statutory Auditors as a part of the Supervisory Committee.

The MBO is paid based on the Group's consolidated results.

2. LTI

In 2015, the Remuneration & Appointments Committee drew up the new 2016-2018 LTIP and on 18 March 2016 the Board of Directors, having consulted the Remuneration & Appointments Committee, approved the 2016-2018 Incentive system and the related Rules¹⁰.

In line and continuity with the plan ended in 2015 and with the company's long-term strategies, this plan seeks 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. This plan covers approximately 34 people, including the Executive Deputy Chairman, the CEO and General Manager, and a select group of other managers.

This is a pure cash plan that allows participants to accrue an LTI 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 Deputy Chairman and the CEO and General Manager cannot exceed 1.5 times the amount payable in case the target objectives are achieved.

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

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

The LTIP costs 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 3 key performance indicators:

- Economic Value Added (EVA), used to measure the growth in value during the 2016-2018 three-year period;
- Free Operating Cash Flow, stripped of the effects of institutional, regulatory and similar factors that are completely beyond control on the part of the Management, as compared to the 2016-2018 three-year period target;
- the ratio between net financial debt and EBITDA (NFP/EBITDA), compared to the targets set for the individual years 2016, 2017 and 2018.

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

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 Plan Rules: a) the Chairman, where delegated by the Board of Directors, for the part of the Plan related to Brembo's Executive Deputy Chairman and the CEO and General Manager; and b) the Chairman, the Executive Deputy Chairman and the CEO and General Manager or another director, severally, where delegated by the Board of Directors, for the part of the Plan related to Managers other than Brembo's Executive Deputy Chairman and the CEO and General Manager.

The long-term incentive is paid at the end of the three-year period, based on the Group's consolidated results.

¹⁰ It should be recalled that the long-term plan adopted is a closed, non-rolling plan. Therefore, no new beneficiaries can have access to the plan until the closure of the same. To compare it with a rolling plan, the overall value should be split for the vesting years (3 years).

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 Brembo Group does not have any agreements with Directors, General Managers 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.

For Directors holding special offices that do not have executive employment agreements with the Group, the company does not provide for the pay-out of any indemnity or extraordinary compensation linked to the ending of their term of office.

2.6 Non-Competition Agreements

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

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 relate to the role held at the time of entering into the agreement and can be extended to cover all those countries in which the Group operates.

2.7 Clawback/Malus

With effect from 2016, the short-term incentive system (MBO) and new long-term incentive system (2016-2018 LTIP) include a clawback clause, as required by Article 6.C.1 (f) of the Corporate Governance Code. In particular, the clause allows the company to request the refund of part or all of the variable remuneration components (or to withhold deferred components), the award of which was determined on the basis of data or information that subsequently prove manifestly incorrect or due to cases 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 of individual members of the Board of Directors, the Board of Statutory Auditors, and Key Management Personnel.

Part One

The details of the remuneration paid out in the year of reference (2015) are illustrated below. Details of the various items and additional data can be found in Section I of this Report.

The 2015 Remuneration Policy was assessed by the Remuneration & Appointments Committee as part of the periodic evaluations required by the Corporate Governance Code (meeting held on 3 March 2016). 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 2015 Policy with the available market data, both in terms of overall positioning and pay mix.

More specifically, the 2015 Remuneration Policy included 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);
- Emolument as member of Committees;
- A variable annual component based on the achievement of pre-set corporate objectives (so called MBO);
- A medium/long-term variable component (so-called LTIP);
- Benefits included in the National Collective Labour Contract and based on company practices.

The Board of Directors' meeting on 29 April 2014 did not make any decisions about changes to the emoluments of the Chairman, the Executive Deputy Chairman and the CEO and General Manager compared to their previous terms in office. The emoluments received in 2015 were therefore as follows:

- Chairman: €1,300,000;
- Executive Deputy Chairman: €250,000;
- CEO and General Manager: €100,000.

The amounts for this remuneration are detailed in the related items reported in Table 1. The MBO incentive for the 2015 performance year shall be paid in 2016. The results for the 2015 financial year approved by the Board upon proposal by the Remuneration & Appointments Committee at a meeting on 18 March 2016 determined a performance score for the Executive Deputy Chairman and the CEO and General Manager of 148.67%, using the percentage scale adopted.

