

# **BREMBO CORPORATE GOVERNANCE MANUAL**

**XII Edition  
November 2019**



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# **Corporate Governance Code of Brembo S.p.A.**

***Approved by the Board of Directors on 07 November 2019***

## Introduction

Brembo S.p.A. is a company listed in the FTSE MIB of the Borsa Italiana.

According to the Bylaws, Brembo S.p.A. has adopted a traditional form of administration and control. Accordingly, the company's management is attributed to the Board of Directors, the supervisory functions to the Board of Statutory Auditors, and the statutory and accounting audit of the company's accounts to the independent auditors appointed by the General Shareholders' Meeting.

Brembo S.p.A.'s Corporate Governance System is based on a set of rules reflecting the Corporate Governance Code of Brembo S.p.A., which incorporates the contents of Corporate Governance Code issued by Borsa Italiana S.p.A. as amended on July 2018.

The Corporate Governance Code of Brembo S.p.A. is a system of autoregulation to which Brembo S.p.A. and its corporate bodies voluntarily joined. The Corporate Governance Code of Brembo S.p.A, as it stands, has been approved by the Board of Directors on the 7 November 2019 and it is part of the Company's Corporate Governance Manual.

Corporate Governance Code of Brembo S.p.A. is composed by nine articles, which are divided into Principles (hereafter "P) and Criteria (hereafter "C").

The views, based on the criteria laid down by the Corporate Governance Code of Brembo S.p.A., have been included also in the Regulation of the Board of Directors, from time to time approved by the Brembo's Board of Directors (subsequently " Regulation of the Board of Directors "), with the aim of providing the market with criteria in addition to those established by applicable laws and regulations, with as objective a foundation as possible, concerning the composition and proceedings of the Board of Directors that are appropriate to the Group's size, position, complexity and the specific nature of its business sector and strategies.

The criteria contained therein form the diversity policies for the governing body's composition and coincide with the guidance provided by the Board of Directors, including the assessments expressed by the Brembo's Governance Committees.

The Principles and the Criteria set out recommendations that Brembo intends reflected in its own organization and management. This recommendations are not obligations, therefore, if Brembo decides not to comply or partially comply with them, must give reasons through a Board resolution ("comply or explain").<sup>1</sup>

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<sup>1</sup> The Board resolution is not necessary in presence of primary or secondary rules incompatible with the application of some recommendations.

## **Art. 1 – Role of the Board of Directors**

### **1.P.1.**

Brembo S.p.A. governed by a Board of Directors that meets at regular intervals, adopts an organisation and a *modus operandi* which enable it to perform its functions in an effective manner.

### **1.P.2.**

The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.

### **1.C.1.**

The Board of Directors shall:

- a) examine and approve the strategic, operational and financial plans of both Brembo S.p.A. and the corporate group it heads, monitoring periodically the related implementation; it defines Brembo's corporate governance and the relevant group structure;
- b) define the risk profile, both as to nature and level of risks, in a manner consistent with Brembo's strategic objectives, taking into account any risk that may affect the sustainability of Brembo's business in a medium-long term perspective;
- c) evaluate the adequacy of the organizational, administrative and accounting structure of Brembo S.p.A. as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;
- d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;
- e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;
- f) resolve upon transactions to be carried out by the Brembo S.p.A. or its controlled companies having a significant impact on Brembo's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;
- g) perform 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 competence, experience, (including managerial experience) gender and tenures of its members, considering also diversity *criteria* applied according to article 2. Where the Board of Directors avails of consultants for such a self-assessment, the Corporate Governance Report shall provide information on their identity and other

services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;

h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the managerial and professional profiles, deemed appropriate for the composition of the Board of Directors, prior to its nomination, considering also diversity *criteria* applied according to article 2;

i) provide information in the Corporate Governance Report on (1) its composition, indicating for each member the qualification (executive, non-executive, independent), the relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedure as at previous item g) has developed; (4) goals, tools and results of diversity *criteria* applied according to article 2 and 8.

j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information.

### **1.C.2.**

The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. Large company defined as companies that reported total sales or turnover exceeding €500.000.000,00 (five hundred million euro) in the last financial year.

The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report.

### **1.C.3.**

The Board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them

according to the commitment entailed by each role (executive, non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of Brembo's group.

With reference to the maximum number of positions, with the introduction of Regulation of the Board of Directors, the Board has provided for:

<b>MAXIMUM NUMBER OF POSITIONS</b>	<p>The commitment required of Directors does not consist solely of participation in Board meetings, but also extends to an analysis of the documentation sent in view of each meeting, participation in Board Committees and participation in informal and/or induction sessions. It is therefore essential that Directors have sufficient time to carry out their duties.</p> <p>Directors may not have more than four simultaneous positions at listed companies (positions at listed companies in which the Director also holds a significant equity interest do not count).</p> <p>The Board of Directors conducts an assessment based on the declarations made by the Directors (or candidates for the position of Director) and the following criteria:</p> <ul style="list-style-type: none"> <li>. professional competence and independence of judgment;</li> <li>. verification of their commitment, active and constant participation in the meetings of the Board of Directors, Board Committees and various management activities of the Company, also in light of their professional commitments;</li> <li>. any relationship that may be or appear such as to compromise the independence of judgment of the Director.</li> </ul>
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#### **1.C.4.**

If the shareholders' meeting, when dealing with organizational needs, authorizes, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the Board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.

### **1.C.5.**

The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board is made available to directors and statutory auditors in a timely manner prior to the Board meeting. Each directors and statutory auditors is informed with adequate notice (five days before the meeting) on the matters on the agenda through the delivery of a detailed report which show the detail (in descriptive and numerical manner) necessary to take knowledgeably resolutions. This report is also composed by summaries for each topic.

The Board of Directors shall provide information in the Corporate Governance Report on the promptness and completeness of the pre-meeting information, providing details, inter alia, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.

### **1.C.6.**

The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that certain executives of Brembo S.p.A. or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda. The Corporate Governance Report provides information on the effective attendance of the Board meetings.



## **Art. 2 – Composition of the Board of Director**

### **2.P.1.**

The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.

### **2.P.2.**

Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.

### **2.P.3.**

The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.

### **2.P.4.**

Brembo S.p.A. applies diversity *criteria*, including those related to gender, for the composition of the Board of Directors, as defined in the Regulation of the Board of Directors and according to the article 2.C.3 below, taking into due consideration the primary goal of ensuring adequate competence and professional skills of its members. The criteria contained therein form the diversity policies for the governing body's composition<sup>2</sup>.

### **2.P.5.**

Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Corporate Governance Report on the reasons for such organizational choice.

### **2.C.1.**

The following are qualified executive directors for Brembo S.p.A.:

- the managing directors of Brembo S.p.A. or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies;
- the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer;

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<sup>2</sup> The criteria coincide with the guidance provided by the outgoing Board of Directors with regard to the optimal composition of the governing body, when company boards were renewed for the period 2017-2019

- the directors who are members of the executive committee of the Brembo S.p.A., when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of Brembo S.p.A..

The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, *per se*, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.

## **2.C.2.**

The directors shall know the duties and responsibilities relating to their office.

The chairman of the Board of Directors shall use his best efforts to allow the directors and the statutory auditors, after the election and during their mandate, to participate, in the ways deemed appropriate, in initiatives aimed at providing them with an adequate knowledge of the business sector where Brembo S.p.A. operates, of the corporate dynamics and the relevant evolutions, of the principles of proper risk-management as well as the relevant regulatory and self-regulatory framework.

Brembo S.p.A. describe in the Corporate Governance Report the type and organizational manners of the activities that took place during the fiscal year of reference.

## **2.C.3.**

Brembo S.p.A. approved the Regulation of the Board of Directors, with the aim of providing criteria in addition to those established by applicable laws and regulations (concerning the professionalism, honorableness, independence and gender), as objective as possible, concerning the rule of the director and composition and proceedings of the Board of Directors, in order to:

- a) allow possibility of deepening, opening, ability to participate debates and awareness about all the complex subjects of competence of the Board of Directors;
- b) allow a suitable constitution and functionality of the Governance Committees;
- c) ensure, in addition to the fulfilment of the applicable laws and regulations, the diversity policies for the governing body's composition not only with regard to gender, but also elevated quality of the experience and professionalism of Directors;
- d) create an optimal combination whether the current Board satisfied the expectations of the market and provide the guidance with regard to the composition of the voting lists list of the of the Board of Directors.

### QUANTITATIVE FEATURES<sup>3</sup>

<b>AGE</b>	<p><i>Independent Directors</i>: a maximum age of 75 and a minimum age of 35 (at the date of submission of the lists for the purpose of potential candidacy).</p> <p>The achievement of maximum age will not be considered during the mandate and if reached up will not involve forfeiture.</p>
<b>OVERALL NUMBER</b>	11 <sup>4</sup>
<b>No. OF NON-EXECUTIVE DIRECTORS</b>	At least 7
<b>No. OF INDEPENDENT DIRECTORS</b>	At least 5
<b>No. OF MINORITY DIRECTORS</b>	At least one (or more than one, where required by the By-laws).
<b>GENDER</b>	At least 1/3 of the Directors reserved to the gender less represented
<b>ALTERNATION</b>	Change of a maximum of three Directors each time the Board is elected, in order to ensure continuity of management, while also providing an incentive for the progressive re-election of Directors.

### QUALITATIVE FEATURES

<b>SKILL SET</b> <i>Background</i>	<ul style="list-style-type: none"> <li>At least four positions must be filled by entrepreneurs or managers who have an international background and/or are from a geographical area where Brembo's business has a significant presence.</li> <li>A maximum of two positions may be filled by academics and/or professionals.</li> </ul>
<b>HARD SKILLS</b> <i>Professionalism</i>	<ul style="list-style-type: none"> <li>Record of honouring shared ethical principles.<sup>5</sup></li> </ul>

<sup>3</sup> The Company shall be administered by a Board of Directors made up of a minimum of 5 (five) and a maximum of 11 (eleven) members, who need not necessarily be shareholders, as established from time to time by the General Shareholders' Meeting at the time of the appointment of the Board. The features provided in the chart refer of Board of Directors with 11 members.

<sup>4</sup> The Company shall be administered by a Board of Directors made up of a minimum of 5 (five) and a maximum of 11 (eleven) members, who need not necessarily be shareholders, as established from time to time by the General Shareholders' Meeting at the time of the appointment of the Board.

<sup>5</sup> See Brembo's Ethical Code

	<ul style="list-style-type: none"> <li>. Knowledge of business mechanisms, strategies, risk assessment and management techniques and sustainability profiles.</li> <li>. Ability to interpret industry scenarios and trends, performance of competitors and development of enterprises in the medium-to-long term and to assess alternative strategic guidelines and options with a view towards strategic orientation.</li> <li>. Managerial, entrepreneurial, business and organisational experience.</li> <li>. Understanding of the dynamics of the global financial system.</li> <li>. Experience as director or auditor, or as executive or manager, of listed or medium-to-large enterprises.</li> <li>. Managerial, professional or university lecturer experience in legal, economic, business or technical disciplines.</li> </ul>
<b>SOFT SKILLS</b> <i>Personal aptitudes</i>	<ul style="list-style-type: none"> <li>. Sufficient time available in view of the complexity of the assignment).</li> <li>. Full understanding of the powers and obligations inherent in the position and the functions to be performed.</li> <li>. Ability to stand up for and defend his or her own ideas and take a stand for the interest of Brembo and its stakeholders.</li> <li>. Collaboration, involvement and ability to influence (knowing how to instill and contribute to professionalism and the development of opinions and taking a part in resolving conflicts).</li> <li>. A result-oriented approach and encouragement of colleagues in focusing constructively on the goals to be achieved.</li> <li>. Business judgement and decision-making ability (encouraging behaviour and ensuring evaluation and decision-making skills focused on developing the business).</li> </ul>
<b>NO COMPETITION</b>	Candidates for the office of Director cannot have or accept consulting assignments from competing firms.

#### 2.C.4.

The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer.

## 2.C.5.

The lead independent director:

- (a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below;
- (b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.

## 2.C.6.

The chief executive officer of Brembo S.p.A. (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of Brembo S.p.A. (A). With the introduction of Regulation of the Board of Directors, the Board has provided for:

<b>NO CROSS-DIRECTORSHIPS</b>	<i>Executive Directors:</i> they cannot be directors of another company (not belonging to the same Group) of which a company director is the Chief Executive Officer.
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## **Art. 3 – Independent directors**

### **3.P.1.**

An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, directly or indirectly or on behalf of third parties, nor have recently maintained any business relationships with Brembo S.p.A. or persons linked to Brembo S.p.A., of such a significance as to influence their autonomous judgement.

### **3.P.2.**

The directors' independence shall be assessed by the Board of Directors after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be communicated to the market.

