

# **PG.W.AF – 01**

## **RELATED PARTY TRANSACTION PROCEDURE**

*Pursuant to Consob Regulation adopted with Resolution No. 17221 of 12 March 2010 and further amended by Resolutions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017, No. 19974 of 27 April 2017, No. 21396 of 10 June 2020 and No. 21624 of 10 December 2020*

**(REV. 01 - 10/05/2021)**

*This procedure repeals and replaces procedure PG.W.AEC – 07 rev. 02*

Prepared by:	N. Bettinelli – CCM	Date: ____21	Signature: _____
	A. Pazzi – CAFO	Date: ____21	Signature: _____
Verified by:	Audit, Risk & Sustainability Committee Chairwoman (L. Cioli)	Date: ____21	Signature: _____

**APPROVAL BY DEPARTMENTS INVOLVED:**

x	Administration & Finance Dept.		x	Administration & Corporate Affairs Dept.	

<b>Approved by:</b> <b>Executive Deputy Chairman – M. Tiraboschi</b>	Date: ____21	Signature: _____
<b>Approved by:</b> <b>Board of Directors Chairman (A. Bombassei)</b>	Date: ____21	Signature: _____

*REVISIONS INDEX*

REVISION	DATE	NOTES
00	10/05/2016	Fully replaces procedure PG.W.AEC – 07 rev. 02 (amendments to the previous version are highlighted in grey)
01	10/05/2021	Revisions to ensure compliance with the RPT Regulation as amended by Consob with Resolution No. 21624 of 10 December 2020 and to introduce the Framework-Resolutions.

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## 1. PURPOSE AND SCOPE

### 1.1 PURPOSE

The purpose of this procedure (hereinafter the “RPT Procedure” as defined in paragraph 2 – Abbreviations and Definitions), as specified, *inter alia*, in the Code of Ethics, is to ensure the transparency and the substantive and procedural propriety of related party transactions that are not concluded at arm’s length, with a view to safeguarding the Company’s higher interests and concurrently preventing the commission of offences within the meaning of Legislative Decree No. 231/2001. As a general rule, the said transactions may be concluded only when strictly necessary in the Company’s interest, without prejudice to the foregoing provisions.

More specifically, the RPT Procedure:

- a) lays down the procedural rules governing its adoption and any further amendments and/or revisions;
- b) categorises related parties and transactions on the basis of the criteria established in the Annex to the Consob Related Party Transaction Regulation (hereinafter “RPT Regulation”, as defined below), which refers to the international accounting standards;
- c) defines the transactions of greater importance so as to include at least those exceeding the thresholds specified in Annex 3 to the RPT Regulation;
- d) defines the transactions of small amount, establishing in relation thereto, distinct criteria in consideration at least of the counterparty’s nature;
- e) provides for departures from the applicable procedural rules in accordance with the provisions of Articles 13 and 14 of the RPT Regulation;
- f) lays down the requirements to be met to qualify as an independent director taking due account of the provisions of Article 3(h) of the RPT Regulation;
- g) lays down the procedural rules to be followed in examining and approving related party transactions of greater and lesser importance that are not exempt (including those concluded between subsidiaries within the meaning of Article 2359 — Subsidiaries and Associates — of the Italian Civil Code);
- h) establishes the procedural rules and deadlines for providing information on transactions to the Audit, Risk & Sustainability Committee (as defined in paragraph 2 — Abbreviations and Definitions), which forwards binding and non-binding opinions on the related party transactions, as well as to the governing and control bodies;
- i) establishes the procedural rules and deadlines according to which the Audit, Risk & Sustainability Committee (as defined in paragraph 2 — Abbreviations and Definitions):
  - receives information on the application of exemptions as per point e) above, at least with regard to transactions of greater importance;

- assesses the correct application of conditions for departure of regular transactions of greater importance completed in market-equivalent or standard terms, reported pursuant to Article 13, paragraph 3(c), point i), of the RPT Regulation.

## 1.2 SCOPE OF APPLICATION

This RPT Procedure is adopted pursuant to and for the intents and purposes of Article 2391-*bis* (*Related Party Transactions*) of the Italian Civil Code, as well as in accordance with the provisions set forth in the Consob Regulation introduced by Resolution No. 17221 of 12 March 2010, as further amended by Resolutions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017, No. 19974 of 27 April 2017, No. 21396 of 10 June 2020 and No. 21624 of 10 December 2020<sup>1</sup> (the “RPT Regulation”). This Procedure ensures coordination with the corporate administrative and accounting procedures contemplated in Article 154-*bis* of TUF (as defined in paragraph 2 — Abbreviations and Definitions) currently in force.

Without prejudice to the exemptions contemplated in paragraph 4.3 of the RPT Procedures, it defines the principles and rules applicable to Related Party Transactions performed by:

- Brembo S.p.A., directly;
- Brembo S.p.A., through its subsidiaries within the meaning of Article 2359 (*Subsidiaries and Associates*) of the Italian Civil Code.

## 1.3 APPROVAL AND EFFECTIVE DATE

The RPT Procedure has been approved in its original version by the Board of Directors on 12 November 2010, in accordance with the RPT Regulation then in force and pursuant to the adoption of formalities described in Attachment 1.

Subsequently, following the amendments introduced to the RPT Regulation with Resolution No. 21624 of 10 December 2020, the RPT Procedure was approved in its current version by the Board of Directors on 10 May 2021. The new text will enter into force on and will be applicable as of 1 July 2021<sup>2</sup>.

## 1.4 PUBLICATION AND DISSEMINATION

The RPT Procedure is available on Brembo’s website at [www.brembo.com](http://www.brembo.com), under section Company, Corporate Governance, Governance Documents, and is included, also by reference to the cited website, in the annual Directors’ Report on Operations.

Brembo S.p.A.’s Chief Legal & Corporate Affairs Officer and Chief Administration & Finance Officer shall forward this Procedure:

<sup>1</sup> Amendments to the RPT Regulation transposing Directive (EU) No. 2017/828 (SHRD II) and the provisions of Legislative Decree No. 49/2019.

<sup>2</sup> It is understood that the rules and principles set forth in the RPT Procedure approved on 12 November 2010, as further amended and extended, are valid up to 30 June 2020.

- to all the companies subject to management and coordination by Brembo S.p.A. within the meaning of Article 2497-bis (*Dissemination*) of the Italian Civil Code, for their information and action in respect of compliance (paragraph 4.13), where applicable;
- to all subsidiaries within the meaning of Article 2359 (*Subsidiaries and Associates*) of the Italian Civil Code, for adoption as part of their own corporate instruments, following approval of the same by their respective governing bodies, and for action in respect of compliance (paragraph 4.13), where applicable.

## 1.5 RECIPIENTS

This RPT Procedure shall apply to the following recipients:

- Related Parties (as defined in paragraph 2.35);
- Managers (as defined in paragraph 2.27);
- Members of the Board of Directors;
- Acting members of the Board of Statutory Auditors;
- Members of the Audit, Risk & Sustainability Committee.

In concert with the Chief Administration & Finance Officer, the Legal and Corporate Affairs Department shall organise training events, where necessary, and raise awareness among the functions involved on the contents of the RPT Procedure and any significant amendments that may be brought to the same.

## 2. ABBREVIATIONS AND DEFINITIONS

- 1.1. Directors Involved in the Transaction:** pursuant to Article 2391-bis, as amended by Legislative Decree No. 49/2019, the Directors who have an interest in the transaction, be it their own or of third parties, in conflict with that of the Company. Such Directors must abstain from voting where the Related Party Transaction being examined comes within the purview of the Board of Directors. In such cases, they are counted towards the quorum for the administrative body and may take part in the discussion of the Transaction being examined, but are excluded from the count for the quorum for the resolution.
- 1.2. Independent Directors:** as required under the RPT Regulation, and for the intents and purposes of this RPT Procedure, the Directors who meet the independence requirements specified in the Corporate Governance Code for Listed Companies (Article 2) and adhered to by Brembo insofar as all the relevant principles and criteria set forth in the same have been duly incorporated into Brembo's own Corporate Governance Code. In particular, all Independent Directors must satisfy the Board of Directors that they meet the aforesaid independence requirements at the time of their appointment and thereafter whenever significant circumstances occur that can influence their independence and, in any event, upon the annual assessment of their continued compliance with the said requirements

(with the Board of Statutory Auditors verifying the procedural propriety of all such assessments). The said annual assessments are undertaken at the meeting of the Board of Directors called for the approval of the annual Corporate Governance and Ownership Structure Report.

- 1.3. **Non-executive Directors:** Directors that Brembo acknowledges serve in non-executive capacities within the meaning of Brembo's Corporate Governance Code.
- 1.4. **Brembo:** Brembo S.p.A. or the Brembo Group.
- 1.5. **CAFO:** Brembo S.p.A.'s Chief Administration & Finance Officer (appointed by the Board of Directors, with a prior opinion from the Board of Statutory Auditors, as the Manager in charge of the Company's financial reports).
- 1.6. **Civil Code:** the Italian Civil Code.
- 1.7. **CLO:** Chief Legal & Corporate Affairs Officer and Secretary of the Board of Directors of Brembo S.p.A.
- 1.8. **Corporate Governance Code:** the Corporate Governance Code for Listed Companies published on 31 January 2020 by the Corporate Governance Committee of Borsa Italiana S.p.A.
- 1.9. **Brembo's Corporate Governance Code:** the Corporate Governance Code to be approved by Brembo, in compliance with the Corporate Governance Code for Listed Companies and in view to adopting its recommendations, to the extent they are applicable and whose derogations are reported in the Corporate Governance and Ownership Structure Report.
- 1.10. **Board of Statutory Auditors:** the Brembo S.p.A.'s Board of Statutory Auditors.
- 1.11. **Audit, Risk & Sustainability Committee or Committee or ARSC:** the Brembo S.p.A.'s Audit, Risk & Sustainability Committee, vested with consultative and recommendatory responsibilities in respect of the issues specified in Brembo's Regulations of the Audit, Risk & Sustainability Committee. This Committee is currently made up of the 3 Independent Non-Executive Directors and has accordingly been identified by the Board of Directors as the body tasked with:
  - expressing a preliminary opinion on the RPT Procedure and any and all proposed amendments thereto or revisions thereof, within the meaning of Article 4 of the RPT Regulation;
  - expressing a reasoned, non-binding preliminary opinion, supported by a statement of grounds, on the advisability of effecting Transactions of Lesser Importance, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions, pursuant to Article 7 of the RPT Regulation, in accordance with the procedures set forth in point 4.6 below;
  - participating in negotiations and fact-finding investigations undertaken prior to effecting Transactions of Greater Importance, and, pursuant to Article 8 of the RPT Regulation and in line with the manners described in point 4.7 below, expressing a binding preliminary opinion, supported by a statement of grounds, on the advisability of the said Transactions, taking due account of the



Company's interests, as well as assessing the substantive and procedural propriety of the proposed Transactions.

**1.12. Remuneration & Appointments Committee or RAC:** Brembo's Remuneration & Appointments Committee vested with consultative and recommendatory responsibilities in respect of the issues specified in Brembo's Regulations of the Remuneration & Appointments Committee. The Remuneration & Appointments Committee is currently made up of 3 Independent Directors.

**1.13. Market or standard equivalent terms:** terms similar to those usually charged to parties not qualifying as Brembo's Related Parties for similar transactions (transactions of a corresponding nature, extent and risk), or those based on terms and conditions associated with public rates (regulated rates) or at fixed prices or those charged to persons with which the Company is obligated by law to contract at a certain price.

**1.14. Board of Directors:** Brembo S.p.A.'s Board of Directors.

**1.15. Control:** pursuant to IFRS 10, control arises when an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and at the same time has the ability to affect those returns through its power over the investee.

Specifically, an investor controls an investee if, and only if, the investor has all of the following elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee, i.e., such returns must have the potential to vary as a result of the investee's performance;
- ability to use its power over the investee to affect the amount of the investor's returns.

If an entity holds the majority of voting rights in an investee, it is presumed to control that investee. In order to verify whether this presumption is correct, all facts and circumstances relevant according to the circumstances are considered, including:

- contractual agreements with other vote-holders;
- rights under contractual agreements;
- actual and potential voting rights.

The same facts and circumstances are assessed to determine whether an entity controls an investee, even where it does not hold the majority of voting rights.

**1.16. Joint control:** pursuant to IFRS 11, it is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement has the following characteristics:

- a) the parties are bound by a contractual arrangement, and
- b) the contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement can be either a joint operation (i.e., a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement) or a joint venture (i.e., a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

**1.17. Legal and Corporate Affairs Department:** Brembo S.p.A.'s Legal and Corporate Affairs Department – Corporate and Compliance Area.

**1.18. Key Management Personnel:** in compliance with the RPT Regulation and the International Accounting Standards (IAS 24, paragraph 9), are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity and the acting members of its Board of Statutory Auditors. Under the current System of Delegated Powers and as approved by the Board of Directors, Brembo S.p.A.'s Key Management Personnel shall include, in addition to the Company's Directors (whether executive or otherwise) and the Acting Auditors, those occupying the following positions: Chairman, the Executive Deputy Chairman, the Chief Executive Officer and General Manager (if present).