More specifically, the amount to be paid out in 2016 is 148.67% of the value envisaged by the objective, based on the relevant corporate performance evaluation in relation to the achievement of the key performance indicators — Group EBITDA as an absolute value, Group EBIT %, Group ROI % and Group total sales — for both the Executive Deputy Chairman, and the CEO and General Manager.

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

- for the Executive Deputy Chairman, a bonus of €520,345.06, equal to 74.33% of Gross Annual Salary (RAL), taking into account the assigned (100%) and maximum (150%) incentive target levels;
- for the CEO and General Manager, a bonus of €594,679.99, equal to 74.33% of Gross Annual Salary (RAL), taking into account the assigned (100%) and maximum (150%) incentive target levels.

The 2013-2015 LTIP incentive will also be paid out in 2016.

The results of the plan, approved by the Board of Directors upon proposal of the Remuneration & Appointments Committee during its session of 18 March 2016, resulted in the disbursement of a total amount equal to 300% of Chairman's emolument and of gross annual remuneration for the Executive Deputy Chairman, and the Chief Executive Officer and General Manager, equivalent to the achievement of the maximum expected performance.

In particular:

- for the Chairman, the disbursement of a total bonus of €3,900,000.00, equivalent to the sum of 100% of emolument in each of the three years (€1,300,000.00 for 2013, €1,300,000.00 for 2014 and €1,300,000.00 for 2015);
- for the Executive Deputy Chairman, the disbursement of a total bonus of €1,900,000.00, equivalent to the sum of 100% of gross annual remuneration in each of the three years (€500,000.00 for 2013, €700,000.00 for 2014 and €700,000.00 for 2015);
- for the CEO and General Manager, the disbursement of a total bonus of €2,300,000.00, equivalent to the sum of 100% of gross annual remuneration in each of the three years (€700,000.00 for 2013, €800,000.00 for 2014 and €800,000.00 for 2015).

Further details are provided under the "Variable non-equity remuneration/bonuses and other incentives" item in Table 1, with relevant details in Table 3b.

Lastly, Table 1 also illustrates the benefits awarded in 2015, 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 to members of the Board of Directors, members of the Board of Statutory Auditors and Key Management Personnel

Table 1 Remuneration paid to members of the Board of Directors and the Board of Statutory Auditors, General Managers and other Key Management Personnel												
A	B	C	D	1		2		3		6	7	8
				Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration	Non-cash benefits	Other remuneration	TOT			
Name and Surname	Role	Term of office	Expiry of office			Bonus and other incentives	Profit sharing					
Alberto Bombassei	Chairman	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				1,300,000.00		3,900,000.00			5,200,000.00			
				1,300,000.00		3,900,000.00			5,200,000.00			
Matteo Tiraboschi	Executive Deputy Chairman	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				950,000.00		2,420,345.06	35,162.29		3,405,507.35			
				950,000.00		2,420,345.06	35,162.29		3,405,507.35			
Andrea Abbati Marescotti	CEO/GM	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				938,158.20		2,894,679.99	40,004.85		3,872,843.04			
				938,158.20		2,894,679.99	40,004.85		3,872,843.04			
Cristina Bombassei	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				149,194.95		27,924.25	8,427.03	10,000.00	195,546.23			
				149,194.95		27,924.25	8,427.03	10,000.00	195,546.23			
Barbara Barra	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				45,000.00	20,000.00				65,000.00			
				45,000.00	20,000.00				65,000.00			
Giovanni Cavellini	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				45,000.00	30,000.00				75,000.00			
				45,000.00	30,000.00				75,000.00			
Giancarlo Dallera	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				45,000.00	15,000.00				60,000.00			
				45,000.00	15,000.00				60,000.00			
Bianca Maria Martirelli	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				45,000.00	15,000.00				60,000.00			
				45,000.00	15,000.00				60,000.00			
Umberto Nicodano	Director	01.01.2015 31.12.2015	Until date of approval of Financial Statements as at 31/12/2016									
				45,000.00	10,000.00				55,000.00			
				45,000.00	10,000.00				55,000.00			