### **3.C.1.**

The Board of Directors shall evaluate the independence of its non-executive members having regard more to the substance than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:

- a) if he/she controls, directly or indirectly, Brembo S.p.A. also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over Brembo S.p.A., or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over Brembo S.p.A.;
- b) if he/she is, or has been in the preceding three fiscal years, a significant representative of Brembo S.p.A., of a subsidiary having strategic relevance or of a company under common control with Brembo S.p.A., or of a company or entity controlling Brembo S.p.A. or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;
- c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
  - with Brembo S.p.A., one of its subsidiaries, or any of its significant representatives;
  - with a subject who, also jointly with others through a shareholders' agreement, controls Brembo S.p.A., or – in case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;
- d) if he/she receives, or has received in the preceding three fiscal years, from Brembo S.p.A. or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of

Brembo S.p.A. and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of Brembo S.p.A. for more than nine years in the last twelve years;

f) if he/she is vested with the executive director office in another company in which an executive director of Brembo S.p.A. holds the office of director;

g) if he/she is shareholder or quota holder or director of a legal entity belonging to the same network as the company appointed for the auditing of Brembo S.p.A.;

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

i) if the directors, previously qualified as independent, exceed the nine years of mandate in the last twelve years, the board of directors will evaluate, at least on the annual basis, the permanence of this qualification, also in light of the requirements provided in the Article 3.C.1, the behaviors conduct by the such director and his autonomy of judgement. However, if the independent qualification is confirmed, the director will not be nominated as president of the internal committees of the Board of Director.

j) If the directors, previously qualified as independent, exceed the twelve years of mandate:

- can not be qualify as independent according to the Corporate Governance code of Brembo S.p.A.;
- can not take part of the internal committees of the Board of Director.

In order to avoid the overcoming of the limit of the nine years of the office of director, with the introduction of Regulation of the Board of Directors, the Board has provided for:

<b>ALTERNATION</b>	Change of a maximum of three Directors each time the Board is elected, in order to ensure continuity of management, while also providing an incentive for the progressive re-election of Directors.
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### **3.C.2.**

For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity, must be considered as "significant representatives".

### **3.C.3.**

The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the

indications set out in the Code.

Anyway, independent directors shall not be less than two.

With reference to the overall number of Directors and particularly of independent ones, with the introduction of Regulation of the Board of Directors, the Board has provided for:

<b>OVERALL NUMBER</b>	11 <sup>6</sup>
<b>No. OF NON-EXECUTIVE DIRECTORS</b>	At least 7
<b>No. OF INDEPENDENT DIRECTORS</b>	At least 5
<b>No. OF MINORITY DIRECTORS</b>	At least one (or more than one, where required by the By-laws).

### 3.C.4.

After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to Brembo S.p.A., those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the Corporate Governance Report.

In the documents mentioned above, the Board of Directors shall:

- disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;
- describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.

### 3.C.5.

The Board of statutory auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The

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<sup>6</sup> The Company shall be administered by a Board of Directors made up of a minimum of 5 (five) and a maximum of 11 (eleven) members, who need not necessarily be shareholders, as established from time to time by the General Shareholders' Meeting at the time of the appointment of the Board.



result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory auditors to the shareholders' meeting.

### **3.C.6.**

The independent directors shall meet at least once a year without the presence of the other directors.

## **Art. 4 – Internal committees of the Board of Directors**

### **4.P.1.**

The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.

### **4.C.1.**

The establishment and functioning of the committees governed by the Code shall meet the following criteria:

- a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;
- b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;
- c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;
- d) minutes shall be drafted of the meetings of each committee and the Chairman of the committee shall inform the Board of Directors thereof during the first available meeting;
- e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. Brembo S.p.A. make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;
- f) persons who are not members of the committee, including other Board members or persons belonging to Brembo's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;
- g) Brembo S.p.A. provide adequate information, in the Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.

#### **4.C.2.**

The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the Chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out;

(ii) adequate time is dedicated during the Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Corporate Governance Report;

(iii) as far as the control and risk committee is concerned, Brembo is neither controlled by another listed company nor it is subject to direction and coordination.

The Board of Directors describes in detail in the Corporate Governance Report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of Brembo S.p.A. and the sector in which it operates. In addition, the Board shall periodically reassess the choice made.

## **Art. 5 – Appointment of the directors**

### **5.P.1.**

The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director, made up, for the majority, of independent directors.

### **5.C.1.**

The committee to propose candidates for appointment to the position of director shall be vested with the following functions:

- a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.;
- b) to submit the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary.

### **5.C.2.**

The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, Brembo S.p.A. disclose it in the Corporate Governance Report. The review on the preparation of the above mentioned plan shall be carried out by the nomination committee or by another committee established within the Board of Directors in charge of this task.

## **Art. 6 – Remuneration of directors**

### **6.P.1.**

The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage Brembo.

### **6.P.2.**

The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.

The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.

### **6.P.3.**

The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee may be made up of non executive directors, the majority of which to be independent; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.

### **6.P.4.**

The Board of Directors shall, upon proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.

### **6.P.5.**

In case of the end of office and/or the termination of the employment relationship with an executive director or a general manager, Brembo S.p.A. discloses, through a press release, detailed information, following the internal process leading to the assignment or recognition of indemnities and/or other benefits.

### **6.C.1.**

The policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below:

- a) the non-variable component and the variable component are properly balanced according to Brembo's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out;
- b) upper limits for variable components shall be established;
- c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Director;
- d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;
- e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile;
- f) contractual arrangements shall be provided in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated;
- g) indemnities eventually set out by the issuer in case of termination of directors shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.

### **6.C.2.**

In preparing plans for share-based remuneration, the Board of Directors shall ensure that:

- a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years;
- b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria;
- c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.

### **6.C.3.**

The criteria 6.C.1 and 6.C.2 shall apply, *mutatis mutandis*, also to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel.

Any incentive plan for the person in charge of internal audit and for the person responsible for the preparation of the corporate financial documents shall be consistent with their role.

### **6.C.4.**

The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by Brembo S.p.A.. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.

### **6.C.5.**

The remuneration committee shall:

- periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard;
- submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.

### **6.C.6.**

No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.

### **6.C.7.**

When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.

### **6.C.8**

According to principle 6.P.5., the press release should provide:

- a) adequate information on the indemnity and/or other benefits, including their

amount, timing of disbursement – distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and “claw-back” clauses, if any, in particular with reference to:

- indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement);

- maintenance of rights related to any incentive plans, monetary or financial instruments based;

- benefits (monetary and non monetary ones) subsequent to the end of office; - non-competition commitments, describing their main contents;

- any other payment assigned for any reason and in any form;

b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions’ regulation;

c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out;

d) information as whether the replacement of the ceased executive director or general manager is governed by any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or manager.



## **Art. 7 – Internal control and risk management system**

### **7.P.1.**

Brembo S.p.A. adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by Brembo S.p.A. and shall take into consideration the reference model and the best practices that are applied both at national and international level.

### **7.P.2.**

An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of the information provided to the corporate bodies and to the market and the compliance with laws and regulations, including the by-laws and internal procedures.

### **7.P.3.**

The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities:

a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:

(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the “director in charge of the internal control and risk management system”), and

(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;

b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;

c) the other roles and business functions having specific tasks with regard to internal control and risk management, organized depending on the company’s size, complexity and risk profile;

d) the Board of statutory auditors, also as “audit committee”, which is responsible for oversight of the internal control and risk management system.

Brembo S.p.A. provide for coordination methods between the above mentioned bodies

in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.

#### **7.P.4.**

The control and risk committee is made up of independent directors. Alternatively, the committee can be made up of non executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If Brembo is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.

#### **7.C.1.**

The Board of Directors, with the opinion of the control and risk committee, shall:

- a) define the guidelines of the internal control and risk management system, so that the main risks concerning Brembo S.p.A. and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;
- b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;
- c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, after hearing the Board of statutory auditors and the director in charge of the internal control system;
- d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system and how the different subjects involved therein are coordinated, expressing the evaluation on its adequacy;
- e) after hearing the Board of statutory auditors, it assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.

The Board of Directors shall, upon proposal of the director in charge of the internal control and risk management system, subject to the favorable opinion of the control and risk committee, as well as after hearing the Board of statutory auditors:

- appoint and revoke the person in charge of the internal audit function;
- ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;
- define the relevant remuneration consistently with company's policies.

### **7.C.2.**

The control and risk committee, when assisting the Board of Directors shall:

- a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, in any;
- b) express opinions on specific aspects relating to the identification of the main risks for the company;
- c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;
- d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;
- e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;
- f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system, and in any case to the first reunion useful of the Board of Directors whenever had to emerge meaningful matters during his own reunions.
- g) support, with adequate preliminary activities, the Board of Directors assessments and resolutions on the management of risks arising from detrimental facts which the Board may have been become aware of.
- h) Examines, with the support of the Internal Audit function, received reports, with the purpose of monitoring the adequacy of the Internal Control and Risk Management System;
- i) Completes other tasks assigned from time to time by the Board of Directors, and, when requested by the Chairman, the Executive Deputy Chairman and the Chief Executive Officer, examines any other related issues;
- j) Examines and evaluates: (i) Sustainability policies aimed at ensuring value creation from medium and long-term perspective for its shareholders and its stakeholders, in respect of the principles of sustainable development; (ii) Targets, goals and following processes of sustainability, together with Sustainability Reports to be yearly submitted to the Board of Directors;
- k) Monitors international initiatives in the field of sustainability and the Company's participation to these, in order to consolidate the international reputation of the Company;
- l) Conducts the function of Related Party Transactions Committee and fulfils the related tasks, as specified in the Related Party Transactions Procedure, according to article 4 of the Consob Regulations.

### **7.C.3.**

The chairman of the Board of statutory auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.

### **7.C.4.**

The director in charge of the internal control and risk management system, shall:

- a) identify the main business risks, taking into account the characteristics of the activities carried out by Brembo S.p.A. and its subsidiaries, and submit them periodically to the review of the Board of Directors;
- b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;
- c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
- d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors;
- e) promptly report to the control and risk committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

### **7.C.5.**

The person in charge of internal audit shall:

- a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;
- b) not be responsible for any operational area and be subordinated to the Board of Directors;
- c) have direct access to all useful information for the performance of its duties;
- d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;
- e) prepare timely reports on particularly significant events;
- f) submit the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors,

as well as to the director in charge of the internal control and risk management system;  
g) verify, according to the audit plan, the reliability of information systems, including the accounting one.

#### **7.C.6**

The internal audit function may be entrusted, as a whole or by business segments, to a person external to Brembo S.p.A., provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Corporate Governance Report.

## **Art. 8 – Statutory auditors**

### **8.P.1.**

The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.

### **8.P.2.**

Brembo S.p.A. applies diversity criteria, including gender ones, for the composition of the Board of Statutory Auditors with the aim of providing the market with criteria concerning the composition and proceedings of the Statutory Auditors that are appropriate to the Group's size, position, complexity and the specific nature of its business sector and strategies.

### **8.C.1.**

The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, submitting the result of such verification to the Board of Directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors.

### **8.C.2.**

The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

### **8.C.3**

Brembo S.p.A. defined, with the aim of providing criteria in addition to those established by applicable laws and regulations (concerning the professionalism, honorableness, independence and gender), as objective as possible, additional criteria concerning the composition and proceedings of the Statutory Auditors, not only with regard to gender, but also elevated quality of the experience and professionalism of Auditors in order to provide to the Shareholders the guidance with regard to the composition of the voting lists list of the of the Statutory Auditors.

<b>GENDER</b>	At least 1/3 of the Auditors reserved to the gender less represented
<b>HARD SKILLS</b> <i>Professionalism</i>	<ul style="list-style-type: none"> <li>. Record of honouring shared ethical principles.</li> <li>. Managerial, professional or university lecturer experience in legal, economic, business or technical disciplines, at least 3 years</li> <li>. Experience as director or auditor, or as executive or manager, of listed or medium-to-large enterprises, in the sectors tightly connected to Brembo and to its dimensions for a appropriate period.</li> <li>. Knowledge of business mechanisms, strategies, risk assessment and management techniques and sustainability profiles.</li> <li>. Understanding of the dynamics of the global financial system.</li> </ul>
<b>SOFT SKILLS</b> <i>Personal aptitudes</i>	<ul style="list-style-type: none"> <li>. Sufficient time available in view of the complexity of the assignment.</li> <li>. Full understanding of the powers and obligations inherent in the position and the functions to be performed.</li> <li>. Collaboration, involvement and ability to influence (knowing how to instill and contribute to professionalism and the development of opinions and taking a part in resolving conflicts).</li> </ul>

#### **8.C.4.**

The remuneration of statutory auditors shall be proportionate to the commitment required from each of them, to the importance of his/her role as well as to the size and business sector of the company.