**1.19. List of Related Parties:** the list of all Brembo's Related Parties, prepared, updated and maintained by the Legal and Corporate Affairs Department.

**1.20. Independent Expert:** in discharging its tasks, the Audit, Risk & Sustainability Committee may, at Brembo's expense, avail of the assistance of one or more independent experts selected by the Committee itself, after having assessed and verified their independence (hereinafter the "Independent Expert"). The Independent Experts identified by Brembo for carrying out the transaction may also be used, provided that their assignment expressly and specifically envisage the support of the Audit, Risk & Sustainability Committee and that their independence be confirmed by the said Committee.

When considering the appointment of an Independent Expert, the Audit, Risk & Sustainability Committee must be satisfied that the candidate is in fact independent, taking due account of:

- (i) any and all financial, economic or asset-related relationships between the candidate and:
  - a) Brembo;
  - b) any and all entities that exert control over Brembo and its Subsidiaries or that are subject to joint control by Brembo;
  - c) the directors of the companies as per points (a) and (b) above;

- d) the Related Party, companies controlled by the Related Party, entities that control the Related Party, companies subject to joint control and the directors of the foregoing companies;
- (ii) where the requirements have been met, the reasons according to which the relationships set out in the foregoing point were considered irrelevant to the assessment and judgement of independence.

Where an Independent Expert intervenes in support of the Audit, Risk & Sustainability Committee in examining a Transaction of Lesser Importance, the amount of the expenditure will be determined by taking account of the characteristics of the transaction and may not in any event exceed 0.1% of the relevant value.

Independence is certified by a declaration rendered by the Independent Expert at the time of the engagement.

Opinions concerning Transactions of Greater Importance issued by Independent Experts chosen directly by the Audit, Risk & Sustainability Committee, as well as those issued by the Independent Experts of whom the Board of Directors has availed itself, must be made available to the public, appended to the information document set out in Article 5, paragraph 1, of the RPT Regulation or on the website<sup>3</sup>.

**1.21. IAS 24:** International Accounting Standard IAS 24 – *Related Party Disclosures* as in effect at the time and adopted according to the procedure governed by Article 6 of Regulation (EC) No. 1606/2002.

**1.22. Significant influence:** pursuant to IAS 28, the power to participate in the financial and operating policy decisions of the investee but not control or jointly control them.

Significant influence by an entity usually exists when one or more of the following circumstances occur:

- a) representation on the board of directors or equivalent governing body of the investee;
- b) participation in policy-making process, including participation in decisions about dividends or other distributions;
- c) material transactions between the entity and the investee;
- d) interchange of managerial personnel; or
- e) provision of Essential Technical Information.

If an entity holds, directly or indirectly (e.g., through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the entity exercises significant influence over it, unless it can be

<sup>3</sup>It is possible to publish only the elements indicated in Attachment 4 to the RPT Regulation, citing the reasons for deciding to do so.

clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e.g., through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. An absolute or relative majority held by an entity does not necessarily preclude another entity from having significant influence over the investee in question.

**1.23. Relevance ratios:** the relevance ratios used for the Transactions of Greater Importance, as defined in Attachment 4, refer to:

- **Equivalent-value relevance ratio:** the ratio between the equivalent transaction and the net equity drawn from the Brembo's most recently published consolidated financial statements; in the case of cash components, the value of the transaction is equivalent to the contractual consideration of the transaction; in the case of components made up of financial instruments, the value of the transaction is deemed to be the fair value of the transaction as determined pursuant to international accounting standards; in the event of funding transactions or grant of guarantees, value is equivalent to the maximum amount payable; if the economic conditions of the operation depends, in whole or in part, of magnitudes not yet known, the equivalent operation is the maximum admissible or payable value under the agreement;
- **Asset relevance ratio:** the ratio between the total assets of the entity in the transaction and the total assets of the Group. For transactions involving the acquisition and sale of shares in companies that have an impact on the area of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital being available. For transactions of acquisition and divestment of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is: in the case of acquisitions, the counter operation plus the liabilities of the company acquired eventually assumed by the purchaser; in case of supplies, the consideration of the divested business. For transactions of acquisition and disposal of other assets, other than a stake, the value of the numerator is: in case of acquisitions, the greater of the consideration and the carrying amount that will be attributed to the asset; in case of sale, the book value of the assets;
- **Liability relevance ratio:** the ratio between the total liabilities of the acquired entity and the total assets of the Group;
- In the case of overlapping of multiple transactions pursuant to Article 5, paragraph 2, of the RPT Regulation, companies shall determine in the first place, the relevance of each individual transaction on the basis of the ratio or ratios prescribed. To verify whether the thresholds specified are exceeded, the results for each indicator are added together.

They are defined annually, based on the results reported in the annual financial statements approved by the General Shareholders' Meeting.

- 1.24. Essential Technical Information:** the RPT-specific data set forth in Attachment 2 to the RPT Procedure.
- 1.25. Significant Interests:** interests of a financial or equity nature between the Subsidiary or Associate that is a party to the Transaction and another Brembo Related Party involved in the Transaction, where such dealings are such as to influence, exclusively or on a priority basis, the management decisions of Brembo or the Subsidiary or Associate towards the satisfaction of the interest borne by that other Related Party. The following are Significant Interests: (i) the ownership – by the party that controls Brembo – of an equity investment (direct or indirect, including through parties other than Brembo) in the Subsidiary or Associate that is a party to the transaction, where the effective weight of that equity investment exceeds the effective weight of the equity investment held by that same party in Brembo. For the purposes of assessing this effective weight, direct equity investments are weighted at 100%, whereas indirect equity investments are weighted according to the percent equity interest held in the subsidiaries through which the interest is held in the Related Party. Where the equity investment in the Related Party is accompanied by other economic interests, such interests are considered together with those deriving from the equity investment, calculated according to its effective weight; (ii) the situation arising from the fact that a company shares with its Subsidiary or Associate that is the counterparty in the transaction one or more Key Management Personnel benefiting from incentive plans based on financial instruments (or other forms of variable remuneration), the value of which directly depends, to a significant extent, on the performance of the Subsidiary or Associate in question. The assessment of significance is to be conducted in the light of the weight of remuneration that is dependant on the performance of the subsidiary or associate compared to the overall remuneration of the Key Management Personnel.
- 1.26. Joint venture:** a joint arrangement through an entity whereby the parties that have joint control have rights to the net assets of the entity.
- 1.27. Manager:**
- each member of Brembo's C-Suite;
  - each and every Delegated Director, Chief Executive Officer, Sole Director or General Manager of any of Brembo's Subsidiaries;
  - each and every Brembo S.p.A.'s executive, who has been conferred powers to carry out transactions that bear an economic value equal to or higher than that of Transactions of Small Amount.
- 1.28. Subsidiary's or Subsidiaries' Delegated Officer(s):** the Chief Executive Officers, the Sole Directors and/or General Managers of the Subsidiaries who, under the RPT Procedure, are called upon to, *inter alia*, approve the Related Party Transactions of Lesser Importance.

**1.29. RPT or Related Party Transaction:** a transfer of resources, services or obligations between an entity and a related party, regardless of whether a price is charged (IAS 24, paragraph 9]. These transactions include:

- mergers, full or partial non-proportional de-mergers, effected with related parties;
- any decision pertaining to the assignment of remuneration and economic benefits, in any manner or form whatsoever, to members of the governing and control bodies and to Key Management Personnel.

**1.30. Transactions of Greater Importance:** the Related Party Transactions as specified in paragraph 4.2.1., to which the procedures defined in paragraph 4.7 applies. The relevance ratios calculated in absolute terms on the basis of the approved annual consolidated financial statements are given in Attachment 4.

**1.31. Transactions of Lesser Importance:** the Related Party Transactions other than the Transactions of Greater Importance and Transactions of Small Amount as specified in paragraph 4.2.2., to which the procedures defined in paragraph 4.6 applies.

**1.32. Transactions of Small Amount:** all Related Party Transactions as identified in paragraph 4.2.3, with a value not exceeding those indicated here below in consideration of the nature of the counterparty:

- €250,000.00 (two hundred fifty thousand/00 euros), in the case of transactions concluded with legal persons, entities or professional associations;
- €100,000.00 (one hundred thousand/00 euros), in the case of transactions concluded with natural persons;

exempt from the application of this RPT Procedure and subject to the Committee reporting mechanism set out in paragraph 4.4.

**1.33. Intercompany Transactions:** any and all transactions effected with or between Subsidiaries or Associates whose activities included in the corporate purpose are similar to those of Brembo S.p.A., conducted at arm's length in accordance with the criteria set forth in the relevant corporate instruction<sup>4</sup>, and therefore excluded from the scope of this RPT Procedure, provided that no Significant Interest of any of Brembo's other Related Parties is involved.

**1.34. Regular Transactions:** all Related Party Transactions as specified in paragraph 4.2.4, exempt from application of this RPT Procedure and subject to the Committee reporting mechanism set out in paragraph 4.4.

<sup>4</sup>Cf. I ADMIN ET\_01 – Guidelines for Determining Transfer Prices for Intercompany Transactions.

**1.35. Related Parties:** those parties defined as such by the international accounting principles in force from time to time. At the date of approval of this RPT Procedure, the definitions included in the International Accounting Standards are as follows:

A related party is a person or an entity related to Brembo.

a) A person or close member of that person's family is related to Brembo if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over Brembo;

(iii) is a member of the Key Management Personnel of Brembo or of one of its parent.

b) An entity is related to Brembo if any of the following conditions applies:

(i) the entity and Brembo are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) an entity is an associate or joint venture of Brembo (or an associate or joint venture of a member of a group of which Brembo is a member);

(iii) the entity and Brembo are joint venture of the same third party;

(iv) the entity is a joint venture of a third entity and Brembo is an associate of the third entity;

(v) the entity is a post-employment defined benefit plan for the benefit of employees of either Brembo or an entity related to it;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) (IAS 24, paragraph 9).

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other (IAS 24, paragraph 12).

The terms "control", "joint control" and "significant influence" are defined in IFRS 10, IFRS 11 – *Joint Arrangements*) and IAS 28 – *Investments in Associates and Joint Ventures* and are used with the meanings specified in those IFRSs (IAS 24, paragraph 9). At the date of approval of the RPT Procedure, the meanings of these terms are stated in the respective definitions.

**1.36. Alternate Members:** the measures to be adopted where a member of the Audit, Risk & Sustainability Committee assumes the position of Director Involved in the Transaction in relation to a Transaction with a Related Party. In this case, the member of the Audit, Risk & Sustainability Committee must report this promptly to the CLO. After first consulting the Chairman of the Board of Statutory Auditors, the CLO/Legal and Corporate Affairs Department promptly solicits the competent bodies (Board of



Directors) to replace the Director Involved in the Transaction immediately, engaging alternate members (hereinafter the “Alternate Members”).

If a member of the Audit, Risk & Sustainability Committee needs to be replaced because he or she is a Director Involved in the Transaction, the following alternate members will be activated in the order given:

- another Independent Director serving in office who is not involved in the transaction;
- an acting member of the Board of Statutory Auditors (other than the Chairman) serving in office and not involved in the transaction.

It is understood that the “alternate” will take over temporarily in the examination of the RPT in which the member of the Audit, Risk & Sustainability Committee that he or she is replacing is a Director Involved in the Transaction.

The regime of Alternate Members shall also apply in the following events:

- an individual member of the Audit, Risk & Sustainability Committee ceases to serve in such capacity, for any reason or cause whatsoever;
- an individual member of the said Committee ceases to meet one or more of the independence requirements specified in paragraph 1.2 above.

In such cases, the Alternate Member shall remain in office through to the Board meeting called at the earliest opportunity thereafter to make the new appointment or appointments necessary to reconstitute the Audit, Risk & Sustainability Committee.

- 1.37. International Accounting Standards:** the international accounting standards in force from time to time, adopted in accordance with the procedure set forth by Article 6 of Regulation (EC) No. 1606/2002.
- 1.38. RPT Procedure:** this procedure adopted by Brembo in accordance with the principles set forth in the RPT Regulation.
- 1.39. Rules for Issuers:** the implementing Rules of Legislative Decree No. 58 of 24 February 1998 regarding the regulatory framework applicable to Issuers, adopted by Consob Resolution No. 11971/1999, as further amended and extended.
- 1.40. RPT Regulation:** the Regulation setting forth provisions on related party transactions adopted by Consob with Resolution No. 17221 of 12 March 2010 and subsequently amended by Resolutions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017, No. 19974 of 27 April 2017, No. 21396 of 10 June 2020 and No. 21624 of 10 December 2020.
- 1.41. Secretary of the Board of Directors or Secretary of the BoD:** Brembo S.p.A.’s Secretary of the Board of Directors, identified in the person of the CLO.