Table 1 Remuneration paid to members of the Board of Directors and the Board of Statutory Auditors, General Managers and other Key Management Personnel												
A	B	C	D	1	2	3		4	5	6	7	8
						Variable non-equity remuneration Bonus and other incentives	Profit sharing					
Name and Surname	Role	Term of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-cash benefits	Other remuneration	TOT	Fair Value equity remuneration	End of office/termination of employment indemnity		
Pesquale Pistorio	Director	01.01.2015	Until date of approval of Financial Statements as at 31/12/2016									
		31.12.2015		45,000.00				45,000.00				
				45,000.00				45,000.00				
Gianfelice Rocca	Director	01.01.2015	Until date of approval of Financial Statements as at 31/12/2016									
		31.12.2015		45,000.00				45,000.00				
				45,000.00				45,000.00				
Raffaella Pagani	Chairwoman of Board of Statutory Auditors	01.01.2015	Until date of approval of Financial Statements as at 31/12/2016									
		31.12.2015		92,600.00				92,600.00				
				92,600.00				92,600.00				
Milena T. Motta	Statutory Auditor	01.01.2015	Until date of approval of Financial Statements as at 31/12/2016									
		31.12.2015		61,700.00				61,700.00				
				61,700.00				61,700.00				
Sergio Pivato	Statutory Auditor	01.01.2015	Until date of approval of Financial Statements as at 31/12/2016									
		31.12.2015		61,700.00				61,700.00				
				61,700.00				61,700.00				

Alberto Bombassei

- Fixed remuneration: emolument €1,300,000.00
- Bonuses and other incentives: 2013-2015 LTIP €3,900,000.00

Matteo Tiraboschi

- Fixed remuneration: Gross Annual Salary (RAL) €700,000.00; emolument €250,000.00
- Bonuses and other incentives: MBO 2015 €520,345.06, 2013-2015 LTIP €1,900,000.00

Andrea Abbati Marescotti

- Fixed remuneration: Gross Annual Salary (RAL) €800,000.00; emolument €100,000.00; one-off payment €38,158.20
- Bonuses and other incentives: MBO 2015 €594,679.99, 2013-2015 LTIP €2,300,000.00

Cristina Bombassei

- Fixed remuneration: Gross Annual Salary (RAL) €104,194.95; emolument €45,000.00
- Bonuses and other incentives: MBO 2015 €27,924.25. The incentive calculated at 22 February 2016 has been valued at 134% with estimated individual target objectives
- Remuneration for Responsibility for Internal Control System and Risk Management (column 5): €10,000.00

Barbara Borra

- Fixed remuneration: emolument €45,000.00
- Remuneration & Appointments Committee: As Chairwoman €20,000.00

Giovanni Cavallini

- Fixed remuneration: emolument €45,000.00
- Audit & Risk Committee: As Chairman €20,000.00
- Remuneration & Appointments Committee: As Member €10,000.00

Giancarlo Dallerà

- Fixed remuneration: emolument €45,000.00
- Audit & Risk Committee: As Member €15,000.00

Bianca Maria Martinelli

- Fixed remuneration: emolument €45,000.00
- Audit & Risk Committee: As Member €15,000.00

Umberto Nicodano

- Fixed remuneration: emolument €45,000.00
- Remuneration & Appointments Committee: As Member €10,000.00

Pasquale Pistorio

- Fixed remuneration: emolument €45,000.00

Gianfelice Rocca

- Fixed remuneration: emolument €45,000.00

Raffaella Pagani

- Fixed remuneration: emolument including remuneration for participation in the Supervisory Committee €92,600.00

Milena T. Motta

- Fixed remuneration: emolument including remuneration for participation in the Supervisory Committee €61,700.00

Sergio Pivato

- Fixed remuneration: emolument including remuneration for participation in the Supervisory Committee €61,700.00

Table 3b: Cash incentive plans for Members of the Board of Directors and Key Management Personnel