#### **8.C.5.**

A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other statutory auditors and the chairman of the Board about the nature, the terms, origin and extent of his/her interest.

The statutory auditors, within its activities, may request to the internal audit function to perform checks on specific operating areas or company operations.

#### **8.C.6.**

In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.

#### **8.C.7.**

The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.

## **Art. 9 – Relation with the Shareholders**

### **9.P.1.**

The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.

### **9.P.2.**

The Board of Directors shall endeavor to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.

### **9.C.1.**

The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.

### **9.C.2.**

All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning Brembo S.p.A, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting.

### **9.C.3.**

The Board of Directors should propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion

### **9.C.4.**

In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests.



# **Regulations of the Audit, Risk & Sustainability Committee**

*(It also conducts the Function of Related Party Transactions Committee)*

## **1. FORMATION**

- 1.1 The Board of Directors, in accordance with the provisions contained in the Corporate Governance Code of Borsa Italiana, has instituted an Audit, Risk and Sustainability Committee (hereinafter “Committee”) to ensure, by adequate preliminary activity, support to its assessments and decisions relating to:
- i) the Internal Control and Risk Management System;
  - ii) the sustainability issues related to Brembo's activities and to the interactions with its stakeholders;
  - iii) the approval of the financial statements and half-yearly reports, together with the reception of Non-Financial Information Legislative Decree 254/2016.

## **2. COMPOSITION**

- 2.1 The Audit, Risk and Sustainability Committee shall comprise 3 (three) Non-Executive and Independent Directors, from among whom a Chairman shall be identified. Alternatively, the Committee may comprise Non-executive Directors, the majority of which being Independent ones, in which case one of the Independent Directors shall be appointed as Chairman.
- 2.2 The number of Audit, Risk and Sustainability Committee members must be appropriate for the size of the company, and its term of office is 3 (three) years, generally coincident to the term of office of the Board of Directors.
- 2.3 It should be noted that the independence requirements are those set out in the Corporate Governance Code for listed companies. Apart from independence and additional requirements, as defined in the Regulations of the Board of Directors, nominees for the Audit Committee must have:
- Sufficient time available to serve;
  - Professional skills in relation to the Committee's tasks;
  - Ability to make proposals concerning audit operations and to identify critical risk areas.
- 2.4 At least one member of the Audit, Risk and Sustainability Committee must possess adequate experience in accounting and finance, to be evaluated by the Board of Directors upon his or her appointment.

## **3. FUNCTION**

3.1 The Audit, Risk and Sustainability Committee is responsible for playing a preliminary, advisory and propositional role in assisting the Board of Directors, and fulfils the following tasks:

- Evaluates, together with the Manager in charge of the Company's financial reports, the adequate application of accounting principles, and, in case of groups, their consistency for the purposes of the financial statement;
- Expresses opinions about specific issues emerging in the identification of critical risk areas;
- Verifies the periodical reports concerning the assessment of the Internal Control and Risk Management System, in particular those released by the Internal Audit function.
- Monitors the independency, adequacy and effective functioning of the Internal Audit function;
- May request the Internal Audit Director to verify specific functional areas, at the same time informing the Chairman of the Board of Statutory Auditors;
- Reports to the Board of Directors, on a half-yearly basis, on the occasion of yearly and half-yearly financial statements approval, about the operations and adequacy of the Internal Control and Risk Management System, and, in any case, about significant issues emerging during its internal meeting, on the occasion of the first available Board of Directors meeting;
- Examines, with the support of the Internal Audit function, received reports, with the purpose of monitoring the adequacy of the Internal Control and Risk Management System;
- Completes other tasks assigned from time to time by the Board of Directors, and, when requested by the Chairman, the Executive Deputy Chairman and the Chief Executive Officer, examines any other related issues;
- Examines and evaluates: (i) Sustainability policies aimed at ensuring value creation from medium and long-term perspective for its shareholders and its stakeholders, in respect of the principles of sustainable development; (ii) Targets, goals and following processes of sustainability, together with Sustainability Reports to be yearly submitted to the Board of Directors;
- Monitors international initiatives in the field of sustainability and the Company's participation to these, in order to consolidate the international reputation of the Company;
- Conducts the function of Related Party Transactions Committee and fulfils the related tasks, as specified in the Related Party Transactions Procedure, according to article 4 of the Consob Regulations, adopted with Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010, updated version available on Brembo's website<sup>1</sup>.

3.2 The Chairman coordinates the activities of the Audit, Risk and Sustainability Committee and fulfils the following tasks:

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<sup>1</sup> [www.brembo.com](http://www.brembo.com), section: company/corporate-governance/governance-documents

- Plans the agenda of the Committee meetings, defining number and duration of meetings;
- Informs the Board of Directors about identified issues and adopted measures related to risk control and management;
- Periodically meets the Chairman of the Supervisory Committee with reference to compliance of Legislative Decree 231/2001, or meets the Chairman of the Board of Statutory Auditors with reference to issues of common interest;
- Consults the Internal Audit Director and organizes ad hoc meetings with the purpose of an in depth examination of subjects and methodologies related to the activities of the Internal Audit Director;
- Organizes and attends ad hoc meeting, even delegated by the Committee itself, with the Company's management, the Manager in charge of the Company's financial reports, the CSR Officer, the Risk Manager and/or with functions, structures, committees or company roles relating to risk management, sustainability issues and initiatives or compliance.

#### **4. CONDUCTING OF THE MEETINGS OF THE AUDIT COMMITTEE**

##### **4.1 The Audit, Risk and Sustainability Committee:**

- Meets, upon Chairman convocation, at least four times a year — even by telephone and/or video conference call —, and any other time it is necessary;
- Is considered validly in session when the majority of the members of the Committee participates;
- Adopts the decisions taken by the majority of the members attending the meeting; in the event that no proposal receives the majority of votes, the Chairman's decision shall prevail.

##### **4.2 The following are invited to participate in all of the Committee meetings:**

- The Chairman of the Board of Statutory Auditors or other member delegated by him/her;
- The Executive Director in charge of the Internal Control and Risk Management System;
- The Chief Executive Officer;
- The Internal Audit Director;
- The Manager in charge of the Company's financial reports or other member delegated by him/her, provided he or she has specific competence;
- The CSR Officer and/or one or more members of the CSR Steering Committee<sup>2</sup> with reference to specific competences;
- The Risk Manager;
- The Corporate & Compliance Manager, who is also in charge as standing Secretary of the Committee.

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<sup>2</sup> The CSR Steering Committee is an internal managerial committee, in charge of defining the guidelines with reference to CSR, the adoption of CSR group policies, the identification of operational priorities, approval and monitoring of projects proposed by the CSR Officer. It is composed by: CSR Officer, Executive Deputy Chairman, Chief Executive Officer, Systems Division Director, CSR Program Manager, Communication Director, Business Development and Marketing Director, Human Resources and Organization Director, Purchasing Director, Quality & Environment Director.

- 4.3 Ad hoc invitees, external to the Committee but internal to the Company management and/or to any structure related to risk management and sustainability, may also participate in relation to specific internal audit and risk management needs or other business items on the agenda.
- 4.4 The Chairman or, if not present, the eldest of the attending members of the Committee shall presides the Committee meetings.
- 4.5 The Chairman and Secretary shall draft and sign a minute of each Committee meeting. Once signed, the minutes are transmitted to the members of the Committee, to the Chief Executive Officer, to the Executive Director in charge of the Internal Control and Risk Management System, to the Chairman of the Board of Statutory Auditors, to the Internal Audit Director, to the Manager in charge of the Company's financial reports or the person delegated, to the CSR Officer and to the Risk Manager.
- 4.6 Audit Committee meetings may be held by means of teleconferencing and videoconferencing, provided that all participants may be identified and are able to follow and participate simultaneously in the discussion of the subjects raised, as well as view documents in real time.
- 4.7 As part of its activities, the Committee has the faculty to access any information and company functions necessary to fulfil its tasks, as well as employ external consultants, within the scope and the amount of the fixed budget approved by the Board of Directors.

## **5. FINAL PROVISIONS**

- 5.1 Regarding any other issue not expressly established within this Code, it is understood that laws and statutory provisions regarding Brembo's Board of Directors, as well as the present Code, are applied.
- 5.2 The Chairman of Brembo's Board of Directors may carry out merely formal amendments to the present Code, upon receiving evaluation and approval from the Committee, when these are necessary to align with laws and regulations, assessment of the Board of Directors, or organizational changes of Brembo S.p.A.

## **Regulations of the Remuneration and Appointment Committee**

## 1. OBJECTIVE OF THE COMMITTEE

1.1 In accordance with the provisions contained in the Corporate Governance Code of Borsa Italiana, which Brembo S.p.A. has implemented in their entirety, Brembo's Board of Directors has formed an internal Remuneration and Appointment Committee (hereinafter "Committee") for the purpose of:

- i) ensuring that the remuneration policies for the Chairman, the Executive Deputy Chairman, the Chief Executive Officer and the Managing Director, the Executive Directors, Directors filling specific positions, key management personnel and Non-executive Directors are formulated by a body not subject to conflicts of interest;
- ii) performing an advisory and propositional role, assisting the Board of Directors in the individuation of the most appropriate composition of the Board itself, suggesting professional figures whose participation to the Board could contribute to a correct and effective functioning, and, if required, predisposing a plan to the succession of the Executive Directors.

## 2. COMPOSITION

2.1 The Remuneration and Appointment Committee consists of 3 (three) Independent Directors or, alternatively, Non-Executive Directors, the majority of whom are also Independent; in this case, the appointed Chairman of the Committee is to be selected among the Independent ones<sup>1</sup>. However, the Chairman may appoint a non-member to act as Secretary.

2.2 The number of the Remuneration and Appointment Committee members must be appropriate for the size of the company, and its term of office is 3 (three) years, generally coincident to the term of office of the Board of Directors.

2.3 The independence requirements for the members of the Remuneration and Appointment Committee are those set out in the Corporate Governance Code for listed companies. Apart from independence requirements, nominees for the Remuneration and Appointment Committee must have:

- Sufficient time available to serve;
- Professional competences in relation to the Committee's tasks.

2.4 At least one member of the Remuneration and Appointment Committee must possess adequate experience in accounting and finance and in remuneration policies, to be evaluated by the Board of Directors upon his or her appointment.

2.5 The following functions are appointed among the members of the Committee:

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<sup>1</sup> This provision is applied starting from its first renewal by the next meeting of the Board of Directors at the end of the financial year 2012, or in the occasion of the meeting to approve the financial statement referred to 31.12.2013. Until the meeting is held, the following provision will apply: "The Committee is composed of three Non-Executive Directors, the majority of which shall be Independent (members of the Board), and one of which shall act as Chairman, the other 2 being member of the Committee: among the latter ones, one shall be appointed as Secretary."

- i) the Chairman of the Remuneration and Appointment Committee who coordinates the work of the Committee and who is appointed by the Board of Directors or, if not provided by the Board, by the Committee itself, upon its first available meeting;
- ii) a Secretary of the Remuneration and Appointment Committee. However, the Chairman may appoint a non-member to act as Secretary.

### **3. DUTIES**

The Remuneration and Appointment Committee shall fulfil the tasks indicated below.

#### **3.1 With regard to the remuneration of the Committee:**

- i) Periodically assesses, as indicated by the Chairman of the Board of Directors, the adequacy, overall consistency and practical application of the general policy adopted for the remuneration of Executive Directors, Directors and key management personnel filling specific positions (including any stock option or stock granting plans, three-year incentive plans, etc.), according to the information provided by the Managing Directors, and also formulates proposals on the matter to the Board of Directors;
- ii) Submits proposals to the Board of Directors regarding the remuneration of Executive Directors and other Directors filling specific positions and regarding the setting of performance objectives related to the variable component of such remuneration and monitors the application of the decisions adopted by the Board of Directors by verifying, in particular, the effective achievement of the performance objectives;
- iii) Formulates proposals for the Board of Directors regarding the report that the Directors are required to submit to the annual Shareholders' Meeting to describe the general policy governing the remuneration of executive Directors, other Directors filling specific positions (in particular, the Chairman and any Deputy Chairmen) and key management personnel;
- iv) Fulfills any other task requested by the Board of Directors, and examines, upon indication of the Chairman, the Executive Deputy Chairman and/or the Chief Executive Officer, any subject that they consider proper to be assessed by the Committee;
- v) Reports to the Shareholders regarding the way in which its duties are discharged.

