

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

## 1. OBJECTIVE OF THE COMMITTEE

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

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

## 2. COMPOSITION

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

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

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

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

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

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

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

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

### **3. DUTIES**

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

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

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

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

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

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

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

4.1 The Remuneration and Appointment Committee shall:

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

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

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

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

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

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

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

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

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

## **5. FINAL PROVISIONS**

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