Table 3b Cash incentive plans for members of the Board of Directors, General Managers and other Key Management Personnel													
A Name and Surname	B Role	1 Plan	2A Payable/Paid		2B Bonus for year		2C Deferral period		3A No longer payable		3B Bonus for previous years		4 Other bonuses
					Deferred		Still deferred	Payable/Paid	Still deferred				
Alberto Bombassei Chairman													
(I) Remuneration in company drawing up financial statements		LTI P (2013-2015)	3,900,000.00										
(II) Remuneration from subsidiaries and associate companies													
(III) Total			3,900,000.00										
Matteo Tiraboschi Executive Deputy Chairman													
(I) Remuneration in company drawing up financial statements		MBO 2015 LTI P (2013-2015)	520,345.06										
(II) Remuneration from subsidiaries and associate companies			1,900,000.00										
(III) Total			2,420,345.06										
Andrea Abbati Marescotti CEO/GM													
(I) Remuneration in company drawing up financial statements		MBO 2015 LTI P (2013-2015)	594,679.99										
(II) Remuneration from subsidiaries and associate companies			2,300,000.00										
(III) Total			2,894,679.99										
Cristina Bombassei Director													
(I) Remuneration in company drawing up financial statements		MBO 2015	27,924.25										
(II) Remuneration from subsidiaries and associate companies													
(III) Total			27,924.25										

Illustration 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

Illustration 7-ter Table 1							
Information on shareholdings of members of the Board of Directors and the Board of Statutory Auditors, General Managers and other Key Management Personnel							
Surname and Name	Role	Shareholding in	Number of shares held at end of previous financial year	Number of shares acquired	Number of shares sold	Number of shares held at end of financial year	
Alberto Bombassei	Chairman	Brembo S.p.A.	35,744,753			35,744,753	
Matteo Tiraboschi	Executive Deputy Chairman	Brembo S.p.A.	9,000		9,000		
Andrea Abbati Marescotti	CEO/GM	Brembo S.p.A.	6,550		6,550		
Milena T. Motta	Statutory Auditor	Brembo S.p.A.	500			500	

ATTACHMENTS

Reconciliation of Regulatory Requirements With the Remuneration Report

SECTION I

For the members of the governing bodies, the General Managers and other Key Management Personnel this section contains at least the following information:

a)	The bodies/parties involved in preparing and approving the Remuneration Policy, indicating the respective roles, and the bodies/parties responsible for the correct implementation of the Policy;	Page 05-10
b)	Any involvement of a Remuneration Committee or another relevant Committee, indicating the composition (identifying the Non-executive and Independent Directors), the areas of competence and the operational methods;	Page 06-08
c)	The names of any independent experts involved in preparing the Remuneration Policy;	Page 09
d)	The purposes of the Remuneration Policy;	Page 03, 05, 10
d)	Underlying principles and any changes to the Remuneration Policy from the previous year;	Page 11-13, 16
e)	A description of the policies for fixed and variable remuneration, specifically noting the weight of each as a part of total remuneration and differentiating short and medium/long-term variable remuneration;	Page 10-16
f)	Policy adopted for non-cash benefits;	Page 11-13; 18
g)	For variable components, a description of the performance objectives used for such compensation, differentiating between short and medium/long-term variable remuneration and providing information on how variations in results influence variations in compensation;	Page 13-15; 17-18
h)	Criteria adopted to assess the performance targets used to allocate shares, options and other financial instruments or other variable components of remuneration;	Page 13-15; 17-18
i)	Information showing that the Remuneration Policy is consistent with the company's long-term interests and the risk management policy, where formalised;	Page 13, 15; 17-18
j)	Vesting period, any deferred payments, if any, including details on the period and criteria used to determine such periods, and the ex-post correction methods, where envisaged;	Page 13-16
k)	Details about any clauses on keeping financial instruments in a portfolio following their acquisition, with an indication of the period required and the criteria adopted to determine such a period;	Not applicable
l)	Policy on the treatment adopted for the termination of office/employee relationship, indicating in what cases such rights are valid and any links between such treatment and company performance;	Page 15
m)	Information about any insurance, social security, health or pension coverage provided, other than required by law;	Page 11, 13, 18
n)	The remuneration policy adopted for: (i) Independent Directors, (ii) participation in Committees and (iii) holding special roles (Chairman, Deputy Chairman etc.);	Page 11
o)	Details as to whether the Remuneration Policy was defined considering the remuneration policies of other companies, including information about how such companies were selected.	Page 9, 12-13

SECTION II – Part One

The first section contains details of each of the remuneration items, including the approach adopted when a term of office/employee relationship is terminated, showing how this is consistent with the relevant remuneration policy.