#### **3.2 With regard to the nominees and composition of the Board of Directors:**

- i) Formulates opinions to the Board of Directors regarding the number of the members and the composition of the Board itself and expresses recommendation regarding the professional figures whose participation to the Board is considered appropriate, upon considering the Board Performance Evaluation;
- ii) Formulates opinions and expresses recommendation to the Board of Directors regarding the maximum limit of appointments as Director or Statutory Auditor of companies as established in article 1C of Brembo's Corporate Governance Code, compatible with the effective execution of the role of Director of Brembo, also considering the participation of the members to the Committee;



- iii) Formulates opinions and expresses recommendation to the Board of Directors regarding exemptions to the non-competition principles as established in Article 2390 of the Italian Civil Code;
- iv) Proposes to the Board of Directors adequate candidates as Director in case of co-optation, when is necessary to substitute Independent Directors;
- v) Formulates opinions to the Board of Directors regarding any plan predisposed for the succession of Executive Directors;
- vi) Fulfills any other task requested by the Board of Directors, and examines, upon indication of the Chairman, the Executive Deputy Chairman and/or the Chief Executive Officer, any subject they consider proper to be assessed by the Committee.

#### **4. CONDUCTING OF THE MEETINGS OF THE REMUNERATION AND APPOINTMENT COMMITTEE**

4.1 The Remuneration and Appointment Committee shall:

- Meet, upon invitation of the Chairman, at least once a year, even by telephone and/or video conference call, and on any other occasion it is necessary;
- Be considered validly in session when the majority of its members is present;
- Adopts decisions approved by the majority of the attendees. In the event that no decision reaches the majority of votes, the Chairman's decision shall prevail.

4.2 The Chairman of the Board of Statutory Auditory or any other Statutory Auditor appointed by him/her shall participate to each meeting of the Committee.

4.3 Ad hoc invitees, external to the Committee but internal to the Company management and/or to management structures, may also participate, in relation to specific needs or other business items on the agenda.

4.4 The Chairman or, if not present, the eldest of the attending members of the Committee presides the Committee meetings.

4.5 Minutes of each meeting of the Committees shall be drafted and approved by the Chairman and by the Secretary. Minutes shall be archived in chronological order at the Legal and Corporate Department.

4.6 Meetings of Remuneration and Appointment Committee may be held by means of teleconferencing and videoconferencing, provided that all participants may be identified and are able to follow and participate simultaneously in the discussion of the subjects raised, as well as view documents in real time. Meetings may be held in one of the company's locations or in any other place, accurately selected by the Independent Directors.

4.7 For the purpose of its functions, the Committee has the faculty to obtain any information and company function necessary to fulfil its tasks, as well as to secure the assistance of external advisors, within the terms established by the Board of Directors.

4.8 For items of business on the agenda, the Committee, where it deems appropriate to do so, may secure the assistance of external advisors with expertise in remuneration policies, provided that such advisors do not simultaneously provide the Human Resources Department, Directors or key management personnel with material services that could effectively compromise those advisors' independent judgment.

4.9 No Director shall participate in meetings of the Remuneration Committee in which proposals are submitted to the Board of Directors relating to his or her remuneration.

## **5. FINAL PROVISIONS**

Regarding any other issue not expressly established within this Code, it is understood that laws and statutory provisions regarding Brembo's Board of Directors, as well as the present Code, are applied.

## **Regulations of the Lead Independent Director**

## **1. APPOINTMENT AND DUTIES OF THE LEAD INDEPENDENT DIRECTOR (LID)**

In accordance with the provisions of the Corporate Governance Code of Borsa Italiana S.p.A., which Brembo S.p.A. has implemented in their entirety, the Board of Directors of Brembo S.p.A. has designated, upon an ad hoc resolution, a Lead Independent Director (hereinafter "LID"), who is in charge for the following specific duties:

- serving as a point of reference and coordinator of the petitions and contributions of Non-executive Directors and, in particular, of Independent Directors, within the Board of Directors;
- collaborating with the Chairman in order to ensure that the Directors receive complete and timely information flows regarding operations;
- convening, at least once a year, the Independent Directors to discuss issues deemed of interest in regards to the functioning of the Board of Directors or to the company management.
- executing any other task requested by the Chairman and/or the Board of Directors.
- conducting, upon request of the Chairman, the Board Performance Evaluation in regards to the functioning, size and composition of the Board of Directors and its Committees, according to the provisions contained in the Corporate Governance Code of Brembo S.p.A.

## **2. MEETINGS OF THE INDEPENDENT DIRECTORS**

- 2.1 The LID calls, autonomously or upon request of other Directors, at least once a year, meetings of the Independent Directors in order to discuss subject considered of interest for the functioning of the Board of Directors and the company management.
- 2.2 At such meetings, the LID shall act as Chairman, and shall appoint an Independent Director or another person, who is not required to be a member, to act as Secretary.
- 2.3 For the purpose of scheduling and organising meetings, the LID may draw on the support of Company units.
- 2.4 Meetings shall be considered valid if the majority of Independent Directors are in attendance and decisions shall be made by the majority of those present.
- 2.5 The LID shall gather the petitions and contributions of the Independent Directors and include them in specific minutes, approved by the LID and the Secretary, to be forwarded to the Chairman of the Board of Directors of Brembo S.p.A. Minutes shall be archived in chronological order at the Legal and Corporate Department.
- 2.6 Meetings may be held by means of teleconferencing and videoconferencing, provided that all participants may be identified and are able to follow and participate simultaneously in the discussion of the subjects raised, as well as view

documents in real time. Meetings may be held in one of the company's locations or in any other place, accurately selected by the Independent Directors.

### **3. FINAL PROVISIONS**

Regarding any other issue not expressly established within this Code, it is understood that laws and statutory provisions regarding Brembo's Board of Directors, as well as the Corporate Governance Code of Brembo S.p.A., are applied.

# **COMPANY BY-LAWS**

*Approved by the Shareholders' Meeting on 18 April 2019*

## **COMPANY BY-LAWS**

### **NAME – REGISTERED OFFICE - DURATION - PURPOSE**

#### **Art. 1) NAME**

These Articles of Association regulate the joint-stock company named:

"FRENI BREMBO - S.P.A."

and also, more briefly:

"BREMBO S.P.A."

#### **Art. 2) REGISTERED OFFICE**

The registered office of the Company shall be in Curno (Bergamo).

The administrative organ may set up branches, agencies, facilities, warehouses and secondary offices and may close down the same. With regard to relationships between the Company and its shareholders, the domicile of each shareholder shall be deemed to be as indicated in the Shareholders' Register.

#### **Art. 3) DURATION**

The term of the Company shall expire on 31 (thirty-one) December 2099 (two thousand and ninety-nine) and may be extended once or several times by the General Shareholders' Meeting.

#### **Art. 4) PURPOSE**

The Company has for its corporate purpose engagement in the activities indicated below, directly and/or indirectly, and even through the acquisition of participating interests in businesses and corporations:

- a) the analysis, design, development, application, production, assembly, sale and/or distribution of braking systems, wheels, clutches, their parts, and components for cars, industrial vehicles, motorbikes and means of transport in general, including vehicles to be used for racing;
- b) the foundry of light alloys and metals in general;
- c) mechanical constructions and work processes, as well as analysis, design, development, manufacturing and sale of mechanical, electric, electro mechanic, electronic and mechatronic systems in general;
- d) the repair and application, even though installation on the Company's own and third party vehicles, of braking systems, wheels and other components for testing on roads;
- e) the sale, distribution and marketing of products (including software programmes) designed, manufactured or distributed by the Company or its subsidiaries;
- f) the manufacture, marketing and sale of sports clothing and other accessories primarily for the racing sector;
- g) the supply of services and/or consultancy services in the areas connected with company activities to subsidiaries or other companies, as well as to public and private entities or to third parties in general;
- h) the organisation, on behalf of subsidiaries or other companies, as well as public and private entities or third parties in general, of courses, seminars and conventions; the

publication and distribution of books, notes and technical bulletins for training and information in the areas of activity in which the Company operates;

i) the management and coordination of subsidiaries, undertaking support activities as well as organisation, technical, managerial and financial coordination, as may be deemed useful or necessary.

The Company may undertake any and all the commercial, industrial and financial transactions, involving both personal property and real estate, that the Board of Directors may deem necessary or useful in the pursuit of the Company's corporate purpose clause. The Company may also stand surety and issue performance bonds and other guarantees, including guarantees in rem and in the interest of third parties.

The Company may, furthermore, acquire participating interests and shareholdings in other companies or corporations of any nature or kind whatsoever, provided that such acquisitions are not effected as the Company's core business or for further placement with third parties. The Company may also finance any and/or all the direct and/or indirect subsidiary and associated companies of the Brembo group, and may also received financing from any and/or all the direct and/or indirect subsidiary and associated companies of the Brembo group.

Pursuant to Treasury Ministry Decree of 2 March 1995 published in the Official Gazette of 12/04/1995, as further amended and extended, the Company may also solicit investments for its own employees, provided that the amount of such investments is contained within the limits of the Company's overall paid-up share capital and reserves as per the last approved financial statements.

## **CAPITAL – SHARES – BONDS**

### **Art. 5) SHARE CAPITAL**

The Company's share capital shall amount to €34,727,914 (thirty four million, seven hundred and twenty seven thousand and nine hundred and fourteen) divided into 333,922,250 (three hundred and thirty three million, nine hundred and twenty two thousand, two hundred and fifty) ordinary shares with no nominal value.

Pursuant to Article 2443 of the Civil Code, the Extraordinary Shareholders' Meeting held on April 18th 2019 resolved to grant to the Board of Directors the power of attorney to increase the share capital for a maximum nominal amount of Euro 3,472,791.40, through payment, one or more times, even in a separate way pursuant to Article 2439, paragraph 2 of the Civil Code, and no later than April 18th 2024, excluding any option rights pursuant to art. 2441, paragraph 4, second sentence, of the Civil Code. Such increase will be realized through the issuance, in one or more tranches, of maximum 6,678,445 shares with no nominal value or - if lower – of a different number of shares that, at each date of the execution of the power of attorney (and considering any possible issuance of shares already made in the execution of the power of attorney stated herein, will form 10% (ten percent) of the total number of shares of the Company on the same date. For the purposes of the execution of such power of attorney, the Board of Directors has been also assigned with the power to (a) determine, for each single tranche, the number, the issue unit price and the enjoyment of the ordinary shares rights, within the sole limits provided by art. 2441, paragraph 4, sentence 2 and / or art. 2438 and/or the paragraph 5 of art. 2346 of the Italian Civil Code; (b) determine the period for the subscription of the ordinary shares of the Company; and (c) give execution to



the power of attorney mentioned above, including, but not limiting to, those power of attorneys to amend the by-laws from time to time, if necessary.

#### **Art. 6) NATURE OF THE SHARES AND RULES FOR ISSUE**

All the shares in the Company are registered shares. Each share is indivisible and bears the right to one vote, without prejudice to the provisions of the subsequent paragraphs.

By way of exception to the provision of the foregoing paragraph, each share will entitle its holder to a double vote (and thus to two votes per share) where both the following conditions are met: (a) the share has been held by the same party, by virtue of lawful title giving rise to the right to vote (full ownership with the right to vote, bare ownership with the right to vote or usufruct with the right to vote) for a period of at least twenty-four consecutive months; (b) the requirement set out under (a) is witnessed by continuous registration for a period of at least twenty-four months, in the specifically instituted special list governed by this Article (the "Special List"), and by a specific notice that attests to share possession as at the start date of the continuous period and is issued by the intermediary with which the shares are held in accordance with applicable legislation.

Increased Voting Rights are effectively granted upon the earlier of: (i) the fifth exchange business day of the calendar month after that in which the conditions imposed by the By-laws for Increased Voting Rights are met; and (y) the record date of the General Shareholders' Meeting, determined in accordance with applicable legislation, after the date on which the conditions imposed by the By-laws for Increased Voting Rights are met. The Company institutes and keeps at its registered office — in the form and with the content provided for in applicable legislation — the Special List in which the parties who intend to benefit from the Increased Voting Rights must be registered.

In order to be registered in the Special List, the party meeting the requirements set out in this Article must submit a specific application, appending a notice attesting to share possession — which may apply even only to part of the shares held by the shareholder — issued by the intermediary with which the shares are held in accordance with applicable legislation. Increased Voting Rights may be requested even for only a part of the shares held by the shareholder. If the applicant is not a natural person, in the application it must be specified whether the applicant is subject to direct or indirect control by third parties and the identification details of any controlling entity must be disclosed.

The provisions regarding the shareholder register and all other applicable provisions, including with regard to the publication of information and shareholders' right of inspection, apply to the Special List set out in this Article, to the extent applicable.

The Special List is updated by the Company by the fifth exchange business day after the end of each calendar month and, in any event, by the record date in accordance with applicable legislation in respect for the right to participate and vote in the shareholders' meeting.