- 1.42. System of Delegated Powers:** the Brembo System of Delegated Powers that identifies and governs, within the framework of Brembo's organisation, the granting of powers and authority to represent and act on Brembo's account.
- 1.43. Unrelated Shareholders:** those which hold the right to vote other than the counterparty in a particular transaction and subjects related to both the counterparty in a particular transaction or to Brembo itself.
- 1.44. Associate:** any entity whatsoever, even if devoid of legal form, as in the case of partnerships, within which an investor has Significant Influence but not Control or Joint Control.
- 1.45. Subsidiary:** any entity whatsoever, even if devoid of legal form, as in the case of partnerships, subject to the control of another entity.
- 1.46. Close Members:** family members of a person who may be expected to influence, or be influenced by, that person in their dealings with Brembo, and include: (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and; (c) dependants of that person or that person's spouse or domestic partner (IAS 24, paragraph 9). Moreover, in light of Brembo S.p.A.'s ownership structure, Close Members may also include that person's other relatives by blood or by marriage up to the second degree<sup>5</sup>. The foregoing list is understood to be provided by way of example only and, conversely, the presumption of the relevance of the relations indicated above for the purposes of application of this RPT Procedure may be rebutted by evidence to the contrary showing that such relations, in the light of the circumstances, do not or cannot influence the relevant person.
- 1.47. TUF:** Legislative Decree No. 58 of 24 February 1998, as further amended and extended (Consolidated Finance Law).

### 3. MATRIX OF RESPONSIBILITIES – IDENTIFICATION OF ROLES AND RESPONSIBILITIES

Under the RPT Procedure, the Roles and Responsibilities are given here below and summarised in the relevant Matrix of Responsibilities.

- 3.1. Board of Directors:** the Board of Directors which, under the RPT Procedure, is tasked, *inter alia*, with:
- issuing the approval of the RPT Procedure and any and all proposed amendments and/or changes thereto;
  - authorising Related Party Transactions of Greater Importance;
  - approving the Information Document mentioned in Attachment 4 to the RPT Regulation, and relating to Transactions of Greater Importance;

<sup>5</sup>Merely for illustration purposes: 1. first-degree blood relatives: parents; 2. first-degree relatives by marriage: parents-in-law, sons-in-law and daughters-in-law; 3. second-degree blood relatives: grandparents, grandchildren, brothers and sisters; 4. second-degree relatives by marriage: brothers- and sisters-in-law.

- authorising Related Party Transactions of Lesser Importance if the Related Party is Brembo's Chairman and in case of a negative opinion from the ARCS.

**3.2 Audit, Risk & Sustainability Committee or Committee or ARSC:** the Brembo's Audit, Risk & Sustainability Committee which, under the RPT Procedure, has been identified by the Board of Directors as the body tasked with:

- expressing a preliminary opinion on the Procedure and any and all proposed amendments thereto and/or revisions thereof, within the meaning of Article 4 of the RPT Regulation;
- expressing/drawing up a reasoned, non-binding preliminary opinion, supported by a statement of grounds, on the advisability of effecting Transactions of Lesser Importance, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions, pursuant to Article 7 of the RPT Regulation, in accordance with the procedures set forth in paragraph 4.6;
- participating in negotiations and fact-finding investigations undertaken prior to effecting Transactions of Greater Importance and expressing/drawing up a reasoned, binding preliminary opinion, supported by a statement of grounds, on the advisability of the said Transactions, taking due account of the Company's interests, as well as assessing the substantive and procedural propriety of the proposed Transactions, pursuant to Article 8 of the RPT Regulation, in accordance with the procedures set forth in paragraph 4.7;
- conducting a prior assessment of the independence of any Independent Experts engaged by the Committee or of whom the Company has availed itself, for assistance with certain RPTs;
- verifying the proper application of the conditions for exemption from the Transactions indicated in paragraph 4.3;
- receiving the ex-post information stream referred to in paragraph 4.4.

**3.3 Board of Statutory Auditors:** as required under the RPT Regulation, Brembo S.p.A.'s Board of Statutory Auditors shall monitor the conformity of this RPT Procedure with the RPT Regulation, as well as compliance with the same by all the recipients hereof, reporting in such regard to the General Shareholders' Meeting pursuant to Article 2429 of the Civil Code and Article 153 of TUF.

**3.4 CAFO:** the Brembo S.p.A.'s Chief Administration & Finance Officer who, under the RPT Procedure and in relation to economic-financial aspects, is in charge of, *inter alia*:

- informing on any amendments introduced to International Accounting Standards relevant for the purposes of this RPT Procedure;
- assisting Brembo's Manager in assessing, together with the CLO, whether the Transactions to be effected fall within the scope of the RPT Procedure;
- preparing, in collaboration with the CLO and with the support of the relevant company structures, the information document pursuant to Attachment 4 to the RPT Regulation in the event of approval of Transactions of Greater Importance;

- 
- assessing, together with the Secretary of the Board of Directors, if the proposed Related Party Transaction is price sensitive and therefore subject to the procedure for the management of inside information;
  - reporting quarterly to the Audit, Risk & Sustainability Committee and the Board of Statutory Auditors with regard to Transactions exempt from procedural mechanisms (paragraph 4.4) in order to permit the ex-post verification within its purview;
  - reporting on a quarterly basis to the Board of Directors and the Board of Statutory Auditors with regard to Related Party Transactions of Lesser Importance, also through the interim financial reporting;
  - reporting on a quarterly basis to the Board of Directors, the Board of Statutory Auditors and the Committee on the implementation of framework-resolutions;
  - verifying, at the end of the period, the presence of Related Party Transactions and duly drawing up the relevant disclosure;
  - submitting to the Audit, Risk & Sustainability Committee, on an annual basis, after the presentation of Brembo's Consolidated Financial Statements to the General Shareholders' Meeting, the Relevance Ratios defining the Transactions of Greater Importance and Transactions of Small Amount, so as to enable the said Committee to assess, on the basis of the results of the annual financial statements, whether or not there is reason to revise the thresholds defining the various types of transaction.

**3.5 CLO and/or Legal and Corporate Affairs Department:** Brembo's Chief Legal & Corporate Affairs Officer and/or Brembo's Legal and Corporate Affairs Department are tasked, under the RPT Procedure, *inter alia* and in relation to legal aspects, with:

- preparing the RPT Procedure and any and all proposed amendments thereto and/or changes thereof;
- preparing and maintaining the List of Related Parties, updating and transmitting it to the CAFO and the Managers;
- coordinating the collection of RPT-specific documentations and data to be forwarded to the Audit, Risk & Sustainability Committee and the Board of Directors;
- assisting the Managers in assessing, together with the CAFO, whether the Transactions to be effected fall within the scope of the RPT Procedure;
- calling preliminary meetings of the Audit, Risk & Sustainability Committee, within the limits of its remittance, so as to enable it to undertake the activities specified in paragraph 3.2 above;
- activating, promptly and where necessary, the Alternate Members for immediate replacement of the member of the Audit, Risk & Sustainability Committee who has declared that he or she is a Director Involved in the Transaction in the case of a specific RPT;
- Assessing, together with the CAFO, whether a Related Party Transaction is price sensitive and therefore subject to the procedure for the management of inside information.

**3.6 Secretary of the Board of Directors or Secretary of the BoD:** the Secretary who, under the RPT Procedure, is tasked with calling preliminary meetings of the Board of Directors, within the limits of its remittance and tasks with regard to Related Party Transactions subject to the procedures set forth in paragraph 4.7 below.

**3.7 Manager:** the Manager who, in reference to a specific transaction, is called upon to verify, with the support of the CAFO (for economic and financial aspects), the Secretary of the Board of Directors and the Legal and Corporate Affairs Department (for legal aspects), where this transaction falls within the RPT Procedure, and in particular:

- the counterparty falls within the List of Related Parties;
- the Transaction falls within the scope of the RPT Procedure referred to in paragraph 4.3 below;
- the Transaction is a Transaction of a Greater or Lesser Importance (also taking due account of any cumulation);
- the Transaction of Greater Importance also qualify as an Ordinary Transaction.

The Manager shall also:

- refrain from proceeding if the RPT that he or she intends to undertake falls within the procedural mechanisms set out in paragraphs 4.6 and 4.7 below;
- promptly transmit to the CAFO, the Secretary of the Board of Directors and the Legal and Corporate Affairs Department complete and adequate information regarding the Transaction to be effected, inclusive of the Essential Technical Information, as soon as made available, so that they can be assessed and/or approved by the relevant corporate bodies;
- informing the Audit, Risk & Sustainability Committee (in joint session with the Board of Statutory Auditors) and the Board of Directors, during the meetings called within their remittance pursuant to the RPT Procedure, on the Related Party Transaction on which the aforementioned bodies are required to express an opinion within their purview pursuant to the RPT Procedure;
- refrain from any instructions/indications/recommendations formulated by the Committee in the negotiation and preparation phase of the Transaction, and provide the Committee with constant updates on the subject;
- with regard to Ordinary Transactions and Transactions of Small Amount, retain, on a preventive basis, in the archives of the Ordinary Transactions and Transactions of Small Amount undertaken with Related Parties, all documentation necessary and appropriate to certifying the satisfaction of the requirements set in this RPT Procedure for application of the exemption.

## Matrix of Responsibilities

### DEPARTMENTS INVOLVED

TYPE OF RESPONSIBILITY		Board of Directors	ARSC	Board of Statutory Auditors	CIAO	CAFO	Legal and Corporate Affairs Department / CLO / Secretary	Manager
Drafting of the RPT Procedure or any revision thereof	Principal					R	R	
	Contributory		P/V	V	V	P	P	
Approval of the RPT Procedure or any and all changes	Principal	A						
	Contributory		A					
Dissemination of the RPT Procedure or any and all changes	Principal					R		
	Contributory		V	V	V		P	
Determining the ratios for transactions of greater importance and thresholds for transactions of lesser importance	Principal					R		
	Contributory		P/V	V	V	P		
Drawing up, updating and maintaining the List of Related Parties	Principal						R	
	Contributory	P	V	V		P		
Quarterly check with the Direct Related Parties (Attachment 6) of the summary of the relations between Brembo Group companies and the Related Parties declared by them prepared by the CAFO	Principal					R		
	Contributory					R	P	

Archive of documentation certifying the requirements provided for in the definition of Ordinary Transactions and Transactions of Small Amount	Principal							R
	Contributory							
Preliminary assessment to determine whether or not a transaction is an RPT, and preparing of Essential Technical Information	Principal							R
	Contributory		V			P	P	
Assessment to determine whether or not the RPT is price sensitive	Principal						R	
	Contributory							
Calling the Audit, Risk & Sustainability Committee to undertake the activities mentioned in paragraph 2.11	Principal						R	
	Contributory					P		
Issue of the ARSC's preliminary opinion for RPTs of Greater/Lesser Importance	Principal		R					
	Contributory			P		P	P	
Quarterly report to the ARSC (Article 4.4)	Principal					R		
	Contributory			P	P		P	P
Report to the ARSC for expressing an opinion within its remit	Principal							R
	Contributory			P	P	P	P	

Quarterly RPT report to the ARSC and the Board of Directors on the Transactions of Lesser Importance undertaken	Principal					R		
	Contributory						P	
Report to the Board of Directors seeking required Board approvals	Principal							R
	Contributory		V/P	P		P	P	
Authorising RPTs of Greater Importance	Principal	A						
	Contributory		R	V		P	P	P
Preparing the Information Document for Transactions of Greater Importance/Ordinary Transactions of Greater Importance	Principal					R	R	R
	Contributory		V	V				
RPT disclosure	Principal					R		
	Contributory							
Activation of Alternate Members	Principal						R	
	Contributory	P	P					
Approval of Framework-Resolutions	Principal		R					
	Contributory			V		P	P	P
Disclosure on Framework-Resolutions	Principal					R		
	Contributory	V	V	V			P	P

**Legend:**

A: Approves

P: Participates

V: Verifies

R: Has the primary responsibility

**4. OPERATING FORMALITIES****4.1 LIST OF RELATED PARTIES**

4.1.1 Related Parties are identified on the basis of the definition set forth in paragraph 2.35 above.

4.1.2 Brembo's Related Parties are included in the List of Related Parties prepared and maintained by the Legal and Corporate Affairs Department, which updates the same on the basis of information in its possession and the declarations received, from time to time, from direct Related Parties. Attachment 5 provides the quarterly updating procedure.



4.1.3 All individuals and entities qualifying as direct Related Parties must forward (and ensure that all indirect Related Parties also forward) to the Legal and Corporate Affairs Department, also using the forms included in Attachment 3 to the RPT Procedure, all the information required to identify the Related Parties and to comply with the obligations imposed under the RPT Procedure. If at any time new Related Parties should come to be, current Related Parties cease to exist, related party relationships change or generally situations occur that entail the updating of the information provided, direct Related Parties must inform the Legal and Corporate Affairs Department thereof promptly.

4.1.4 The List of Related Parties shall be updated by the Legal and Corporate Affairs Department on a quarterly basis. To this end, by the month after the end of each quarter, the Legal and Corporate Affairs Department sends the List of Related Parties for the verification within the purview of each entity (and for any additional updates, where necessary) to:

- the CAFO;

- the Managers.