The companies have provided the following details about any indemnities when a term of office/employee relationship is terminated:

- Any agreements currently into force, including expressly stating if such agreements do not exist; Page 15
 - Criteria for determining the indemnity owed to each individual. Where the indemnity is expressed as a function of yearly payment, details must be provided of the components of that yearly payment; Not applicable
 - Any performance criteria to which the allocation of an indemnity is linked; Not applicable
 - The implications of the termination of the period of office/employee relationship on the rights allocated as part of share-based incentive plans or to be paid out in cash; Not applicable
 - The cases in which an indemnity becomes due; Not applicable
 - Any agreements that allow non-cash benefits to be allocated or maintained by parties who have ceased their period in office or consultancy agreements for a period subsequent to the termination of the period in office/employee relationship; Not applicable
 - Any agreements that establish compensation for non-competition agreements; Page 15
 - For Directors who have terminated their period in office during a mandate, details about any cases where the contractual conditions were not applied with regards to the determination of indemnities; Not applicable
 - Where no specific agreements exist, indicate the criteria used for determining end of service indemnities earned. Not applicable
-

GLOSSARY

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 system in place.

Annual Total Direct Compensation on target: total guaranteed 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 on reaching target values.

Audit & Risk Committee: this is a Board committee set up in accordance with Principle 7 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 (Corporate Governance Code, Principle 7.P.3).

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. has 11 Directors: Alberto Bombassei (Chairman), Matteo Tiraboschi (Executive Deputy Chairman), Andrea Abbati Marescotti (CEO and General Manager), Cristina Bombassei, Barbara Borra, Giovanni Cavallini, Giancarlo Dalleria, Bianca Maria Martinelli, Umberto Nicodano, Pasquale Pistorio and Gianfelice Rocca. It is in charge of approving the Remuneration Policy submitted by the Remuneration & Appointments Committee.

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.

Chairman: the Chairman of the Board of Directors of Brembo S.p.A., appointed by the General Shareholders' Meeting and whose management functions and powers were confirmed on 29 April 2014 by the Board by resolution dated 6 June 2011. The Chairman of Brembo S.p.A. is A. Bombassei.

Chief Executive Officer (CEO): this is the member of the Board of Directors whom the Board has vested with management functions and powers by resolution adopted on 6 June 2011, as subsequently confirmed on 29 April 2014. The CEO of Brembo S.p.A. is Andrea Abbati Marescotti.

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).

Corporate Governance Code: this is the Corporate Governance Code issued by Borsa Italiana S.p.A., approved in December 2011 (and updated in 2015) 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."

Directors holding special offices: Alberto Bombassei, Matteo Tiraboschi and Andrea Abbati Marescotti.

EBITDA: this is a profitability indicator, showing the company's income generated solely from its typical business, before interest (financial management), taxes (tax management), depreciation and amortisation.

EC: Executive Compensation.

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

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

Executive Deputy Chairman: The Executive Deputy Chairman is the member of the Board of Directors whom the Board has vested with management functions and powers by resolution adopted on 6 June 2011, as subsequently confirmed on 12 November 2015. The Executive Deputy Chairman of Brembo S.p.A. is Matteo Tiraboschi.

Executive Directors: Alberto Bombassei, Matteo Tiraboschi, Andrea Abbati Marescotti and Cristina Bombassei.

Executives: the Executives at Brembo S.p.A.

Free Operating Cash Flow: this shows the cash flow from operating activities. It is an indication of the ability of a Company to self-fund, i.e. it shows the ability to generate cash. It is equivalent to Operating Cash Flow determined by EBITDA + Net Investments + Changes in Working Capital.

General Shareholders' Meeting (GSM): 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 non-binding opinion on Section I of the Remuneration Report.

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.

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. From the four positions identified as falling into this category, Brembo S.p.A. has identified three persons listed in this document.

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.

Net Financial Position: this indicator shows the level of debt of a company, given by the difference between the financial payables and receivables, including cash.

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".

Regulation for Related Party Transactions: this is Consob Regulation No. 17221 of 10 March 2010, which identifies the rules for related party transactions (as defined in Attachment 1 of the said document).

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.

Report: Brembo Group's Remuneration Report.

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

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

English Translation for convenience – Only the Italian version is authentic

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