Removal from the Special List will occur in the following cases:

- a) waiver by the interested party;
- b) notice from the interested party or intermediaries attesting to loss of the requirements for the Increased Voting Rights or the loss of lawful title to the shares and/or the of relevant voting rights;

c) automatically, where the Company becomes aware of circumstances entailing the loss of the requirements for the Increased Voting Rights or the loss of lawful title to shares and/or the relevant voting rights.

Increased Voting Rights will be forfeit:

a) when a share is transferred, with or without valuable consideration, it being understood that 'transfer' also includes the grant of a pledge, right of usufruct or other security interest in the share, where this entails the loss of the voting right by the shareholder;

b) when a controlling interest in a company or other entity that holds Increased Voting Rights in excess of the threshold set out in Article 120, paragraph 2, of Legislative Decree No. 58 of 24 February 1998 is transferred directly or indirectly.

Increased Voting Rights :

a) are retained in the event of the grant by the party registered in the Special List of a pledge or right of usufruct on the shares (for such time as the voting right is held by the party granting the pledge or right of usufruct);

b) are retained in the event of hereditary succession by the heir and/or legatee;

c) are retained in the event of a merger or de-merger of the shareholder by the surviving company in the merger or the beneficiary of the de-merger;

d) are proportionally extended to newly issued shares in the event of a capital increase pursuant to Article 2442 of the Italian Civil Code and a capital increase by new contribution through exercise of options;

e) may also be attached to shares assigned in exchange for those with which Increased Voting Rights are already associated, in the event of the merger or de-merger of the Company, where the terms and conditions of the merger or de-merger so provide;

f) are retained in the event of the transfer of UCIs managed by the same party from one portfolio to another;

g) are retained in the event of transfer without valuable consideration to an entity including, without limitation, a trust, marital fund or foundation, of which the transferor or the transferor's heirs are beneficiaries;

h) where the equity investment is held by a trust, are retained in the event of a change of trustee.

In the situations set out under points (d) and (e) of the foregoing paragraph, the new shares acquire Increased Voting Rights (i) for the newly issued shares to which the holder is entitled in exchange for shares in respect of which Increased Voting Rights have already accrued, with effect from registration in the Special List, without the need to complete an additional uninterrupted holding period, and (ii) for the newly issued shares to which the holder is entitled in exchange for shares in respect of which Increased Voting Rights have not yet accrued (but are in the process of accruing), with effect from the completion of the holding period, calculated from the date of original registration in the Special List.

All holders of Increased Voting Rights may always irrevocably waive such Increased Voting Rights (in whole or in part) at any time by written notice to be sent to the Company, without prejudice that the fact that the loyalty voting rights may be reacquired in respect of the shares for which they are waived through new registration in the Special List and the full completion of an uninterrupted holding period of no less than 24 months.

Increased Voting Rights are also considered when calculating quora for the constitution of meetings and for passing resolutions that are based on percentages of share capital, but

have no effect on rights other than voting rights, that are conferred by virtue of holding certain percentages of share capital.

For the purposes of this Article, the notion of 'control' is as defined in the regulations for listed issuers.

The representation of shares held under co-ownership shall be regulated pursuant to law. The shares are de-materialised and are stored in the centralised management system mentioned in Legislative Decree No. 58 of 24 February 1998, as amended and extended ("TUF") under the de-materialisation regime on the basis of agreements entered into by the Company's administrative organ with the management company pursuant to TUF, Legislative Decree No. 213 of 24 June 1998 and the Implementing Regulations approved by CONSOB resolution No. 11768 of 23 December 1998, as further amended and extended.

#### **Art. 7) PAYMENTS ON SHARES**

Payments due on shares shall be called by the Board of Directors whenever the latter deems fit, on one or several occasions, at least fifteen days prior to the scheduled payment date and in the manner the Board of Directors deems fit. Delays by shareholders in making the payments due shall entail the application of interest at the legal rate increased by five points, and in any event, not in excess of the limits established from time to time pursuant to Law No. 108 of 7 March 1996, as further amended and extended.

#### **Art. 7-BIS) BONDS**

The Company may issue bonds, including convertible bonds, in compliance with statutory provisions.

The power to authorise the issue of ordinary bonds, resides with the Board of Directors. The issue of convertible bonds or bonds with warrants, must be approved by the Extraordinary General Meeting, in accordance with the provisions of Article 2420-bis of the Italian Civil Code and other applicable statutory provisions, without prejudice to the General Meeting's right to delegate to the Board the powers required to issue convertible bonds, pursuant to section 2420-ter of the Italian Civil Code and other applicable statutory provisions.

#### **Art. 8) RIGHT OF WITHDRAWAL**

The right of withdrawal of shareholders shall be regulated pursuant to applicable statutory provisions.

### **GENERAL SHAREHOLDERS' MEETINGS**

#### **Art. 9) ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

The duly constituted General Shareholders' Meeting shall represent all the shareholders and General Meeting resolutions passed in accordance with law and these By-laws shall be deemed to be binding on all the shareholders. The General Shareholders' Meeting shall be Ordinary and Extraordinary as required under law, and shall be convened at the registered offices, or elsewhere in Italy, whenever the Board of Directors deems fit and in the cases contemplated under law, in accordance with the manner, form and deadlines specified in applicable statutory and regulatory provisions.

#### **Art. 10) CALLING**

The General Meeting shall be called by the Board of Directors by notice of calling containing an indication of the date, time and venue of the scheduled meeting, the items placed on the agenda, as well as further information required by applicable laws and regulations.

The notice of calling of the General Shareholders' Meeting shall be published, within the terms established by law, on the Company's website and in compliance with any other methods required by laws and regulations from time to time into force.

The Ordinary General Shareholders' Meeting must be called by the administrative organ at least once a year within one hundred and twenty days following the end of the Company's financial year, or within one hundred and eighty days from such date in the case where the Company is required to draw up consolidated financial statements or where warranted by specific reasons pertaining to the Company's corporate purpose and structure, such reasons being indicated in the Directors' Report mentioned in Article 2428 of the Italian Civil Code.

**Article 10-BIS) ADDITION OF ITEMS TO THE AGENDA AND SUBMISSION OF NEW MOTIONS.** Shareholders who, individually or collectively, represent at least one fortieth of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the agenda for the Shareholders' Meeting, indicating the proposed additional items of business in the application, or to submit new motions on the items already on the agenda.

The notice of calling, setting forth the items placed on the agenda, shall be published in accordance with the procedures specified in article 10 above, by the deadlines imposed under applicable statutory and regulatory provisions.

Shareholders intending to request the inclusion of additional items on the agenda of the General Shareholders' Meeting, or submitting new motions on the items already on the agenda, shall draw up a report on the said additional items, or on the additional motions submitted on the items already on the agenda.

The report in question shall be submitted to the Board of Directors by the final deadline imposed for the submission of requests for the inclusion of additional items on the agenda. The Board of Directors shall disclose the said report to the public, together with any Board's own assessments, and at the same time, publish the notice of the inclusion of additional items on the agenda, on the Company's website and in accordance with the other procedures set forth in applicable statutory and regulatory provisions. The agenda may not be extended through the inclusion therein of items pertaining to matters on which the General Shareholders' Meeting may only pass resolutions, pursuant to law, at the motion of the directors or on the basis of a draft resolution or otherwise a report drawn up by the directors, other than the report on the items included on the agenda.

#### **Article 10-TER) RIGHT TO POSE QUESTIONS PRIOR TO THE GENERAL SHAREHOLDERS' MEETING**

Shareholders who are entitled to vote at the General Shareholders' Meeting may pose questions even prior to the said Meeting, according to the terms and procedures prescribed in the notice of calling.

#### **Art.11) PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS**

Shareholders are entitled to vote and may participate in the meeting and cast votes if the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the Shareholders' Meeting is scheduled (or within other term as provided for under applicable law).

Any party entitled to participate in a Shareholders' Meeting may be represented by another person, not required to be a shareholder, through proxy granted pursuant to the procedures prescribed by applicable laws and indicated in the notice of calling. Proxies may be also granted electronically and notified to the Company by e-mail sent to the certified e-mail address specified in the notice of calling.

Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting.

#### **Art. 12) CHAIRMAN OF THE GENERAL SHAREHOLDERS' MEETING AND MINUTES**

The General Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in the absence or disability thereof, by the Deputy Chairman, if appointed. In the case where the Chairman and the Deputy Chairman, if appointed, both waive their chairmanship rights or are unable to exercise the same, the General Meeting shall be chaired by another person appointed by the General Meeting by simple majority.

At the motion of the Chairman, the General Meeting shall appoint a Secretary, who need not necessarily be a party holding voting rights, who, if necessary, shall in turn appoint two scrutineers who need not necessarily be shareholders.

The Chairman of the General Meeting shall determine whether or not the General Meeting is validly constituted and shall direct and regulate the proceedings, establishing the procedures and the order of voting. In drawing up the minutes, the Chairman shall be assisted by the Secretary. Where required under law or requested by the Chairman of the General Meeting, the minutes shall be drawn up by a notary public.

#### **Art. 13) QUORA AND RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING**

Ordinary and Extraordinary General Shareholders' Meetings are normally held following a single calling. The quorum requirements for constituting a session and passing resolutions set out in applicable current provisions of law shall apply to this end. However, should the Board of Directors deem it to be appropriate, it may decide that the Ordinary or Extraordinary General Shareholders' Meeting be held following multiple callings, expressly specifying this information in the notice of calling. The Ordinary and Extraordinary General Shareholders' Meeting at first, second or third calling shall be validly constituted and pass resolutions with majorities established under law applicable case by case.

### **ADMINISTRATION**

#### **Art.14) ADMINISTRATIVE AND AUDITING SYSTEM**

Pursuant to Article 2380 of the Italian Civil Code, the Company shall adopt the administrative and auditing system regulated under paragraphs 2, 3 and 4 of the said Article 2380 of the

Italian Civil Code.

#### **Art. 15) COMPOSITION OF THE BOARD OF DIRECTORS**

The Company shall be administered by a Board of Directors made up of a minimum of 5 (five) and a maximum of 11 (eleven) members, who need not necessarily be shareholders, as established from time to time by the General Shareholders' Meeting at the time of the appointment of the Board.

The Board of Directors shall be made up of executive and non-executive directors.

In any event, (i) at least 1 (one) Board member or 2 (two) if the Board is made up of more than 7 (seven) members, must meet the requirements of independence pursuant to laws and the Corporate Governance Code of Borsa Italiana, adopted by the Company and (ii) the composition of the Board of Directors must reflect gender balance, in accordance with the laws and regulations from time to time in force.

Board members shall be eligible for re-appointment and, save where otherwise established by General Meeting resolution, shall be appointed for a term determined by the General Meeting resolution appointing them, up to a maximum of three financial years. The term of office of the Board of Auditors shall be deemed to expire on the date of the General Shareholders' Meeting called for the approval of the financial statements pertaining to the last financial year of their term, save in the case of the reasons for termination or disqualification contemplated under law or in these By-laws.

#### **Art. 15-BIS) APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS**

After determining the number of members making up the Company's Board, the Ordinary Shareholders' Meeting shall proceed to appoint the same, on the basis of voting lists submitted by shareholders pursuant to the following paragraphs.

Voting lists may be submitted only by those shareholders who, as at the date on which the lists are lodged with the Company, either on their own or together with others, represent at least the minimum percentage of the shares bearing voting rights at the Ordinary Shareholders' Meeting, established under applicable statutory and regulatory provisions. Each shareholder (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 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.

The lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under these By-laws, must be filed with the Company's registered offices at least twenty-five (25) calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both on the Company's website and at its registered offices, in the manner and form specified under applicable statutory and regulatory provisions, at least twenty-one (21) calendar days prior to the scheduled date

of the General Meeting. The filing of voting lists pursuant to the provisions of this article 15-bis shall also be valid for General Meetings held at subsequent callings, if any. In this latter case, new voting lists may be submitted and the aforementioned terms set forth for the filing of lists are reduced to fifteen and ten days, respectively.

In order to establish their ownership of the number of shares required for the submission of lists, each shareholder making such a submission must file with the Company's registered offices, together with the voting list in question, by the end of the day on which the said list is lodged with the registered offices or thereafter but not later than the deadline imposed for the public disclosure of lists pursuant to the preceding paragraph, a copy of the notice issued by authorised intermediaries and mentioned in article 11 of these By-laws, establishing his or her ownership of the minimum shareholding required for the submission of lists, taking due account of the shares registered in the name of the shareholder in question as at the date on which the lists are lodged with the Company's registered offices. Each candidate may appear on only one list, upon penalty of ineligibility.

The number of candidates on each list may be no less than 2 (two) and no more than the maximum number of Board members mentioned in article 15 of these By-laws. The candidates must be listed in serial order.

