

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

pursuant to Article 123-*bis* of the Consolidated Law
on Finance

Brembo S.p.A.

www.brembo.com,

section Investors/Corporate Governance/Corporate Governance Reports 2014

Approved by the Board of Directors of Brembo S.p.A. on 5 March 2015.



GLOSSARY

Brembo/Issuer/Company: Brembo S.p.A., with registered offices in Curno (Bergamo), via Brembo 25, tax code and VAT code No. 00222620163.

Corporate Governance Code: the Code of Corporate Governance for Listed Companies, approved in July 2014 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria. It is available at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf>.

Civil Code: the Italian Civil Code.

Board/Board of Directors/BoD: the Board of Directors of Brembo S.p.A.

Financial year: the financial year which the Report refers to, specifically the financial year ended 31 December 2014.

Group: the Brembo Group.

Borsa Italiana Instructions: Instructions on the Rules of Markets organised and managed by Borsa Italiana S.p.A.

Brembo's Corporate Governance Manual: the document defining Brembo's corporate governance rules, fully incorporating the Corporate Governance Code specifically as amended in July 2014. The latest update as of 31 July 2014 is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Brembo S.p.A. – Fourth Edition (latest update: 31 July 2014), which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Related Party Transactions Procedure: the Related Party Transactions Procedure adopted by Brembo S.p.A. on 12 November 2010, in compliance with the Consob Resolution No. 17221 of 12 March 2010, and subsequently amended by Consob Resolution No. 17389 of 23 June 2010; the Procedure (latest update: 31 July 2014) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Consob Regulation on Related Party Transactions: the Consob regulation introduced by Resolution No. 17221 of 12 March 2010 as further amended by Resolution No. 17389 of 23 June 2010.

SC: Supervisory Committee.

Rules of Borsa Italiana: the Rules of Markets organised and managed by Borsa Italiana S.p.A.

Rules for Issuers: the Rules for issuers established by Consob with Resolution No. 11971 of 1999, as amended and extended.

Market Regulations: the Market Regulations established by Consob with Resolution No. 16191 of 2007, as amended and extended.

Report: the Corporate Governance and Ownership Structure Report that companies have to prepare pursuant to Articles 123-*bis* of TUF and 89-*bis* of the Rules for Issuers.

By-laws: the By-laws of Brembo S.p.A., brought in line with the provisions of Law No. 120/2011 (Regulation on equal access to the management and supervisory bodies of listed companies) by the Board of Directors on 12 November 2012. Its latest update as of 29 April 2014 is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

ICRMS: Internal Control and Risk Management System.

TUF: Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance).

Introduction

Brembo S.p.A. is a world leader in the design, development and manufacture of braking systems and components for cars, motorbikes and industrial vehicles in the original equipment, the aftermarket and racing sectors, as well as passive safety design and manufacture sector.

COMPANY HIGHLIGHTS

(euro million)	2013	2014	Change
Sales	1,566.1	1,803.3	15.1%
EBITDA	213.5	279.8	31.1%
Profit	89.0	129.1	45.0%
Net financial position	320.5	270.4	-50.1
Market capitalisation as of 31 December*	1,308	1,850	-
Workforce (headcount)	7,241	7,690	+449

*It should be noted that in January 2015 the market capitalisation threshold of €2 billion was exceeded.

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

Brembo S.p.A.'s Corporate Governance System is based on a set of rules reflecting the Corporate Governance Code as amended on 15 July 2014, which were incorporated in Brembo's Corporate Governance Manual.

The Report, approved by the Board of Directors on 5 March 2015, provides a general description of the corporate governance system adopted by the Group and information on its ownership structure, as required by current laws and regulations. The Report was filed with Borsa Italiana and made available to the public on the company's website ([www.brembo.com/Investors/Corporate Governance/Corporate Governance Report](http://www.brembo.com/Investors/Corporate%20Governance/Corporate%20Governance%20Report)) and through the authorised data storage facility (www.1info.it), in the ways and within the terms established by current applicable regulations.

1. INFORMATION ON OWNERSHIP STRUCTURE (at 31 December 2014)

1.1. Structure of share capital

Brembo's subscribed and fully paid-up share capital amounted to €34,727,914 and was divided into 66,784,450 ordinary shares of a par value of €0.52, each bearing voting rights.

SHARE OWNERSHIP

	Yes/No
Restrictions on the transfer of securities	No
Securities carrying special rights	No
Employee share ownership scheme	No
Restrictions on voting rights	No
Shareholders' agreements	No

1.2. Significant shareholdings

1.3. Change of control clauses

In carrying out its business, Brembo has in place several joint venture agreements or supply and cooperation or financing agreements, which contain clauses entitling each party to terminate or modify such agreements in case of resolution and/or withdrawal and/or modification of such agreements in case of change of direct and/or indirect control of one of the parties to the agreement.