4.1.5 The Legal and Corporate Affairs Department sends, on a quarterly basis, the direct Related Parties a document (based on the form in Attachment 6 to the RPT Procedure), prepared on the basis of the information provided by the CAFO, which contains the amounts related to the relations between the Brembo Group companies and the Related Parties in the reference period for confirmation thereof.

4.1.7 The Audit, Risk & Sustainability Committee monitors the proper updating of the List of Related Parties and any and all changes brought to the same.

## 4.2 DEFINITION OF THE VARIOUS TYPES OF RELATED PARTY TRANSACTIONS

Related Party Transactions are categorised as indicated below:

Transaction type		Definition	Procedures
4.2.1	Transactions of Greater Importance	Related Party Transactions in which at least one of the Relevance Ratio applicable to each specific transaction exceeds 5%.	The procedures specified in paragraph 4.7 shall apply.  If a Transaction of Greater Importance qualifies as an Ordinary Transaction, the procedures to inform Consob and the Committee defined in paragraph 4.4.2 shall apply.
4.2.2	Transactions of Lesser Importance	Related Party Transactions that are neither Transactions of Greater Importance nor Transactions of Small Amount	The procedures specified in paragraph 4.6 shall apply.



4.2.3	<b>Transactions of Small Amount</b>	<p>Related Party Transactions with a value not exceeding those indicated here below in consideration of the nature of the counterparty:</p> <ul style="list-style-type: none"> <li>▪ €250,000.00 (two hundred fifty thousand/00 euros), in the case of transactions concluded with legal persons, entities or professional associations;</li> <li>▪ €100,000.00 (one hundred thousand/00 euros), in the case of transactions concluded with natural persons.</li> </ul>	They are excluded from the scope of this RPT Procedure pursuant to paragraph 4.3(i).
4.2.4	<b>Ordinary Transactions</b>	<p>Related Party Transactions that:</p> <ul style="list-style-type: none"> <li>▪ are effected in the course of Brembo's regular operating activities <sup>6</sup> and related financial activities <sup>7</sup> (hereinafter "Core Business"); and</li> <li>▪ concluded at market or standard equivalent terms: <ul style="list-style-type: none"> <li>i. that are analogous to those generally applied to unrelated parties for transactions of a similar nature, value and risk profile<sup>8</sup>;</li> <li>ii. based on public/regulated rates or at fixed prices; or</li> <li>iii. equivalent to those charged to persons with which the Company is</li> </ul> </li> </ul>	<p>Excluded from the scope of this RPT Procedure pursuant to paragraph 4.3(v), and provided that they are concluded in compliance with all relevant corporate procedures and without any waiver of the ordinary managerial responsibilities binding on the Manager proposing each such transaction.</p> <p>It should be noted that if an Ordinary Transaction qualifies as a Transaction of Greater Importance for the purposes of this RPT Procedure, the</p>

<sup>6</sup>The notion of "operating activity" encompasses both the Company's main revenue-generating activities (such as the production and marketing of the Company's goods and services and the purchase of goods and services associated with operating activity and/or required for the functioning of the Company and the maintenance of plants) and all other management activities that cannot be classified as "investment" or "financial" activities, regardless of whether they are extraneous to the main activity to which the company object refers. In identifying "regular business," reference must be made to the subject-matter, frequency, size, contractual terms and conditions and nature of the counterparty.

<sup>7</sup>The notion of "financial activity" encompasses all transactions connected to the operating activity that entail changes to the extent and composition of own capital paid-in and/or loans obtained and/or granted.

<sup>8</sup>Company procedures (Procedure 10.03 – Production Auxiliaries; Procedure PG.W.ACQ – 03 – SDS Management) state that for ordinary transactions of amounts less than €50,000.00 the choice of supplier may be made through a technical/economic assessment by the person responsible for the contract without the authorisation/approval of the Purchasing Director (the SDS module therefore does not apply). The purchase order must nonetheless be signed by the buyer and commodity manager (if less than €75,000).

		obligated by law to contract at a certain price.	procedures to inform Consob and the Committee defined in paragraph 4.4.2 shall apply.
4.2.5	<b>Intercompany Transactions</b>	any and all transactions effected with or between Subsidiaries or Associates whose activities included in the corporate purpose are similar to those of Brembo S.p.A., conducted at arm's length in accordance with the criteria set forth in the relevant corporate instruction. <sup>9</sup>	Exempt from the application of the RPT Procedure pursuant to paragraph 4.3(vi), provided there are not Significant Interests of other Related Parties of Brembo S.p.A.

It is understood that:

- for all Ordinary Transactions and Transactions of Small Amount exempt from the application of the RPT Procedure, the Manager is required to retain, in advance, in the archives of the Ordinary Transactions and Transactions of Small Amount undertaken with Related Parties, all documentation necessary and appropriate to certifying the satisfaction of the requirements laid down in this RPT Procedure for application of the exemption;
- for the purposes of identifying RPTs, the bodies involved in examining and approving transactions and the bodies tasked with supervising compliance with the RPT Procedure, each within its purview, privilege the consideration of the substance of the relationship over its legal form.

### 4.3 EXEMPTIONS FROM THE APPLICATION OF THE RPT PROCEDURE

Pursuant to Article 13, paragraphs 1, 1-*bis* and 2, of the RPT Regulation, the provisions of this RPT Procedures shall not apply to the following Transactions:

(i) Transactions of Small Amount;

(ii) transactions approved by Brembo S.p.A. and intended for all the shareholders, all conditions being equal, therein including:

- a. capital increases on a rights offering, including for servicing convertible debenture loans, and the gratuitous capital increases envisaged by Article 2442 of the Italian Civil Code;
- b. demergers in the strictest sense, in whole or in part, with assignment of shares on a proportional basis;
- c. share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445 of the Italian Civil Code, and purchases of own shares in accordance with Article 132 of TUF;

<sup>9</sup>Cf. I ADMIN ET\_01 – Guidelines for Determining Transfer Prices for Intercompany Transactions.

(iii) Shareholders' Meeting resolutions relating to:

- a. fees payable to members of the Board of Directors pursuant to Article 2389 (*Directors' Emoluments*), paragraph 1, of the Italian Civil Code;
- b. remuneration of Directors holding particular offices in Brembo S.p.A. included in the total amount determined in advance by the Shareholders' Meeting pursuant to Article 2389 (*Directors' Emoluments*), paragraph 3, of the Italian Civil Code;
- c. remuneration for members of the Board of Statutory Auditors pursuant to Article 2402 of the Italian Civil Code;

(iv) pursuant to Article 13, paragraph 3, of the RPT Regulation, and without prejudice to the disclosure obligation as per Article 5, paragraph 8, of the said Regulation, the transactions regarding:

- a. compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-*bis* of TUF, and its enactment regulations;
- b. Board resolutions in relation to remuneration for directors and board members holding special office — other than resolutions passed pursuant to Article 2389 (*Directors' Emoluments*), paragraph 3, of the Italian Civil Code; as well as remuneration for other managers with strategic responsibilities, provided that:
  - Brembo has adopted a remuneration policy approved by the Shareholders' Meeting;
  - in the definition of the remuneration policy the Remuneration & Appointments Committee has been involved, consisting solely of Non-executive Directors and a majority of Independent Directors;
  - the remuneration awarded is consistent with this policy and quantified on the basis of criteria that do not imply discretionary evaluations;

(v) Ordinary Transactions;

(vi) Intercompany Transactions.

#### **4.4 PERIODIC REPORTING TO THE COMMITTEE ON SOME TYPES OF TRANSACTIONS EXEMPT FROM THE APPLICATION OF THE RPT PROCEDURE**

4.4.1 Each quarter the CAFO informs the Audit, Risk & Sustainability Committee (in joint session with the Board of Statutory Auditors), including to allow the Committee to perform the appropriate verifications, regarding the following Transactions with Related Parties excluded from application of the RPT Procedure:

- (i) Transactions of Small Amount;

- (ii) Ordinary Transactions, regardless of whether they qualify as Transactions of Lesser or Greater Importance (in any case in accordance with the information streams set out in paragraph 4.4.2 where of Greater Importance);
- (iii) updates regarding Transactions of Lesser or Greater Importance for which the Committee has expressed a non-binding prior opinion.

4.4.2 Where an Ordinary Transaction constitutes a Transaction of Greater Importance, Brembo is required to:

(i) report, through the Legal and Corporate Affairs Department and Secretary of the Board of Directors and via the appropriate channels, the Transaction to Consob and the Audit, Risk & Sustainability Committee, within seven days of approval of the Transaction or, if the competent body resolves to submit a contract proposal, from the point at which the contract, even preliminary, is drawn up according to the applicable rules<sup>10</sup>, providing the following information:

- the counterparty;
- the subject-matter;
- the consideration for the transactions that benefited from the exclusion; and
- the reasons why it is believed that the transaction is ordinary and concluded under conditions equivalent to market or standard conditions, providing objective elements of correspondence;

(ii) specify, through the CAFO, in the Interim Director's Report as well as the Annual Director's Report, within the framework of the disclosures required pursuant to Article 5, paragraph 8, of the RPT Regulation, which of the transactions subject to the reporting and disclosure obligations set forth in the said Article, were concluded in application of the exemption contemplated for Ordinary Transactions.

## **4.5 PRELIMINARY ASSESSMENT TO VERIFY WHETHER A TRANSACTION QUALIFIES AS A RELATED-PARTY TRANSACTION**

4.5.1 Before effecting any transaction whatsoever, each Brembo Manager must determine, on the basis of the List of Related Parties prepared, and together with the CAFO (as far as economic-financial aspects are concerned) and the Legal and Corporate Affairs Department (for all legal aspects), whether the transactions to be effected fall within the scope of the RPT Procedure, and in particular whether:

- the counterparty is enrolled with the List of Related Parties;
  - as well as whether:
- (i) the transaction is exempt from the scope of the RPT Procedure pursuant to paragraph 4.3 above;

<sup>10</sup> Article 5, paragraph 3, of the RPT Regulation

- (ii) the transaction qualifies as a Transaction of Greater or Lesser Importance (also taking due account of any cumulation);
- (iii) the transaction qualifies as a Transaction of Greater and an Ordinary Transaction.

Concurrently, the CLO together with the CAFO also verify whether the Transaction is price sensitive and therefore subject to the procedure for the management of inside information.

4.5.2 Should it be determined that the counterparty in the transaction is a Related Party and that the RPT falls within the cases of exemption identified in paragraph 4.3 above, the Manager shall refrain from proceeding and shall give timely notice of such fact to the CAFO and the Legal and Corporate Affairs Department so as to enable the latter, where the case may be, to take timely action to implement the procedures contemplated in Articles 4.6 and 4.7 below.

4.5.3 The Manager shall promptly transmit to the CAFO, the CLO and the Legal and Corporate Affairs Department complete and adequate information regarding the transaction to be effected, inclusive of the Essential Technical Information, as soon as made available, so that they can be assessed and/or approved by the relevant corporate bodies;

A summary of this procedure is given in Attachment 5.

## **4.6 PROCEDURES FOR TRANSACTIONS OF LESSER IMPORTANCE**

### **4.6.1 OPERATING FORMALITIES**

The procedures illustrated in this paragraph and summarised in Attachment 5 shall apply when the transaction to be effected qualifies as a Transactions of Lesser Importance. In this event, the RPT Procedure calls for the involvement of the Audit, Risks & Sustainability Committee, which is required to express a reasoned, non-binding preliminary opinion, supported by a statement of grounds on the Company's interest in performing the RPT, as well as assess the fairness and substantive propriety of the related terms and conditions. In this regard:

- a. upon receiving the information mentioned in paragraph 4.5.3 above from the Manager, the Legal and Corporate Affairs Department shall, in a timely manner, call the Audit, Risk & Sustainability Committee (which may be also held by conference call) so that it can carry out the assessment falling within its remit and express its opinion. The notice of calling, together with the illustrative material presenting all appropriate and relevant data on the RPT to be effected, and including at least the Essential Technical Information, must be forwarded to all the members of the Audit, Risk & Sustainability Committee, even by e-mail, sufficiently ahead of the scheduled date of the meeting;
- b. the CAFO and the Legal and Corporate Affairs Department shall verify that the information concerning the Transaction of Lesser Importance submitted to the members of the Audit, Risk & Sustainability Committee is complete and appropriate, as well as, in the case of transactions at market or standard equivalent terms, that they are supplemented by objective elements evidencing such fact;

- c. within 2 days following receipt of the notice of calling, each member of the Audit, Risk & Sustainability Committee shall notify the Secretary of the Board of Directors any and all relationships in respect of the specific RPT so as to enable the said Secretary to take timely action to ensure that the Alternate Members are promptly activated;
- d. the Audit, Risk & Sustainability Committee must assess whether it wishes to obtain the assistance, at the Company's expense, of one or more Independent Experts of its choosing or whether to avail itself of any appointed by the Company for the Transactions with Related Parties. It is understood that in both cases the above Committee must first assess their independence and then reporting it in the minutes of the Committee meeting;
- e. upon examining the information received, the Audit, Risk & Sustainability Committee shall express and formalise its opinion on the advisability of the said Related Party Transaction, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions. This opinion shall be attached to in the minutes of the meeting which, together with the illustrative material made available by the Manager, shall remain in the archives of the Legal and Corporate Affairs Department;
- f. the Legal and Corporate Affairs Department shall promptly forward the Audit, Risk & Sustainability Committee's opinion to the Manager or the delegated officer in charge of approving the Related Party Transaction, also providing all relevant grounds. It is understood that:
  - (i) the delegated body may undertake the Transaction of Lesser Importance, including in the event of a negative opinion of the Audit, Risk & Sustainability Committee, only with the prior authorisation of the Chairman of the Board of Directors and without prejudice to the reporting obligations set out in paragraph 4.6.2 below;
  - (ii) if the Related Party of the Transaction of Lesser Importance is the Chairman, this authorisation must be granted by the Board of Directors and the Directors Involved in the Transaction must abstain from voting on the transaction;
  - (iii) the minutes set out in the foregoing points must contain adequate justification of Brembo's interest in undertaking the Transaction of Lesser Importance and of the fairness and substantive propriety of the related terms and conditions.