Furthermore, each list must include at least 1 (one) candidate or at least 2 (two) candidates, if the Board is to be made up of more than 7 (seven) members who meet the requirements of independence pursuant to laws and the Corporate Governance Code of Borsa Italiana, endorsed by the Company.

The lists containing a number of candidates equal to or greater than 3 (three) cannot include only candidates of the same gender (men and women); such lists must include a number of candidates of the under-represented gender such as to ensure that the composition of the Board of Directors 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.

Together with each list, the following documents must be filed with the Company's registered office, no later than the deadline imposed for the filing of lists, and that is to say, the 25th (twenty-fifth) calendar day immediately preceding the scheduled date of the General Shareholders' Meeting:

1. the curriculum vitae of each candidate providing exhaustive information on his personal and professional features, with an indication of whether or not the candidate meets the requirements of independence, pursuant to laws and the Corporate Governance Code of Borsa Italiana, endorsed by the Company, as well as an indication of any other executive positions and directorships held in companies belonging to the significant categories listed in the "Brembo S.p.A. Corporate Governance Manual", as mentioned in the text of the notice of calling of the General Meeting called to pass resolutions on the appointment of Board members;
2. a declaration through which each candidate accepts his candidature and, certifies, under his own responsibility that:
  - A. he does not labour under any of the causes of ineligibility or disqualification within the meaning of section 2382 of the Italian Civil Code;

- B. he meets the requirements of personal integrity and professionalism imposed under applicable statutory and/or regulatory provisions;
  - C. where applicable, an indication that the candidate meets the requirements of independence pursuant to laws and the Corporate Governance Code of Borsa Italiana, endorsed by the Company;
3. 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.
- Voting lists submitted other than in compliance with the provisions of the preceding paragraphs, shall be deemed as never having been submitted. The lists submitted are subject to disclosure obligations as per applicable regulations.

#### **Art. 15–TER) VOTING PROCEDURES**

Each party entitled to vote (as well as (i) shareholders belonging to the same group, the latter 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 TUF, as amended, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list.

The Chairman shall determine the voting procedures to be followed from time to time, pursuant to applicable statutory and regulatory provisions.

For the intents and purposes of appointments to the Board of Directors pursuant to the provisions set forth below, no account must be taken of lists that failed to obtain a number of votes representing at least half the percentage of share capital established under article 15-bis of these By-laws for the submission of voting lists.

Should no voting list be submitted, the General Meeting shall make the required appointments through resolutions approved by the majority of votes cast, in accordance with laws and regulations from time to time in force, also on gender balance (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)

Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list in accordance with laws and regulations on 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). Should, on the other hand, two or more lists be submitted, the Board of Directors shall be appointed as follows:

- all the Board members to be appointed as determined by the General Meeting, save 1 (one), shall be drawn from the list obtaining the highest number of the votes cast, in the same serial order in which they appear on the said list, without prejudice to provisions aimed at guaranteeing the gender balance (men and women), in accordance with the relevant laws and regulations from time to time in force;



- the remaining seat on the Board shall be awarded to the first candidate on the list that obtained the second highest number of votes and that is not linked in any way, whether directly or indirectly, with the shareholders who submitted or voted in favour of the list that obtained the highest number of votes;
- the Board positions reserved to candidates meeting the requirements of independence, pursuant to article 15 of these By-laws, will be filled from the list that obtained the highest number of the votes cast, or if this is not possible, from the list that obtained the second highest number of votes.

Should the voting not comply with laws 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 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. This process of replacement shall be repeated until the composition of the Board of Directors complies with laws and regulations on 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). In the case where it is not possible to draw from the list obtaining the highest number of votes the required number of Directors belonging to the gender less represented and necessary to guarantee compliance with laws and regulations on the gender balance (men and women) from time to time in force, the Board seats in question will be filled by appointments by the General Shareholders' Meeting, by ordinary procedures and majorities. Should the application of the distribution criterion between genders result in a non integer number, this must be rounded up to the next higher unit.

Should, during any financial year, one or more Board members drawn from the list that obtained the highest number of votes (Majority Board members), cease to serve in office for any reason or cause whatsoever, without affecting the majority of the Board members appointed by the general meeting, the following procedure shall apply:

- the Board shall replace the outgoing Majority Board members by co-optation pursuant to the provisions of article 2386 of the Italian Civil Code, in accordance with laws and regulations on gender balance (men and women) from time to time in force, it being understood that if the outgoing Majority Board member is an independent director, another independent director must be co-opted to replace him;
- the directors thus co-opted shall remain in office through to the next Shareholders' Meeting that shall either confirm or replace them following the ordinary procedures and with ordinary majorities, in departure from the list-based voting system mentioned in Article 15-bis above.

Should, during any financial year, the Board member drawn from the list that obtained the second highest number of votes (Minority Board member), cease to serve in office for any reason or cause whatsoever, the following procedure shall apply:

- I. the Board shall replace the outgoing Minority Board member with the first unelected candidate on the same list, provided that the said candidate is still eligible and willing to accept the appointment, and if not, with the first eligible candidate

willing to accept the appointment, from the candidates appearing in serial order on the same list, or, in default, from the list that obtained the highest number of votes from amongst all the lists that received the minimum number of votes mentioned in this article 15-ter, without prejudice to provisions aimed at guaranteeing the gender balance (men and women), in accordance with the relevant laws and regulations from time to time in force. The replacement's term in office shall be coterminous with that of the Board members already in office at the time of his appointment to the Board;

- II. in the case where the Minority Board member is an independent director, he must be replaced by another independent director, without prejudice to provisions aimed at guaranteeing the gender balance (men and women), in accordance with the relevant laws and regulations from time to time in force;
- III. if it is not possible to proceed as indicated above, as a result of the lack of a sufficient number of candidates or the unwillingness of candidates to accept their appointments, the Board of Directors shall replace the outgoing Minority Board member by co-optation pursuant to the provisions of section 2386 of the Italian Civil Code, with a director selected by the Board itself, in accordance with the principles and policies established under law, without prejudice to provisions aimed at guaranteeing the gender balance (men and women), in accordance with the relevant laws and regulations from time to time in force. The Board member thus coopted shall remain in office until the following General Meeting which shall either confirm his appointment or replace him pursuant to ordinary procedures and majorities, without recourse to the voting list system mentioned in article 15-bis above and in accordance with laws and regulations on gender balance (men and women) from time to time in force.

#### **Art. 16) POWERS OF THE BOARD OF DIRECTORS**

The Administrative Organ shall be in charge of Company management, save for those matters and powers that under law are reserved to the exclusive competence of the General Shareholders' Meeting.

Pursuant to Article 2365 of the Italian Civil Code, the Company's administrative organ shall enjoy competence in respect of the following matters:

- a) resolutions regarding mergers in the cases provided for by Articles 2505 and 2505-bis of the Italian Civil Code;
- b) the establishment or closing of secondary offices;
- c) the indication of the Directors empowered to represent the Company;
- d) reduction of capital in the event of shareholder withdrawal;
- e) adjustment of the By-laws to regulatory provisions;
- f) the transfer of the registered office within national territory.

#### **Art. 17) CHAIRMAN AND DELEGATED BODIES**

Save where provision for the same has been made by the General Shareholder's Meeting, the Board of Directors at its first meeting shall elect from amongst its members, a Chairman and, where the Board deems fit, also a Deputy Chairman. The Board shall further appoint a secretary who need not necessarily be a Board member, determining

the remuneration of the same.

The Board of Directors may delegate its powers to an executive committee made up of some of the Board members or by one or more Board members, including the Chairman, determining the content, limits and, if necessary, the procedures for the exercise of the delegated powers, subject to the provisions of Article 2381 of the Italian Civil Code, and further determining the remuneration thereof.

Persons or bodies invested with delegated powers must report to the Board of Directors, at least on a quarterly basis, at Board meetings, or whenever urgency so warrants, even indirectly, providing written or oral information on general management trends, foreseeable developments and the most significant transactions, in terms of amount or features, effected by the Company and its subsidiaries.

Similarly, pursuant to article 150 of TUF, the Board of Directors shall report at least on a quarterly basis to the Board of Statutory Auditors on the activities undertaken and the most significant transactions in economic, financial or balance-sheet terms, effected by the Company or its subsidiaries, as well as, in respect of transactions in which they may have an interest, either directly or on behalf of third parties, or that may be influenced by the party to the management and coordination of which the Company is subject. This information shall be notified by the directors to the Board of Directors in writing or orally, at specific meetings with the directors or at Board meetings or at meetings of the Board of Statutory Auditors pursuant to Article 2404 of the Italian Civil Code, or in written reports, mention of which must be made in the Register of Minutes of the meetings of the Board of Statutory Auditors, required under Article 2421, paragraph 5, of the Italian Civil Code.

#### **Art. 18) BOARD MEETINGS**

Board meetings shall be called by the Chairman, or in the case of his absence or disability, the Deputy Chairman (if elected), whenever the said Chairman or Deputy Chairman deems fit, or at the request of at least two Board members. Board meetings may be held in Italy or in another Country where the Company — directly or indirectly through its subsidiaries or investee companies — operates.

Board meetings may also be held by telephone and/or video conference call, provided that:

- (i) the Chairman and Secretary of the Board meeting are physically present at the same venue;

- (ii) the Chairman of the Board meeting is able to determine the identity and the right to attend the meeting of participants, regulate the proceedings of the meeting, as well as to observe and declare the results of voting;

- (iii) the person drawing up the minutes of the Board meeting is able to adequately follow the proceedings subject to record in the minutes;

- (iv) all attendees are able to exchange documents and, in any event, take part in real time in the debate and simultaneous voting on the items placed on the agenda.

The Chairman or in the case of the latter's disability or absence, the Deputy Chairman, shall establish the agenda, coordinate the works and ensure that adequate information on the items placed on the agenda are provided to all the Board members.

Board meetings shall be called by registered letter, telegram, facsimile transmission or e-mail with confirmation of receipt, to be sent to all Board members and all the members of

the Board of Auditors, at least five days, or in the cases of particular urgency, at least two days prior to the scheduled date of the Board meeting.

Board meetings and the Board resolutions passed thereat shall be deemed to be valid even without formal calling, provided that all the Board members and members of the Board of Auditors are present at the Board meeting.

#### **Art. 19) BOARD RESOLUTIONS**

The Board of Directors shall pass valid resolutions with the attendance (even by telephone and/or video conference call) of the majority of the directors in office and the favourable vote of the majority of the directors present at the Board meeting. In the case of deadlock, the Chairman shall cast the deciding vote.

Board resolutions must be recorded in the minutes, transcribed in the specific Register of Board resolutions, and signed by the Chairman and the Secretary of the Board meeting.

#### **Art. 20) COMPANY REPRESENTATION**

The representation of the Company before third parties and the Courts shall lie, severally and not jointly, with the Chairman of the Board and the Deputy Chairman, if appointed. Such representation shall also lie with the managing directors, if appointed, with regard to and up to the limits of the powers thereto attributed and with the Board members invested with powers of representation by the Board pursuant to Article 17 of these Company Bylaws.

Persons vested with powers of representation of the Company may appoint special attorneys-in-fact who need not be Board members or shareholders of the Company, in respect of individual tasks or categories of tasks, determining the remuneration thereof.

#### **Art. 21) DIRECTORS' REMUNERATION**

Board members are entitled to the reimbursement of the expenses sustained by reason of their office and remuneration as determined by the General Meeting at the time of appointment of the Board.

The remuneration of Board members in charge of specific tasks shall be established by the Board, after having heard the opinion of the Board of Statutory Auditors.

The General Meeting may establish an overall amount by way of remuneration for all the Board members, including those in charge of specific tasks, to be subdivided amongst the Board members as established by the Board itself, pursuant to law.

### **BOARD OF STATUTORY AUDITORS**

#### **Art. 22) COMPOSITION AND APPOINTMENT OF THE BOARD OF AUDITORS**

The Board of Auditors shall be made up of 3 (three) acting auditors and 2 (two) alternates, appointed by the General Meeting on the basis of voting lists submitted by shareholders, subject to the following procedures.

The voting lists submitted for the aforesaid purpose, must be divided into two sections: one for candidates for the post of acting auditor and the other for candidates for the post of alternate.

All the voting lists submitted:

(i) must include at least one 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, it being further understood that all candidates must be listed in serial order. Each candidate may appear on only one list, upon penalty of ineligibility;

(ii) the lists containing a number of candidates equal to or greater than 3 (three), 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.

Voting lists may be submitted only by those shareholders who, at the date the lists were submitted, represent, either on their own or together with others, at least the minimum shareholding required for the submission of lists of candidates seeking appointment to the Board of Directors, pursuant to article 15-ter of these By-laws, or such other percentage of the share capital, as may be established under applicable statutory and regulatory provisions.

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 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.

The lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under these By-laws, must be filed with the Company's registered offices at least twenty-five (25) calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both at Company's registered offices and on its website and in the manner and form specified under applicable statutory and regulatory provisions, at least twenty-one (21) calendar days prior to the scheduled date of the General Meeting. The filing of voting lists for the appointment of Statutory Auditors taken from a minority list, pursuant to the provisions of this Article 22 shall also be valid for General Shareholders' Meetings held at subsequent callings, if any. In this latter case, new voting lists may be submitted and the aforementioned terms set forth for the filing of lists are reduced to fifteen and ten days, respectively.

In order to establish their ownership of the number of shares required for the submission of lists, each shareholder making such a submission must file with the Company's registered offices, together with the voting list in question, by the end of the day on which the said list is lodged with the registered offices or thereafter but not later than the deadline imposed for the public disclosure of lists pursuant to the preceding paragraph, a copy of the notice issued by authorised intermediaries and mentioned in article 11 of these By-laws, establishing his or her ownership of the minimum shareholding required for the submission of lists, taking due account of the shares registered in the name of the shareholder in

question as at the date on which the lists are lodged with the Company's registered offices. No later than the deadline imposed for the filing of lists, and that is to say, the 25th (twenty-fifth) calendar day immediately preceding the scheduled date of the General Shareholders' Meeting, the following documents must also be filed with the registered office together with each list: (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 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.

Voting lists submitted other than in compliance with the provisions of this article, shall be deemed as never having been submitted.

The candidates must meet the requirements of eligibility, personal integrity and professionalism imposed under law and must not hold offices in excess of the threshold established in Article 23 below.

Each party entitled to vote (as well as (i) shareholders belonging to the same group, the latter 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 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) shall be entitled to vote for only one list.

The Chairman shall determine the voting procedures to be followed from time to time, pursuant to applicable statutory and regulatory provisions.

Should no voting list be submitted, the General Meeting shall appoint the Board of Auditors and the Chairman thereof, through resolutions approved by the majority of votes cast, in accordance with laws and regulations from time to time in force, also on gender balance (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). If only one voting list is submitted, the entire Board of Auditors shall be drawn therefrom and the first candidate on the list shall be appointed Chairman of the Board of Auditors in accordance with laws and regulations on 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). Should, on the other hand, two or more lists be submitted, the Board of Auditors shall be appointed as follows:

- without prejudice to the compliance with laws and regulations on 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) (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.

Should, during any financial year, one or more members of the Board of Auditors be drawn from the list that obtained the highest number of votes (Majority Auditors), cease to serve in office for any reason or cause whatsoever, the same shall be replaced — where possible — by the other alternate auditor drawn from the same list as the outgoing auditor, or in default thereof, by the other alternate, without prejudice to the compliance with laws and regulations on gender balance (men and women) from time to time in force. Should it not be possible to proceed as indicated above, a General Meeting must be called pursuant to Article 2401, paragraph 3, of the Italian Civil Code, for making the required appointments to the Board of Auditors, in accordance with ordinary procedures and majorities, without recourse to the voting list system mentioned in this article 22, without prejudice to the compliance with laws and regulations on gender balance (men and women) from time to time in force.

Should, during any financial year, the member of the Board of Auditors drawn from the list that obtained the second highest number of votes (the “Minority Auditor”), cease to serve in office for any reason or cause whatsoever, the same shall be replaced — where possible — by the alternate drawn from the same list as the outgoing auditor, and shall also assume the chair of the Board of Auditors, remaining in office for a term coterminous with that of the other members of Board of Auditors already in office at the time of his appointment as serving auditor without prejudice to the compliance with laws and regulations on gender balance (men and women) from time to time in force. Should it not be possible to proceed as indicated above, the entire Board of Auditors shall be deemed to have immediately ceased serving in office, and accordingly, a General Meeting must be called for the appointment of a new Board of Auditors, pursuant to the voting list system mentioned in

this article 22 without prejudice to the compliance with laws and regulations on gender balance (men and women) from time to time in force.

Should the General Meeting be called upon to appoint the alternate auditors required to ensure that all posts on the Board of Auditors are filled, pursuant to section 2401, paragraph 1, of the Italian Civil Code, the related resolutions shall be approved in accordance with ordinary procedures and majorities, without recourse to the voting list system mentioned in this article 22 without prejudice to the compliance with laws and regulations on gender balance (men and women) from time to time in force.

### **Art. 23) TASKS OF THE BOARD OF AUDITORS**

The Board of Statutory Auditors discharges the supervisory duties entrusted to it under applicable laws and regulations and supervises compliance with the law and By-laws, observance of the principles of sound management and in particular of the adequacy of the organisational, administrative and accounting structures adopted by the Company and the material operation of those structures, as well as the concrete approach to implementing the corporate governance rules set forth in applicable legislation.

Persons who fail to meet the requirements for eligibility, and of personal integrity and professionalism imposed under law, as well as persons who hold directorships or auditorships in excess of applicable statutory and/or regulatory thresholds, may not be appointed to the Board of Auditors, and if appointed, must be deemed disqualified from office.

Auditors are appointed for a term of three years and are eligible for re-appointment. The term of office of the Board of Auditors shall be deemed to expire on the date of the General Shareholders' Meeting called for the approval of the financial statements pertaining to the last financial year of their term, save in the case of the reasons for termination or disqualification contemplated under law or in these By-laws.

The General Meeting shall establish the remuneration due to members of the Board of Auditors, pursuant to law.

## **FINANCIAL STATEMENTS AND PROFITS**

### **Article 23-BIS) STATUTORY AUDIT OF ACCOUNTS**

The statutory audit of accounts shall be carried out by independent auditors that meet the relevant statutory requirements. The appointment and dismissal of the Company's independent auditors, as well as the tasks, powers and responsibilities thereof, shall be governed under applicable statutory and regulatory provisions.

### **Art. 24) FINANCIAL YEARS**

The financial year of the Company shall end on the 31st (thirty-first) of December of each year.

### **Art. 25) FINANCIAL STATEMENTS**

At the end of each financial year, the financial statements made up of the balance sheet, the income statement and the notes to the financial statements, shall be prepared pursuant to law.



#### **Art. 26) LEGAL RESERVE AND ADVANCES ON DIVIDENDS**

The net profits as per the financial statements for the year, net of a portion amounting to at least 5% (five percent) to be set aside to the legal reserve pursuant to and within the limits of the Article 2430 of the Italian Civil Code, may be distributed to shareholders or set aside to a reserve, as determined by General Shareholders' Meeting resolutions.

Advances on dividends may be distributed pursuant to Board resolutions passed pursuant Article 2433-bis of the Italian Civil Code, it being understood that such advances must be distributed in accordance with the procedures and restrictions set forth in statutory provisions.

#### **Art. 27) UNCOLLECTED DIVIDENDS**

Dividends that are not collected within five years from the date on which they fall due, shall be deemed to be forfeited in favour of the Company.

#### **Art. 27-BIS) MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS**

The Board of Directors, after having necessarily acquired the compulsory but non-binding opinion to be issued by the Board of Auditors, shall, with the majorities mentioned in article 19 of these By-laws, approve a resolution appointing the Manager in charge of the Company's financial reports (hereinafter referred to, in short, as the "Manager"), and establishing the remuneration thereof.

No person who fails to meet the following requirements of professionalism, may be appointed to the post of Manager, and if appointed, must be deemed disqualified from office:

(a) diploma or university degree in economics, finance, or subjects related to business management and corporate organisation;

(b) at least three years' professional experience:

- in a position of responsibility in the administrative and/or auditing fields, or an executive position with a joint-stock company, or

- in a position of responsibility for business management or auditing, or as a consultant such as a Certified Public Accountant, with corporations operating in the credit, financial or insurance fields or sectors closely related thereto, or in the Company's core business and related sectors mentioned in article 4 of these By-laws, entailing the management of financial and economic resources.

Furthermore, no person who fails to meet the requirements of personal integrity imposed under article 147-quinquies of TUF, may be appointed to the post of Manager, and if appointed, must be deemed disqualified from office.

The Board of Directors shall endow the Manager with adequate powers and resources for performing his tasks and duties, in accordance with the provisions of article 154-bis of TUF. The Manager shall be appointed for a three-year term that may be renewed once or several times.

Should the Manager cease to serve in office, or should the employment relationship underway between the Manager and the Company be terminated for any reason or cause whatsoever, the Board of Directors shall, without delay, appoint a replacement in the person of another Manager, after having necessarily heard the compulsory but non-binding opinion to be issued by the Board of Auditors, it being understood that the related Board resolution must be approved with the majorities mentioned in article 19 of these

By-laws. The Manager thus appointed shall remain in office for a new three-year term. The Manager shall be invested with the powers and responsibilities attributed thereto under article 154-bis of TUF, and related implementing regulations. The Manager shall attend Board meetings at which matters falling within his sphere of competence are discussed.

#### **Art. 28) DISSOLUTION AND WINDING-UP**

In the case of the dissolution and winding up of the Company, the Extraordinary General Shareholders' Meeting shall appoint the receivers, determining:

- I. the number of receivers;
- II. in the case of several receivers, the rules of functioning of the panel of receivers, even through reference to the rules regulating the functioning of the Board of Directors insofar as the same are compatible;
- III. the parties invested with powers of representation of the Company;
- IV. the policies governing the winding-up;
- V. any and all restrictions on the powers of the receivers.

#### **MISCELLANEOUS**

##### **Art. 29) FINAL PROVISIONS**

Any and all matters not specifically dealt with in these By-laws shall be governed by the statutory provisions thereto pertaining.

Any and all clauses contained in these By-laws that become incompatible with imperative statutory provisions, shall be deemed to be replaced by law and shall be suitably amended by the Board of Directors pursuant to Article 16, at the time of other amendments, unless otherwise required under law.

##### **Art. 30) TRANSITIONAL CLAUSE**

The provisions set forth in articles 15, 15-bis, 15-ter and 22 of these By-laws, aimed at ensuring compliance with current legislation on gender balance (men and women), are to be applied in the first 3 (three) full renewals of the Board of Directors and Board of Statutory Auditors subsequent to 12 August 2012.

Therefore, for subsequent renewals, the said provisions are to be regarded as of no effect. In accordance with Law No. 120 of 12 July 2011:

- (i) for the first full renewal of the Board of Directors and Board of Statutory Auditors subsequent to 12 August 2012, the quota reserved for the under-represented gender shall be equal to 1/5 (one fifth) (rounded up to the next higher unit) of the members of the corporate body in question;
- (ii) for the 2 (two) renewals subsequent to that under (i) above, the quota reserved for the under-represented gender shall be equal to 1/3 (one third) (rounded up to the next higher unit) of the members of the corporate body in question.

# **Regulation for Shareholders' Meeting**

***Approved by the Shareholders' Meeting on 29 April 2011***

## REGULATIONS FOR SHAREHOLDERS' MEETINGS

### ITEM ONE – PRELIMINARY PROVISIONS

**ART. 1** These Regulations discipline the conducting of ordinary and extraordinary Shareholders' Meetings of BREMBO S.p.A., with registered office in Curno (hereafter the "**Company**").

For matters not expressly disciplined herein, reference is made to provisions of laws, regulations and the By-laws in effect regarding the Shareholders' Meetings of the Company, which in cases of conflict with the provisions of these regulations shall prevail on the latter.

**ART. 2** These Regulations, approved by the Ordinary Shareholders' Meeting on 3 May 2000, and most recently amended by the Ordinary Shareholders' Meeting of 29 April 2011, are available to shareholders and entitled attendees at the Company's registered office, on the website [www.brembo.com](http://www.brembo.com), Corporate Governance section, Principles and Codes, Corporate Governance Manual - March 2011 edition, and in all locations in which Shareholders' Meetings are held.

### ITEM TWO – PARTICIPANTS IN SHAREHOLDERS' MEETINGS

**ART. 3** Entitled Attendees pursuant to the law and By-laws (hereinafter "**Entitled Attendees**"), may participate in the Shareholders' Meeting, personally or through a representative pursuant to Article 11 of the By-laws, Section 2372 of the Italian Civil Code and articles 135-novies – 135-undecies of Legislative Decree 58 of 25 February 1998, as amended and extended.

The terms and conditions of the fulfilment of the legal obligations required for Entitled Attendees to participate in Shareholders' Meetings shall be stated in the notice of calling published by the Board of Directors.

In any case, the persons attending the Shareholders' Meeting on their own behalf or by proxy must identify themselves through the submission of an appropriate document for this purpose, including proxies to represent a legal person.

**ART. 4** Subject to prior invitation from the Chairman of the Board of Directors, Company employees and other persons may participate in the Shareholders' Meetings as observers with no right to vote or speak (hereafter "Guest Participants").

Non-shareholder law clerks and any scrutineers may also attend the Shareholders' Meeting to carry out functions prescribed in the following articles of these Regulations, without the right to speak.