#### **4.6.2 REPORTING OBLIGATIONS IN RESPECT OF TRANSACTIONS OF LESSER IMPORTANCE UNDERTAKEN**

- a. The CAFO shall be bound to submit to the Audit, Risk & Sustainability Committee, the Board of Auditors and the Board of Directors, on a quarterly basis, an exhaustive and adequate report on the execution of Transactions of Lesser Importance.
- b. Without prejudice to the provisions of Article 17 of Regulation (EU) No. 596/2014, within 15 days following the end of each quarter of the financial year of reference, public disclosure must be made, both on the

Company's website and at its registered offices, in the manner and form specified in Part III, Title II, Chapter I of the Rules for Issuers, of a document containing an indication of the counterparty, the subject-matter and the value of each and every Transaction of Lesser Importance approved during the quarter of reference despite the Audit, Risk & Sustainability Committee's unfavourable opinion in such regard, together with the reasons for which the Delegated Body in charge of approving the said transactions felt justified in departing from the unfavourable opinions in question. This document shall be drafted by the CAFO with support from the CLO and the Manager involved and shall be transmitted to the relevant company functions for submission to Consob, circulation to the public and publication on Brembo's website. The following must be appended to this document (and then published on the web site and circulated concurrently with the document):

- the aforementioned negative opinion from the Audit, Risk & Sustainability Committee;
  - the opinion(s) issued by the Independent Experts chosen by the Audit, Risk & Sustainability Committee and those of whom the Board of Directors has availed itself for the purposes of assessing the Transaction.
- c. The reporting obligations in respect of the interim and annual Related Party Disclosure pursuant to the provisions of IAS 24 remain unaltered, without prejudice to the specific requirements in terms of the contents of the disclosure as per Consob Notice.

## **4.7 PROCEDURES FOR TRANSACTIONS OF GREATER IMPORTANCE**

### **4.7.1 OPERATING FORMALITIES**

The procedures illustrated in this paragraph and summarised in Attachment 5 shall apply when the transaction to be effected qualifies as a Transactions of Greater Importance. Transactions of Greater Importance may only be preliminary authorised by the Board of Directors on the basis of a prior binding opinion, supported by sound grounds, rendered by the Audit, Risk & Sustainability Committee, in strict compliance with the following procedures.

In such cases, the Audit, Risk & Sustainability Committee must be involved promptly, from the initial phases of the preliminary assessment and negotiations, through a complete information stream, updated with powers, including through the CAFO and CLO, to request information and formulate observations for the Managers regarding the conduct of the negotiations or preliminary assessment. In this regard:

- a. upon receiving the information mentioned in paragraph 4.5.3 above from the Manager, the CAFO and the Legal and Corporate Affairs Department shall immediately forward the same to the Chairman of the Board of Directors, as well as to the Chairman of the Audit, Risk & Sustainability Committee.
- b. Before negotiations begin, the CAFO and Legal and Corporate Affairs Department will involve the Audit, Risk & Sustainability Committee by providing a detailed report prepared by the Manager, indicating the main conditions of the RPT. During the negotiations, the CAFO and Legal and Corporate Affairs Department will



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- then provide the Audit, Risk & Sustainability Committee with periodic updates drafted by the Manager and taking account of any significant deviations from the previous report(s) issued.
- c. Within 2 days following receipt of the first information, each member of the Audit, Risk & Sustainability Committee shall notify the Secretary of the Board of Directors any and all relationships in respect of the specific RPT so as to enable the said Secretary to take timely action to ensure that the Alternate Members are promptly activated.
- d. The Audit, Risk & Sustainability Committee has always the right to.
- participate in negotiations and preliminary assessments, obtaining information from and forwarding comments to the Delegated Bodies and Managers in charge of conducting the negotiations and carrying out preliminary valuations;
  - delegate tasks related to the above to one or more of its members.
- e. Upon completion of the preliminary assessment, at the behest of the Chairman of the ARSC, the Legal and Corporate Affairs Department shall promptly call the Audit, Risk & Sustainability Committee (which may be also held by conference call) so that it can carry out the assessment falling within its remit and express and formalise its opinion. The notice of calling, together with the illustrative material presenting all appropriate and relevant data on the RPT to be effected, and including at least the Essential Technical Information, must be forwarded to all the members of the ARSC, even by e-mail, sufficiently ahead of the scheduled date of the meeting.
- f. Upon examining the information received, the Audit, Risk & Sustainability Committee shall express and formalise its opinion on the advisability of the said Transaction of Greater Importance, taking due account of the Company's interests, as well as assessing the fairness and substantive propriety of the related terms and conditions. This opinion shall be attached to in the minutes of the meeting which, together with the illustrative material made available by the Manager, shall remain in the archives of the Legal and Corporate Affairs Department.
- g. The Secretary of the Board of Directors shall promptly forward the Committee's opinion to the Chairman of the Board of Directors who shall determine whether the assessment of the RPT is to be included amongst the items to be placed on the agenda of the following Board meeting schedule pursuant to the Corporate Calendar, or otherwise, whether to call an extraordinary meeting pursuant to the By-laws.
- h. The Board of Directors may approve the Transaction of Greater Importance only, and only if, the Audit, Risk & Sustainability Committee expresses a favourable opinion in such regard. For the purpose of the Board of Directors' approval, the Manager in charge of the Transaction, supported by the CAFO and the Secretary of the Board of Directors, shall provide exhaustive information on the said Transaction, including at least the Essential Technical Information to be made available by the Manager.
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- i. Board approval of the Transaction of Greater Importance shall be immediately notified by the Secretary of the Board of Directors to the CAFO and the Manager in charge of the Transaction in question, so as to enable the latter to proceed with the activities falling within their respective remittance.
- j. In departure from the provisions set forth in paragraph 4.7.1.<sup>(11)</sup>, the Board of Directors may approve a Transaction of Greater Importance if the Audit, Risk & Sustainability Committee expresses an unfavourable opinion in such regard, provided that:
  - (i) where permitted under the By-laws, the Ordinary Shareholders' Meeting authorises the related party transaction; and
  - (ii) the said Shareholders' Meeting passes the resolution not only with the majority required under law, but also with the favourable vote of the majority of the Unrelated Shareholders who participated in the ballot, and provided further that the Unrelated Shareholders attending the General Shareholders' Meeting in question hold at least 10% of the voting rights.

#### **4.7.2 REPORTING OBLIGATIONS IN RESPECT OF TRANSACTIONS OF GREATER IMPORTANCE**

- a. The CAFO shall be bound to submit to the Audit, Risk & Sustainability Committee, the Board of Auditors and the Board of Directors, on a quarterly basis, an exhaustive and adequate report on the activities carried out and the Transactions of Greater Importance undertaken or not undertaken.
- b. At the time of the approval of Transactions of Greater Importance, incumbent even on Italian and foreign subsidiaries, Brembo's CAFO, in concert with the CLO and the relevant Manager, shall draw up an information document within the meaning of Article 114, paragraph 5, of TUF, in strict compliance with the provisions of Article 5 of the RPT Regulation and Attachment 4 to the same. The said document must be made available for public consultation at the Company's registered offices in accordance with the procedures set forth in Part III, Title II, Chapter I of the Rules for Issuers, as well as filed with Consob, by the relevant corporate functions within 7 days following approval of the transaction by the competent corporate body, or, if the competent body resolves to submit a contract proposal, from the point at which the contract, even preliminary, is drawn up according to the applicable rules. Any opinions by the Audit, Risk & Sustainability Committee and Independent Experts chosen by the Committee and those of whom the Board of Directors has availed itself in assessing the Transaction must be made available by appending them to the information document and on the website. With regard to the aforementioned opinions of the Independent Experts, it is possible to publish only the elements indicated in Attachment 4 of the RPT Regulation, without prejudice to the obligation to state the reasons for this choice.

The aforesaid information document must also be drawn up whenever:

<sup>(11)</sup> At present, the Company has decided not to introduce the whitewash mechanism in the By-laws.

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- (i) in the course of the year, transactions that are homogeneous or undertaken under a uniform design that, while not individually constituting Transactions of Greater Importance, exceed the Relevance Ratios, cumulatively considered, are entered into with the same Related Party or with parties related to both that Related Party and Brembo. To this end, transactions undertaken through Italian or foreign subsidiaries are also relevant and any transactions exempt pursuant to paragraph 4.3 are not considered;
  - (ii) in the event that the relevance ratios are exceeded as a result of the cumulative effect of several transactions, the information document must be made public within fifteen days following the approval of the transaction or the conclusion of the contract that led to exceed the relevance ratio and must contain data on all the transactions that contributed to the cumulative effect, also presented on an aggregate basis in respect of homogeneous transactions. Should the transactions resulting in the breach of relevance ratios be effected by Subsidiaries, the information document must be disclosed to the public within fifteen days following the date on which Brembo receives notice of the approval of the transaction or the date of conclusion of the contract that led to exceed the relevance ratio.
- c. The reporting obligations in respect of the interim and annual Related Party Disclosure pursuant to the provisions of IAS 24 remain unaltered with regard to Transactions of Greater Importance; these disclosures shall include the following specific information:
- (i) information on individual Transactions of Greater Importance concluded during the period in question;
  - (ii) information on other individual Related Party Transactions concluded in the period in question and that has exerted a significant impact on Brembo's equity or results;
  - (iii) information regarding any change or development in the related party transactions described in the previous annual report and that have exerted a significant impact on Brembo's equity or results during the period in question.
- d. Should a Related Party Transaction also be subject to the disclosure obligations imposed under Article 17 of Regulation (EU) No. 596/2014, in addition to all the other information subject to public disclosure under the said provision, the related notice shall at least include:
- (i) a description of the RPT;
  - (ii) the indication that the counterparty in the transaction is a Related Party and the description of the nature of the relationship;
  - (iii) the company name or the name of the counterparty in the transaction;
  - (iv) an indication of whether or not the transaction exceeds the Relevance Ratios and of the possible subsequent release of an information document pursuant to Article 5 of the RPT Regulation;
  - (v) the procedure followed or to be followed for the approval of the transaction, as well as, in particular, whether or not Brembo availed of the exemption provided for in paragraph 4.3 above;
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- (vi) any approval of the transaction against the opinion of the members of the Audit, Risk & Sustainability Committee (pursuant to paragraph 4.7.1 j).

## 4.8 TRANSACTIONS REQUIRING SHAREHOLDERS' APPROVAL

4.8.1 In the event a Transaction of Lesser or Greater Importance falls within the remittance of the General Shareholders' Meeting and must be authorised by the latter, the provisions of paragraphs 4.6 e 4.7 shall apply with regard to the Board of Directors' approval of the motion to be raised before the General Shareholders' Meeting.

4.8.2 Without prejudice to the provisions of Article 5 of the RPT Regulation and where expressly permitted under Brembo 's By-laws in emergency cases arising from corporate crises<sup>(12)</sup>, Related Party Transactions falling within the remittance of the General Shareholders' Meeting or otherwise requiring Shareholders' authorisation, may be concluded in departure from the provisions of paragraph 4.8.1 above, provided that:

- a) the Board of Directors draws up a report setting forth adequate grounds justifying the application of emergency provisions;
- b) the Board of Statutory Auditors reports to the General Shareholders' Meeting its own findings in respect of whether or not the application of emergency provisions is justified;
- c) the report and findings mentioned in points (a) and (b) above must be made available to the public at least 21 (twenty-one) days prior to the scheduled date of the related General Shareholders' Meeting at the Company's registered offices and in accordance with the procedures specified in Part III, Title II, Chapter I of the Rules for Issuers.