As a rule, the Chairman of the Board of Directors invites as Guest Participants financial experts and analysts, representatives of the Independent Auditors assigned the mandate for statutory auditing of the financial statements, as well as journalists reporting on behalf of newspapers, magazines and radio/television networks, in accordance with CONSOB recommendations. Pursuant to Article 11 of the By-laws, the entitlements must reach the site of the Shareholders' Meeting within twenty-four hours of the second day before the date of the Shareholders' Meeting on first call.

Upon the request of one or more Entitled Attendees, the Chairman of the Meeting (as identified in Article 8 below, the “Chairman”) reads out the names of the Guest Participants and their qualifications during the preliminary session of the Shareholders’ Meeting.

**ART. 5** Entitled Attendees must hand in the documents, prescribed by laws in force, attesting to their right to participate in the Shareholders’ Meeting, to Company Representatives (hereafter the “Representatives”) located at the entrance to the rooms where the meeting takes place, in exchange for a voting card to be kept throughout the entire duration of the Shareholders’ Meeting, exhibited upon request for control purposes, and returned in case of exit from the Shareholders’ Meeting before it is adjourned.

In case of a dispute over the right to participate in the Shareholders’ Meeting, the Chairman makes a ruling, consulting, if deemed appropriate, the Chairman of the Board of Statutory Auditors or, in his absence, an Acting Auditor.

The Guest Participants must allow themselves to be identified by the Representatives at the entrance to the premises in which the Shareholders' Meeting is to be held and collect, where requested, a specific token of control.

**ART. 6** The Chairman may rule that the Shareholders' Meeting proceedings be recorded on video or audio for the sole purpose of facilitating the drafting of the minutes of the meeting.

Neither Entitled Attendees nor Guest Participants may bring into the rooms hosting the Shareholders’ Meeting any recording devices of any kind, photographic equipment or similar devices, without the prior and express authorisation of the Chairman of the Meeting.

**ART. 7** All Entitled Attendees who, for any reason, leave the rooms where the meeting is being held must inform the Representatives. To be readmitted, they must exhibit the stub of their admission ticket.

**ART. 8** The Chairman of the Board of Directors or, in his absence, the Deputy Chairman if appointed or otherwise a person elected by the shareholders, as according to the Company By-laws, assumes the chair at the time set in the notice of calling, except for a justified delay of no more than one hour.

Then the Chairman announces to the shareholders the names of the members of the Board of Directors and the Board of Statutory Auditors in attendance.

**ART. 9** The Chairman is assisted by the Shareholders’ Meeting Secretary (as per Art. 10 – hereafter the “Secretary”), the other directors, the statutory auditors, the notary public in cases prescribed in Article 10, paragraph 1, as well as Company employees included among the Guest Participants.

Based on the attendance list and admission tickets collected at the entrance by the Representatives, the Chairman, with the help of the Secretary, announces the number of Entitled Attendees in attendance and the number of votes that they have the right to.

The Chairman, with the help of the Representatives, checks the validity of the proxies and the right of those in attendance to participate in the Shareholders' Meeting and announces to the Shareholders' Meeting the results of this procedure. Upon ruling that one or more proxies are invalid, the Chairman may revoke the right to speak and vote of shareholders, or their Representatives, exhibiting irregular proxies.

The list of Entitled Attendees, including those actually present at the time of the vote, becomes an integral part of the minutes of the meeting along with the proxies.

As soon as the quorums are reached as prescribed in the Company By-laws, the Chairman declares that the Shareholders' Meeting is validly in session and begins proceedings. In case the quorums are not reached before one hour passes from the time set for the start of the Shareholders' Meeting, the Chairman declares the Shareholders' Meeting invalid and postpones the start for another call. In the case of the Shareholders' Meeting being declared invalid, minutes of the meeting are drawn up for the purpose and signed by the Chairman and a Statutory Auditor, if present.

**ART. 10** Having ascertained that the Shareholders' Meeting is validly in session, and having read out the items on the agenda, the Chairman proposes the appointment of the Secretary entrusted with drafting the minutes, unless the task has been previously assigned to a notary public appointed by the Chairman in accordance with law or by virtue of his unquestionable discretion. If the office of Secretary is not assigned to a notary public by force of law, the minutes will not be evidenced in a public deed, unless the Chairman decides otherwise, notifying the Shareholders' Meeting.

In addition, from time to time during the Shareholders' Meeting when coming to each of the items on the agenda, the Chairman verifies the rights of Attendees to participate in the discussions and to vote on each item.

Under the Chairman's supervision, an attendance sheet is drafted listing the names of those speaking in relation to shareholdings, specifying the number of shares and all others present.

The Secretary may be assisted by the Representatives, Company employees, or consultants as long as they are Guest Participants.

**ART. 11** The Chairman may call for the use of an usher service provided by clerks recognized by distinctive apparel.

**ART. 12** When deciding that voting takes place through ballot cards, the Chairman appoints Scrutineers called on to make the vote count: the number must be appropriate to need, but in any case not fewer than two or more than four, chosen among Company employees, Guest Participants and/or Entitled Attendees.

**ART. 13** Generally, the proceedings of the Shareholders' Meeting take place in a single session during which the Chairman, when he deems necessary and the shareholders do not oppose it, may suspend the proceedings for a period of time not exceeding two hours.

Without prejudice to the provisions of Section 2374 of the Italian Civil Code, the Shareholders' Meeting may pass a resolution with a simple majority to adjourn the proceedings whenever deemed necessary, setting the day and hour for their resumption, even beyond three days as long as it is consistent with the reasons for the adjournment.

### **ITEM THREE – THE DISCUSSION**

**ART. 14** The Chairman and other Directors and Statutory Auditors, each according to their area of competence, on the Chairman's invitation, illustrate the items on the agenda and the proposals submitted to the Shareholders for approval, consulting with the General Manager and other executives or managers of the Company, or its consultants when deemed appropriate.

The Chairman may change the order of discussion of the items on the agenda, as listed in the notice of calling, subject to approval by the Shareholders' Meeting in a simple majority vote if one or more of Entitled Attendees oppose the motion.

Pursuant to Section 2375 of the Italian Civil Code, speeches are summarised in the minutes on the prior request of the interested parties among those with the right to speak.

**ART. 15** The Chairman monitors the discussion, giving the floor to those with the right to speak who have requested to do so (in accordance with Article 16 below, paragraph 2), to the Directors, the Statutory Auditors, and the Secretary. In the exercise of this function, the Chairman adheres to the principle that all Entitled Attendees, the Directors, the Statutory Auditors, and the Secretary have the right to express themselves freely on matters of interest to the Shareholders, in accordance with the law, the By-laws, and these Regulations.

**ART. 16** Entitled Attendees, the Directors, and the Statutory Auditors have the right to speak on each one of the issues placed up for discussion and make proposals on them.

Entitled Attendees who wish to speak must put in a request to the Chairman by raising their hands; in such case, the Chairman gives the floor according to the alphabetical order of the surnames of those requesting to speak.

Those that intend to speak may also submit a written request to the Chairman, delivered to the Representatives, indicating the item on the agenda they wish to address, according to the procedure laid down by the Chairman, not before the items on the agenda have been read out and at any time thereafter before the discussion on the item subject to the request to speak has been declared closed.

If one or more requests are submitted at the same time, the Chairman gives the floor according to the alphabetical order of the surnames of those requesting to speak.

**ART. 17** The Chairman and/or, on his invitation, the Directors, the Statutory Auditors, the General Manager, other Company executives and managers or Company consultants respond to Entitled Attendees according to their areas of expertise or when deemed useful by the Chairman, after the speech of each one or after all speeches have been given on each item of the agenda, according to the procedure laid down by the Chairman.

**ART. 18** Entitled Attendees have the right to make one speech on each item on the agenda, except for a reply and a statement of vote, each of a duration of no more than five minutes.

**ART. 19** The Chairman, taking into account the issue and the importance of the single items on the agenda, announces the period of time available for the speech of each person with the right to speak, normally not less than 5 minutes and not exceeding 10 minutes. When such period of time is concluded, the Chairman may invite the Entitled Attendee to conclude within another five minutes. Once this time has expired, the Chairman proceeds in accordance with Article 20, paragraph 2(a).

**ART. 20** The Chairman is in charge of maintaining order at the Shareholders' Meeting, ensuring that the proceedings are properly conducted, and preventing abuses of the right to speak.

For these purposes, the Chairman may deny the floor:

- a) whenever an Entitled Attendee speaks without having been given the floor or continues to speak beyond the allotted time;
- b) after a warning, if the speech clearly and evidently is not germane to the issue under discussion;
- c) if the Entitled Attendee says improper or injurious words, phrases or opinions;
- d) if the person incites violence or disorder.

**ART. 21** If one or more attendees obstruct the due course of business, the Chairman shall instruct them to comply with these Regulations.

If this warning is not heeded, the Chairman may order the warned persons to be expelled from the rooms where the Shareholders' Meeting is taking place for the entire duration of the discussion.

In such case, if the expelled persons are among Entitled Attendees, they may appeal to the Shareholders' Meeting which resolves the question through a simple majority vote.

**ART. 22** Once all the speeches, responses and replies have been given, the Chairman concludes by declaring the discussion closed.

After closing the discussion on the item on the agenda, no Entitled Attendee may take the floor to make further speeches.



#### **ITEM FOUR – VOTING**

**ART. 23** Before initiating the voting, the Chairman readmits to the Shareholders' Meeting those who may have been expelled as per Article 21. The provisions in Articles 20 and 21 of these Regulations may be applied if need arises also during the voting period.

**ART. 24** The Chairman may rule that the voting on each single item takes place after the closure of the discussion of each one of them or at the end of the discussion on all the items on the agenda.

**Art. 25** Shareholders' voting take place on an open ballot. The Chairman decides which of the following voting systems to adopt: (i) by a raising of hands, the Chairman requests an expression of favourable votes, unfavourable votes and abstentions, subject to identification of the voters; (ii) by roll call, all Entitled Attendees are asked to vote; (iii) through ballot cards, in which case the Chairman sets a time by which Entitled Attendees may vote; those voting submit their ballot cards to the Scrutineers who place them in a ballot box located in the rooms where the Shareholders' Meeting is taking place; iv) through the use of suitable electronic equipment.

Those voting against or abstaining must provide their names to the Secretary of the Shareholders' Meeting or to the notary public for inclusion in the minutes.

**ART. 26** In the case of voting by ballot cards, such cards are voting instruments and therefore the Company makes them available according to a uniform model. The Company makes the ballot cards available and the Representatives fill them out, including the names of the shareholders who have exercised their right to vote and the number of corresponding votes. The ballot cards must have a different number for each of the issues on which the Shareholders are asked to vote; alternatively, the ballot cards may have a different colour for each one of the issues that the Shareholders are asked to vote on. In either case, the Representatives must write the number of votes on the ballot cards. Votes made on non-standard ballot cards are invalid.

The Representatives at the entrance to the rooms where the Shareholders' Meeting is being held deliver the ballot cards.

**Art. 27** Candidacies for company positions must be submitted by the deadline established under applicable laws and regulations and the By-laws. Before initiating the voting for appointments to company positions, the Chairman: (i) reads the lists submitted where prescribed or otherwise the complete list of candidates; (ii) states which lists and/or which candidacies must be considered invalidly submitted and the relevant reasons.

The Board of Statutory Auditors is appointed on the basis of shareholder-submitted lists in which the candidates are listed by means of progressive number.

Those who submit lists must also file proof of irrevocable acceptance of the position by candidates (contingent upon their appointment), certification of the absence of grounds for disqualification and/or dismissal, documents attesting to the satisfaction of requirements imposed by laws and regulations and the By-laws, with particular regard to the requirements of professionalism and personal integrity set forth in applicable statutes, as well as notes

illustrating the personal and professional characteristics of each candidate required by the current By-laws.

**ART. 28** Once the voting period established by the Chairman has expired, the Scrutineers count the votes on the ballot cards and notify the Chairman of the result. The Chairman then announces the results of the vote, indicating the number of votes for and against and the number of abstentions for each resolution, declaring a proposal approved if it has obtained the majority of votes in favour, as per the law and the By-laws. In the case of voting for acting and alternate members of the Board of Statutory Auditors, the Chairman declares elected those candidates who have won the voting on the basis of the mechanism prescribed in Article 22 of the By-laws.

**ART. 29** Once all the items on the agenda have been addressed, the Chairman declares the meeting closed.

#### **ITEM FIVE – FINAL PROVISIONS**

**Art. 30** These Regulations may be amended by the Ordinary Shareholders' Meeting by majority vote as established by provisions in force.

The Ordinary Shareholders' Meeting may likewise delegate the power to amend or extend these Regulations, or single clauses of it, to the Board of Directors.