4.8.3 In the case where the Board of Statutory Auditors' findings mentioned in point (b) above are negative, the Board of Directors shall be barred from proceeding with the transaction provided that the majority of Unrelated Shareholders who cast their votes vote against the Board's motion and that the Unrelated Shareholders attending the General Shareholders' Meeting at the time of voting hold at least 10% of the voting rights. In the event the Transaction is approved by the Shareholders' Meeting, no later than the day following the date on which the Meeting was held, the Company shall make public disclosure, pursuant to Part III, Title II, Chapter I of the Rules for Issuers, of the information pertaining to the outcome of the ballot on the related motion at the General Shareholders' Meeting, with specific reference to the overall number of votes cast by Unrelated Shareholders.

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<sup>(12)</sup> In such regard, Consob pointed out that "corporate crises" are to include not only situations of full-blown financial crisis such significant losses within the meaning of Articles 2446 and 2447 of the Italian Civil Code and the subjection to creditor-protection procedures, but also situations of uncertainty about the continuation in business (expressed by the Independent Auditors) and financial default that could rapidly lead to situations contemplated in Articles 2446 and 2447 of the Italian Civil Code, and that is to say, a precipitous drop in the company's asset-specific coefficients, in circumstances of particular tension on financial markets.

## **4.9 FRAMEWORK-RESOLUTIONS**

4.9.1 The adoption of framework-resolutions regarding uniform series of transactions to be concluded with a single Related Party is admitted for the purposes of this RPT Procedure.

4.9.2 Initiative relating to the adoption of framework-resolutions falls to the Chairman, Executive Deputy Chairman, Chief Executive Officer, CLO and CAFO, who, when they deem it appropriate to adopt framework-resolutions, draw up a proposal expressly stating (i) the category of transactions for which adoption of a framework-resolution is requested; (ii) the related party or type of Related Party that is the counterparty to the transactions subject to the framework-resolution; (iii) the effective period of the framework-resolution; (iv) the maximum foreseeable amount of the transactions to be undertaken during the reference period; and (v) the reasons for the proposal.

4.9.3 During the phases of preliminary evaluation and approval of the framework-resolutions, depending on the maximum foreseeable amount of the Related Party Transactions subject to the resolution, cumulatively considered, the provisions governing the Transactions of Greater or Lesser Importance apply, to the extent compatible, including publication of the information document provided for in the RPT Regulation.

4.9.4 In any event, the framework-resolutions must be effective for no more than one year, refer to sufficiently determined Related Party Transactions and contain at least the foreseeable maximum amount of the Related Party Transactions to be undertaken during the reference period and the reasons for the conditions envisaged.

4.9.5 The Board of Directors, Board of Statutory Auditors and Committee must receive complete information regarding the implementation of the framework-resolutions with at least quarterly frequency from the CAFO.

4.9.6 The provisions of paragraphs 4.6, 4.7 and 4.8 do not apply to individual Related Party Transactions concluded in implementation of framework-resolutions. Transactions with Related Parties concluded in implementation of a framework-resolution subject to a published information document are not counted for the purposes of the cumulation provided for in Article 5, paragraph 2, of the RPT Regulation.

## **4.10 RELATED PARTY TRANSACTIONS EFFECTED BY SUBSIDIARIES**

Given that the RPT Procedure also applies to Related Party Transactions effected by Brembo through subsidiaries within the meaning of Article 2359 (*Subsidiaries and Associates*) of the Italian Civil Code, without prejudice to the exemptions contemplated in paragraph 4.3 above, each Subsidiary, in the person of its Chief Executive Officer, Sole Director or General Manager shall give Brembo's CAFO, Legal and Corporate Affairs Department and Secretary of the Board of Directors timely prior notice of any and all Brembo S.p.A.'s Related Party Transactions that its Subsidiaries intend to conclude, together with any and all the Essential Technical Information and the documents required to complete the formalities contemplated under this RPT Procedure, and to enable Brembo to comply with the RPT Regulation, as well as this RPT Procedure.

## **4.11 COORDINATION WITH PROCEDURES FOR PREPARING THE FINANCIAL STATEMENTS**

4.11.1 The statement containing data on related party transactions included in the Group's Consolidate Financial Statement shall be updated on a quarterly basis with a view to ensuring the timely reporting of all the elements required to comply with the obligations imposed under Consob Notice No. 6064293 of 28 July 2006.

4.11.2 The Chairman or the Delegated Bodies of the subsidiaries shall ensure that timely notice of all Related Party Transactions approved pursuant to the RPT Regulation and this RPT Procedure is given to the CAFO in his or her role as Manager in charge of the Company's financial reports, so as to enable the latter to comply with the disclosure obligations imposed under Article 154-*bis* of TUF.

## **4.12 AMENDMENTS TO AND REVISION OF THE RPT PROCEDURE**

4.12.1 Any and all amendments to or revisions of the RPT Procedure must be approved by the Board of Directors, with prior favourable opinion from the Audit, Risk & Sustainability Committee.

4.12.2 The RPT Procedure shall be subjected to review and/or revision every two years, as well as whenever necessary taking due account, *inter alia*, of any changes in laws or in the ownership structure and of the effectiveness of the RPT Procedure in practice. In the revision phase, should the Audit, Risk & Sustainability Committee find that no amendment is necessary, the said Committee shall forward its conclusions in such regard, without delay and duly supported by grounds, to the Board of Directors at the first Board meeting immediately following thereafter.

4.12.3 The criteria to identify the different transaction categories will be verified and/or revised at least annually by the Audit, Risk & Sustainability Committee.

4.12.4 The CAFO shall submit to the Audit, Risk & Sustainability Committee, on an annual basis, after the presentation of Brembo's Consolidated Financial Statements to the General Shareholders' Meeting, the Relevance Ratios defining the Transactions of Greater Importance and Transactions of Small Amount, so as to enable the said Committee to assess, on the basis of the results of the annual financial statements, whether or not there is reason to revise the said thresholds. Should the Audit, Risk & Sustainability Committee feel the said Relevance Ratios ought to be changed, it shall promptly submit the proposed changes to the Board of Directors for an assessment. Any and all changes shall entail a corresponding amendment to Attachment 2 to the RPT Procedure.

4.12.5 Should any of the provisions of the RPT Regulation be amended, the references contained in this RPT Procedure to the Articles of the RPT Regulation shall be deemed to make reference, if the content of the articles is the same, to the Articles of the amended version of the RPT Regulation.

## **4.13 ADDITIONAL PROVISIONS**

4.13.1 Accordingly, pursuant to Article 2391 (*Interests of Directors*) of the Italian Civil Code:

(i) if the Related Party Transaction to be undertaken falls within the purview of a Chief Executive Officer or an Executive Director and the person concerned has an interest in the transaction, he or she must inform the Board of Directors of his or her interest (specifying the nature, terms, origin and extent of the interest) and refrain from undertaking the Related Party Transactions, instead tasking the Board of Directors;

(ii) the Directors Involved in the Transaction are required to abstain from the resolution on the Transaction in question: despite being counted towards for the quorum to constitute the governing body's meeting, they are excluded from the tally for the quorum for the resolution. They may, in any event, participate in the discussion, including in view of the fact that they could provide the other Directors with additional information and clarification regarding the Transaction in question.

4.13.2 Without prejudice to the provisions of Article 2497-ter (*Interests of Directors*) of the Italian Civil Code, any and all corporate decisions associated by the Company's' management and coordination activity must be supported by sound itemised grounds and a statement analytically setting forth the reasons and interests underlying the decision. A full account of all such corporate decisions must be provided in the director's report contemplated in Article 2428 (*Report on Operations*) of the Italian Civil Code.

4.13.3 In addition to the above, and regardless of the provisions set forth in applicable rules and regulations, primarily with a view to complying with the principles of managerial transparency mentioned in the recitals hereto and in the Code of Ethics, Brembo shall in any event request and require all persons vested with powers of corporate representation pursuant to power of attorney witnessed in a notarised public deed to disclose any and all relationships they manage and/or are aware of with persons or entities that, in light of the contents of this RPT Procedure, could be deemed Related Parties or could generate, including in the abstract, conflicts of interests between Brembo's activities and their personal and family economic activities.

4.13.4 Group Companies shall formalise local procedures laying down the operating formalities to be followed in identifying their respective Related Parties and in concluding transactions with the latter, as well as related approval formalities, taking due account of the guidelines set forth in this RPT Procedure.

4.13.5 In line with the provisions of the Code of Ethics and the Antibribery Code of Conduct, and on the basis of the principles laid down in this Procedure, in order to avoid situations in which a conflict of interest may arise or that may interfere with the ability to take decisions impartially in the Company's best interests, the Company conducts a survey on the conflicts of interest upon taking the decision and periodically thereafter (at least once a year). This survey:

i) involves its senior personnel (identified as the C-suite) and/or persons with the power to bind the Company in respect of third parties and/or by function/role and persons who are required to engage in relations with public offices; and

ii) includes a request to identify entities, positions or persons related to them who may, including in the abstract, generate conflicts of interest between Brembo's activities and personal and family economic activities.

## 5. REFERENCE DOCUMENTS

Type of document	Document code	Document title	Website URL
		Consolidated Finance Law (Legislative Decree No. 58 of 24 February 1998 as further amended and extended)	<a href="http://www.consob.it/main/documenti/Regolamentazione/normativa/dlgs58_1998.htm">http://www.consob.it/main/documenti/Regolamentazione/normativa/dlgs58_1998.htm</a>
		Regulation adopted by Resolution No. 17221 of 12 March 2010, as further amended by Resolutions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017, No. 19974 of 27 April 2017, No. 21396 of 10 June 2020 and No. 21624 of 10 December 2020	<a href="http://www.consob.it/main/documenti/Regolamentazione/normativa/reg17221.htm">http://www.consob.it/main/documenti/Regolamentazione/normativa/reg17221.htm</a>

## 6. ENCLOSURES

Type of document	Document code	Document title	Website URL
File .pdf	Attachment 1 – PG.W.AF - 01	Approval process of the RPT procedure	Intranet, Documents, Brembo Docs
File .pdf	Attachment 2 – PG.W.AF - 01	Essential Technical Data and Assessment of a Related Party Transaction	Intranet, Documents, Brembo Docs
File .pdf	Attachment 3 – PG.W.AF - 01	Statements of Related Parties	Intranet, Documents, Brembo Docs
File .pdf	Attachment 4 – PG.W.AF - 01	Relevance Ratios for Defining Highly Significant RP Transactions	Intranet, Documents, Brembo Docs
File .pdf	Attachment 5 – PG.W.AF - 01	Flow Chart	Intranet, Documents, Brembo Docs
File .pdf	Attachment 6 – PG.W.AF - 01	Form for Confirming Summary of economic dealings with Brembo Group companies and the declared Related Parties	Intranet, Documents, Brembo Docs



## APPROVAL PROCESS OF THE RPT PROCEDURE

As required under the RPT Rules, this RPT Procedure was approved pursuant to the following procedural formalities:

1.	04.08.2010	Brembo's Board of Directors identified the Audit, Risk & Sustainability Committee (in the past Audit & Risks Committee – hereinafter as "Committee") as the body in charge of expressing a binding preliminary opinion within the meaning of paragraph 4 of the RPT rules, insofar as it is currently made up of the 3 members who qualify as Independent and Non-Executive Directors for the intents and purposes of the RPT Procedure.
2.	01.10.2010	The Audit & Risks Committee met and: <ul style="list-style-type: none"> <li>- examined and approved the Action Plan that the company intends to implement with a view to approving the new procedure for Related Party Transactions in accordance with the procedural formalities and deadlines contemplated under the applicable regulatory framework;</li> <li>- identified the Chairman of the Audit &amp; Risks Committee as the committee member tasked with verifying the progress achieved in drafting the procedure in implementation of the submitted plan;</li> <li>- examined the mapping of the Related Party Transactions concluded by Brembo in the First Half of 2010, and expressed its opinion on the various categories of RPT to be identified under the RPT Procedure;</li> <li>- examined and expressed its opinion on certain key elements necessary for structuring and defining the RPT Procedure.</li> </ul>
3.	15.10.2010	A preliminary draft of the RPT Procedure was illustrated to the Chairman of the Audit & Risks Committee.
4.	03.11.2010	The Audit & Risks Committee declared itself in favour and accordingly ready and willing to submit the RPT Procedure to the Board of Directors for approval.
5.	04.11.2010	Presentation of the procedure to the Board of Auditors.
6.	05.11.2010	The Internal Auditor expressed a favourable opinion.
7.	12.11.2010	The Board of Directors unanimously approved the RPT Procedure, taking the view that no amendments to the Company By-laws were immediately necessary, and deeming it more appropriate to leave it up to the General Shareholders' Meeting of April 2011 to determine whether or not to amend the Company By-laws and the RPT Procedure itself so as to ensure that both of the latter incorporate: <ul style="list-style-type: none"> <li>- a "whitewash mechanism" for Highly Significant RP Transactions, designed to allow for the approval of RPTs despite the unfavourable or dissenting opinion of Audit &amp; Risks Committee members;</li> <li>- the option of departing from or opting out of the RPT Procedure in emergency cases.</li> </ul>
8.	02.03.2011	The Board of Directors of Brembo S.p.A. unanimously resolved not to submit to the General Shareholders Meeting the facultative amendments to the Company By-laws as per Legislative Decree 27/2010, the "whitewash mechanism" and the option of departing from or opting out of the RPT Procedure in urgent cases.
9.	18.05.2011	The Audit & Risks Committee declared itself in favour: <ul style="list-style-type: none"> <li>- of the annual updating to the significant indices and thresholds defining Highly Significant PR Transactions on the basis of the results of the annual consolidated financial statements presented to the General Shareholders' Meeting of 29 April 2011;</li> <li>- of the confirmation of the thresholds defining Low-value RP Transactions at € 250,000.</li> </ul>
10.	06.06.2011	The Board of Directors of Brembo S.p.A. incorporated the definition of the Key Management Personnel in light of the new organisational structure that it has authorised with: <ol style="list-style-type: none"> <li>Chairman ;</li> <li>Executive Deputy Chairman and the Manager in charge of the Company's financial reports;</li> <li>Managing Director and General Manager.</li> </ol>
11.	29.07.2011	The Board of Directors of Brembo S.p.A.: <ul style="list-style-type: none"> <li>- approved the significant indices and thresholds defining Highly Significant PR Transactions on the basis of the results of the 2010 annual financial statements, arranging for the updating Annex 4 of the RPT Procedure;</li> <li>- confirmed the thresholds defining Low-value PR Transactions at € 250,000.00.</li> </ul>
12.	23.11.2011	The Internal Auditor expressed a favourable opinion.
13.	28.11.2011	The Committee expressed a favourable opinion regarding the proposal to amend the RPT Procedure in light of the application practice that emerged during the first year's activity.
14.	12.01.2012	The Board of Directors unanimously approved the proposal to modify the RPT Procedure.
15.	10.05.2012	The Audit & Risks Committee declared itself in favour: <ul style="list-style-type: none"> <li>- of the annual updating to the significant indices and thresholds defining Highly Significant PR Transactions on the basis of the results of the annual consolidated financial statements presented to the General Shareholder's Meeting of 20 April 2012;</li> <li>- of the confirmation of the thresholds defining Low-value RP Transactions at € 250,000.</li> </ul>



16.	14.05.2012	The Board of Directors of Brembo S.p.A.: - approved the significant indices and thresholds defining Highly Significant PR Transactions on the basis of the results of the 2011 annual financial statements, arranging for the updating Annex 4 of the RPT Procedure; confirmed the thresholds defining Low-value PR Transactions at € 250,000.00.
17.	19.07.2012	Proposal to the Audit & Risks Committee to modify the definition of intercompany transactions exempt from the RTP procedure. The exemption is limited to transactions with or between Brembo's Subsidiaries or Associate companies with activities foreseen in the company object related to those of Brembo S.p.A. The Committee and Internal Audit Manager agreed with the proposal.
18.	31.07.2012	The Board of Directors unanimously approved the proposal to modify the RPT Procedure.
19.	18.01.2013	The procedure has been checked from a formal point of view to adapt it to the Committees names following the reorganization of the Audit and Risks System.
20.	12.11.2013	The Board of Director, with the positive opinion of the Audit and Risk Committee met on October 24, 2013, evaluated the view already complied with the contents of the Recommendation and the auspices of the Consob (Consob Communication no. DEM / 10078683 of 24.09.2010 recommending companies to assess every three years whether to proceed to a review of the procedures, taking into account, inter alia, of any changes in the ownership structure and proven effectiveness in practical application), on the basis of evaluation and changes procedure already carried on by the company in 2011, in 2012 and 2013
21.	10.05.2016	The Board of Director with the positive opinion of the Audit and Risk Committee met on May 5, 2016, approved this RPT Procedure. Changes introduced since the previous version are highlighted in gray and refer to: - Replacing the term CFO with Administration and Finance Director; - Elimination of the position of Manager of Administration and Reporting, whose functions were transferred to the position of Administration & Finance Director; - Reorganization of the section Procedural Formalities; - Integration of the definition of "Equivalent to Market" on the basis of information provided by the ASSONIME Circular); - Clarification of the terms "Operating Activity" and "Financial Activities" (this on the basis of Assonime Circular).
22.	23.04.2020	After the renewal of corporate offices with the shareholders' meeting of 23 April 2020, the Board of Directors, according to the opinion of the Remuneration and Appointments Committee, and in relation to the Related Parties Procedure and the Corporate Governance Code of Borsa Italiana, identified, based on the power of attorney system, Executives with Strategic Responsibilities of Brembo S.p.A., in the following positions: - President; - Executive Vice President; - Chief Executive Officer; - General Manager (role not present today).
23.	10.05.2021	The Board of Directors, based on the positive advice of the Committee met on 4 May 2021, approved the updating of the Procedure, providing for: - the appropriate adjustments in compliance with the amendments provided by CONSOB Resolution no.21624 of 10.12.2020; - the institution of Framework Resolutions and the related regulations.

Procedure is available at Brembo's website [www.brembo.com](http://www.brembo.com) in the section Investors → Corporate Governance → Codes and Manuals.

**Essential Technical Data and Assessment of a Related-Party Transaction <sup>1</sup>****PART I – Essential Technical Data pertaining to a Highly or Moderately Significant Related-Party Transaction***To be filled in by the Manager*

<b>Manager's name and surname:</b>	
<b>Description of the RP Transaction:</b>	

	Type of Data	Description
-	The Related-Party acting as the counterparty in the transaction and nature of the relationship <sup>2</sup>	
-	nature/type of RP Transaction <sup>3</sup>	
-	performance procedures of the RP Transaction	
-	timetable for completion	
-	economic terms of the Transaction	
-	assessment procedure followed	
-	underlying interests and reasons	
-	documents drawn up regarding the terms of the Transaction	
-	potential risks for the company/subsidiary	
-	reports, if any	

Should the RP Transaction in question be subject to arm's-length or standard terms, this fact must be evidenced in the related documents on the basis of objective elements.

<b>Date:</b>		<b>Manager's signature:</b>	
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<sup>1</sup> Form to be used only for Highly and Moderately Significant RP Transactions that do not qualify for the exemptions.

<sup>2</sup> Fill in the company name or name and surname of the Related Party, the latter's VAT reg. No. and/or Tax Code.

<sup>3</sup> For instance: disposal/acquisition of personal property/real estate, performance of works/services, consultancy, the issue of guarantees and the granting of loans, collaborative agreements, payment and performance bonds, etc.

## **PART II – ASSESSMENT OF THE SIGNIFICANCE OF THE TRANSACTION WITHIN THE MEANING OF PARAGRAPH 4.4.1**

*To be filled in by the Manager with input from the CAFO (on economic-financial matters) and the CLO (regarding legal matters)*

### **SIGNIFICANCE CLASSIFICATION OF THE TRANSACTION:**

	Type of Transaction	YES/NO	Elements warranting the classification
-	Highly Significant RP Transaction		
-	Moderately Significant RP Transaction		

<b>Date:</b>	
<b>Manager's signature:</b>	
<b>CAFO's signature:</b>	
<b>CLO's signature:</b>	

## **PART III – FINAL DECISION WITHIN THE MEANING OF PARAGRAPH 4.5 OF THE RPT PROCEDURE**

*To be filled in by the Chairman of the Audit Risks & Sustainability Committee*

Having regard to the fact that the transaction assessed by the Audit, Risks & Sustainability Committee:

	YES	NO
- is a Related-Party Transaction;		
- does not fall within the scope of Exempted Transactions within the meaning of the RPT Procedure;		
- is a Highly/Moderately Significant RP Transaction on the basis of the criteria set forth in the RPT Procedure;		
- Is an Ordinary but Highly Significant RP Transaction on the basis of the criteria set forth in the RPT Procedure;		
- is supported by adequate data regarding performance procedures, timetables for completion, applicable economic terms, and the assessment procedure followed, as well as documents witnessing the terms and conditions of the transaction in question;		
- features aspects evidencing: - the company's interest in effecting the transaction in question; - the attractiveness and substantive propriety of the related terms and conditions;		
- exposes the company/subsidiary to risks that have been found to fall within acceptable bounds		

In light of the company's interest in effecting the RP transaction in question, as well as the attractiveness and substantive propriety of the related terms and conditions, the Committee expresses the following opinion in respect of the same:

<b>OPINION</b>
- Opinion on Highly Significant RP Transactions
- Opinion on Moderately Significant RP Transactions

<i>On behalf of the Audit, Risks &amp; Sustainability Committee - Chairman's signature:</i>	
<b>Date:</b>	

**Related Party Statements for Key Management Personnel****FORM A – Table for identifying Related Parties****SECTION A) – Declarer (Key Management Personnel)**

Surname \_\_\_\_\_

Name \_\_\_\_\_

**SECTION B) – Family member of declarer in Section A)**

(persons sharing living quarters, non-legally separated spouse, relatives and in-laws up to the second degree, other family member potentially capable of influencing company officers or of being influenced by them, in the relations with the Company, as stated in the Procedure available on web site [www.brembo](http://www.brembo), sezione company, Corporate Governance, Documenti di Governance ).

No.	Relationship (1)	Surname	Name	Residence (2)	Tax Code

The data and information provided above will be processed by Brembo S.p.A. as Data Controller pursuant to the European Regulation n. 2014/596 for the purposes of periodic reporting in compliance with the laws and regulations in force on the subject of related parties. Each interested party may exercise the rights provided for by articles. from 15 to 21 of the aforementioned Regulation, by contacting the Personal Data Protection Officer (RDP) at the email [privacy.italy@brembo.it](mailto:privacy.italy@brembo.it) or by sending a communication to the Company.

Date \_\_\_\_\_

Signature \_\_\_\_\_

(1) Relationship code: 1.spouse; 2. relatives up to second degree; 3in-laws up to the second degree

(2) Write in the first line the town and in the second line the address.

**FORM B - Related Parties Disclosure Statement****SECTION A) – Declarer (Key Management Personnel)**

Surname \_\_\_\_\_

Name \_\_\_\_\_

**SECTION C) – Related Companies**

(Disclose any companies in which one or more parties listed in Sections A) and B) of Form A exercise significant influence, or in which they exercise Control or Joint Control, by virtue of ownership of share capital in them, in accordance with the RP Procedure available on web site [www.brembo](http://www.brembo), sezione company, Corporate Governance, Documenti di Governance).

Related party code (1)	Company name (2)	Registered Office (3)	Tax and VAT Code

Date \_\_\_\_\_

Signature \_\_\_\_\_

(1) Insert the serial number appearing in Section B), or, in the case where the declarant is the related party, insert (0).

(2) In the case of a group, **specify the name of the group company in question, and if several group companies are involved, specify all their names.**

(3) Write in the first line the **town** and in the second line the **address**.

**Relevance Thresholds for Defining Highly Significant RP Transactions**

For the intents and purposes of the RPT Procedure, Highly Significant RP Transactions may be defined at Related Party Transactions in which at least one of the significance thresholds applicable to each specific transaction exceeds 5%.

Through to the approval of the financial statements for 2015 the significance indices and thresholds are as follows:

Contents	Definition	At 31/12/2020	5% threshold
<b>Value-based significance index:</b>	ratio between the value of the transaction and the equity as per the Brembo's most recently published consolidated financial statements	Euro 1.481.041.078	Euro 74.052.054
<b>Asset-based significance index:</b>	ratio between the total assets of the entity covered by the transaction and the total assets of the Group	Euro 3.172.746.410	Euro 158.637.321
<b>Liability-based significance index:</b>	ratio between the total liabilities of the acquired entity and the total liabilities of the Group	Euro 3.172.746.410	Euro 158.637.321

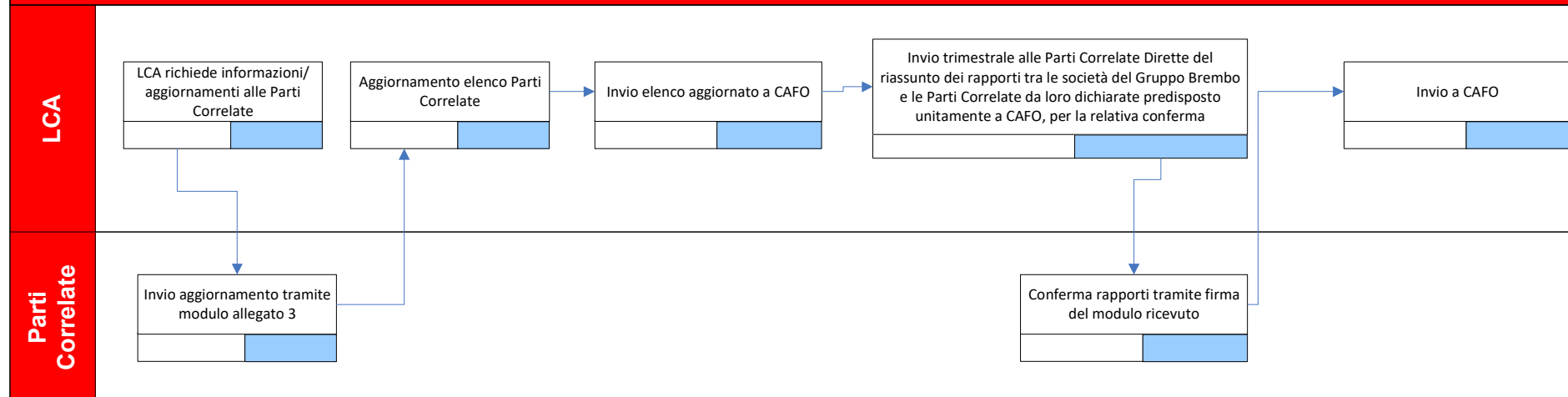
In the case were several transactions exert a cumulative effect within the meaning of Article 5, paragraph 2 of the RPT Regulation, the companies shall determine, first and foremost, the significance of each transaction on the basis of the applicable index or indices. To determine whether or not the relevant thresholds have been exceeded, account must be taken of the sum total of the results for each index.

The significance indices are subject to revision on an annual basis by the CAFP after presentation of Brembo's consolidated financial statements to the General Shareholder's Meeting, as well as to approval by the Audit, Risks & Sustainability Committee, which shall assess, in light of the annual results as per the financial statements, whether or not changes are warranted.

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Allegato 5 – PG.W.AF 01 - Rev. 01

### PARTI CORRELATE – Elenco parti correlate (par. 4.1) – aggiornamento trimestrale



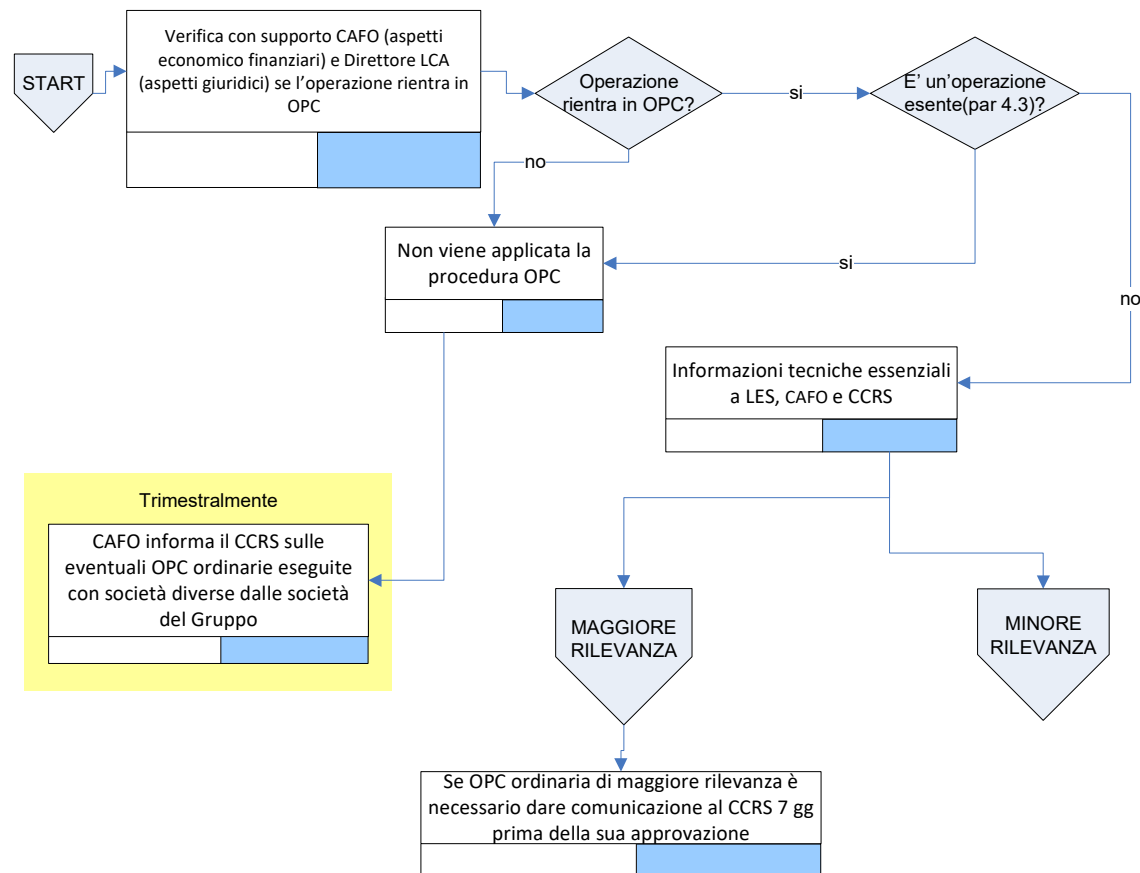


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## PARTI CORRELATE – Istruttoria preventiva (par 4.5)

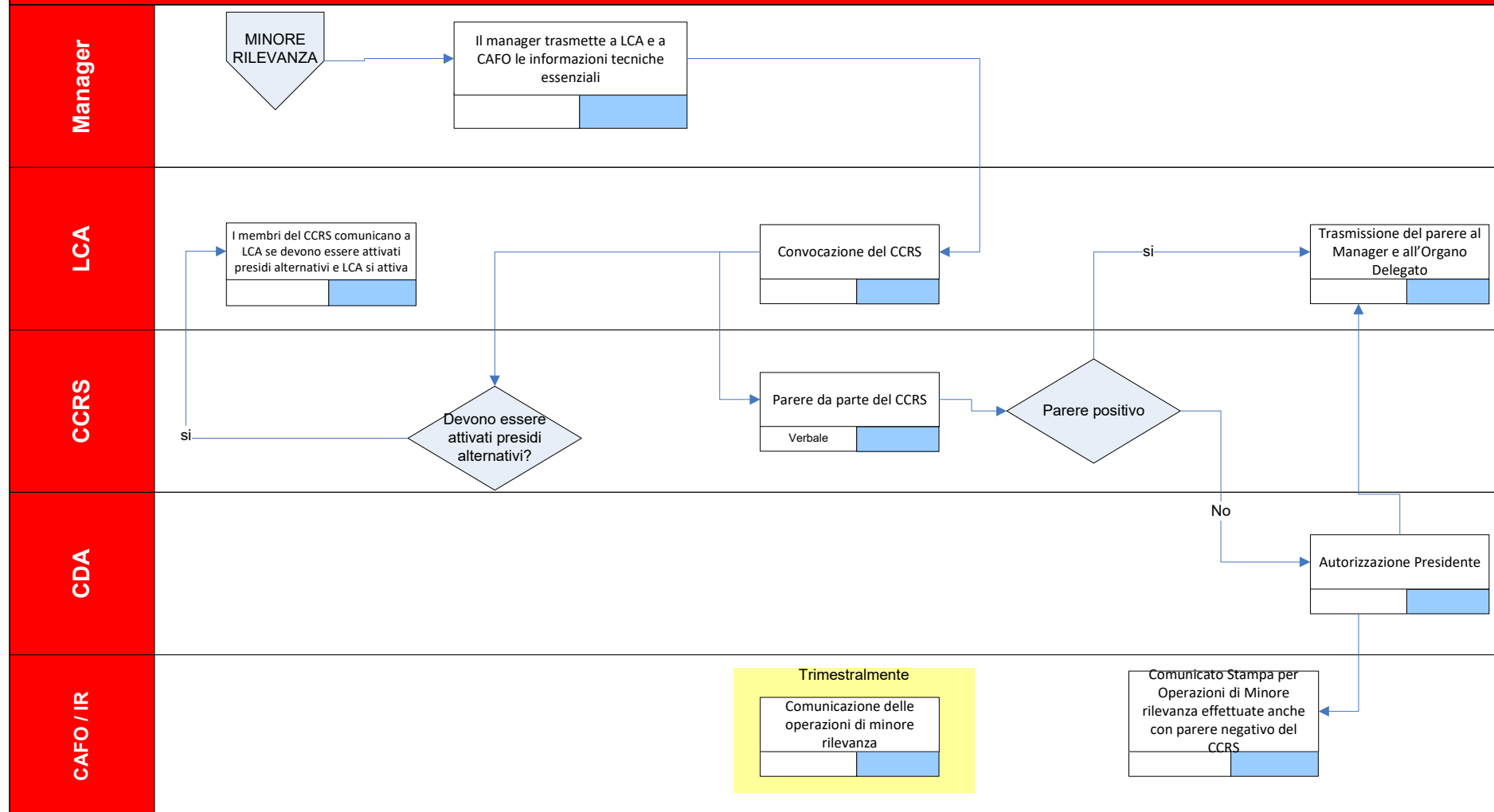
Manager



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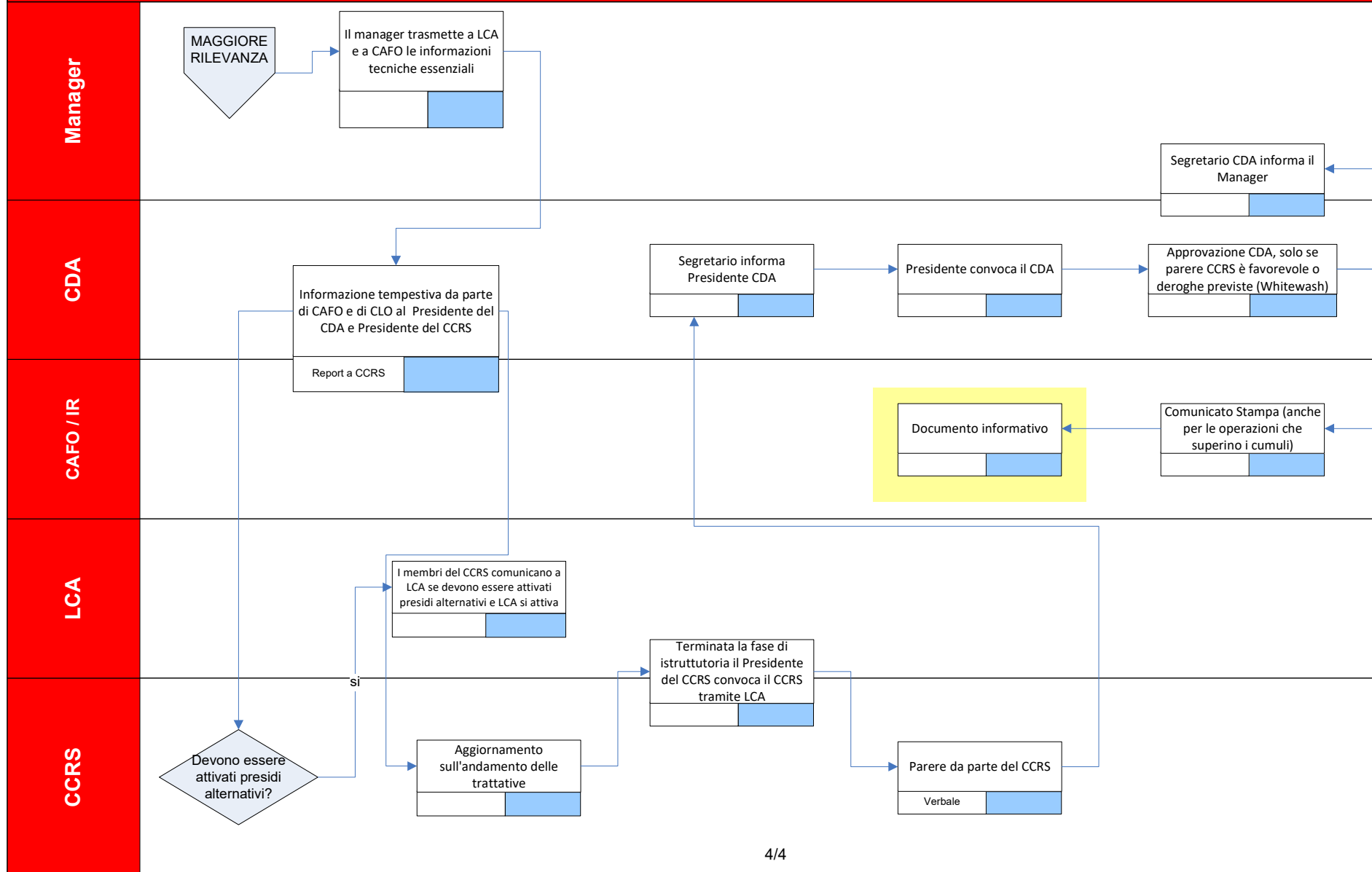
## PARTI CORRELATE – Operazioni di Minore Rilevanza (par. 4.6)



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Allegato 5 – PG.W.AF 01 - Rev. 01

## PARTI CORRELATE – Operazioni di Maggiore Rilevanza (par 4.7)



**Confirmation Form for consulting / services and other economic relations to companies of Brembo Group from - quarterly**

Name and Surname of the Declarant \_\_\_\_\_

**SUMMARY**

Consulting/services and other economic reports to companies of Brembo Group  
from \_\_\_\_\_ to \_\_\_\_\_<sup>1</sup>

Company	Activities carried out	Amount received	Company of the Group

(1) Fees received as compensation for the office of Brembo S.p.A. Members of Board of Directors or of Board of Auditors of shall not be considered.

Date \_\_\_\_\_

Signature \_\_\_\_\_