1.4. Power to increase the share capital

In accordance with Article 2443 of the Civil Code, on 29 April 2014 the General Shareholders' Meeting vested the Board of Directors with delegated powers to increase the paid share capital by issuing new shares no later than 29 April 2019 — on one or more occasions, also in several tranches, pursuant to Article 2439, paragraph 2, of the Civil Code, while excluding the option right pursuant to Article 2441, paragraph 4 (2), of the Civil Code — for an overall maximum par value of €3,472,791.40

SIGNIFICANT SHAREHOLDINGS

Figures taken from the Shareholders' Register at 31 December 2014 and included in Consob notices

Declarant	Direct shareholders	No. of shares	% on share capital with voting rights
BOMBASSEI ALBERTO	NUOVA FOURB SRL	35,744,753	53.523
	JP MORGAN ASSET MANAGEMENT LIMITED	3,899,411	5.84
BREMBO S.P.A.	BREMBO S.P.A.	1,747,000	2.616
GOODMAN & COMPANY INVESTMENT COUNSEL LTD	DYNAMIC GLOBAL VALUE FUND	1,391,090	2.083
	DYNAMIC GLOBAL VALUE CLASS	267,000	0.400
	Total	1,658,090	2.483
GAMCO INVESTORS INC.	GABELLI FUNDS LLC	1,225,000	1.834
	GAMCO ASSET MANAGEMENT INC.	330,000	0.494
	GAMCO INVESTORS INC.	10,000	0.015
	Total	1,565,000	2.343
MONTANARO EUROPEAN SMALLER COMPANIES PLC	MONTANARO EUROPEAN SMALLER COMPANIES PLC	1,356,760	2.032
	MORGAN ST & C. CO. INTL.PLC.SA. IPB	1,081,500	1.619
	CACEIS BANK FRANCE	988,628	1.480
	MONTANARO EUROPEAN SMALLER COMPANIES PLC	799,000	1.196
	SFF MALTA HOLDING LTD	795,500	1.191

and no more than 6,678,445 shares with a par value of €0.52 each, or – if fewer – of a number of shares that, at each date such powers are exercised (and taking due account of any and all the shares that may already have been issued pursuant to said powers), represents 10% (ten percent) of the company's total shares at such date.

With regard to the aforesaid delegated powers, the Board of Directors is additionally empowered to:

- establish, for each issue, the number, unit price of issue and dividend rights of the related ordinary shares, without restriction except as specified under Article 2441, paragraph 4 (2), and/or Article 2438, and/or Article 2346, paragraph 5, of the Civil Code;
- determine the deadline to subscribe company's ordinary shares;
- exercise the delegated powers, as well as the authority mentioned above, including and not limited to, full powers to accordingly amend the company's By-laws, as may be required from time to time.

Article 5 of Brembo S.p.A.'s By-laws was amended accordingly.

1.5. Authorisation to repurchase own shares

After revocation of the previous Resolution dated 23 April 2013, which was not implemented, the General Shareholders' Meeting of Brembo S.p.A. held on 29 April 2014 approved a plan for the buy-back of own shares. This authorisation entails:

- the purchase or sale up to 1,600,000 of its own shares, in one or more tranches and for a maximum term of 18 (eighteen) months, at a purchase price ranging between €0.52 and

€30 each, using the available reserves and securing such shares by withdrawing from the Extraordinary reserve further €48,000,000 for a maximum amount of €61,475,897;

- with reference to the disposal of own shares, granting to the Board of Directors the power to define, from time to time, all the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the realisation methods applied and the price trend of the stock in the period before the transaction, acting in the best interest of the Company.

In the company's interest, this authorisation aims at:

- undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods;
- buying back own shares as a medium-/long-term investment.

The Board of Directors therefore granted to the Chairman and the Executive Deputy Chairman full powers, to be exercised severally and/or delegated to third parties, to implement this programme. As of the date of approval of this Report, no sale or buy-back transactions have been made.

OWN SHARES IN PORTFOLIO (at 31 December 2014)

No. of own shares	% of share capital	Average book value	Total value
1,747,000	2.616%	€ 7.71	€ 13,475,897

1.6. Direction and coordination

Brembo S.p.A. is not subject to the direction and coordination of any company or entity pursuant to Article 2497-bis of the Civil Code, despite it being controlled by another company. This is because, in accordance with the provisions of the Corporate Governance Code, all significant strategic and financial transactions carried out by Brembo S.p.A. and the Group are subject to the collective examination of and exclusive approval by the Brembo S.p.A.'s Board of Directors which, *inter alia*, includes six independent Directors. The professional competence and authority of non-executive and independent Directors are an additional guarantee that all Board's decisions are taken in the sole interest of Brembo S.p.A. without being subject to any direction or interference from third parties representing interests other than those of Brembo S.p.A. and the Group.

On the other hand, Brembo S.p.A. has power of direction, coordination and control on its subsidiaries pursuant to Article 2497 of the Civil Code. The requirements pursuant to Article 2497-bis of the Civil Code have been complied with.

* * *

The information required by Article 123-bis, paragraph 1, letter i), of TUF (*"agreements between the company and the Directors ... providing for compensation in case of resignation or dismissal without juste cause or if their employment ceases as a result of a public tender offer"*) are contained in the 2014 Remuneration Report in accordance with Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, sezione Investitori, Corporate Governance, Politiche di Remunerazione).

* * *

The information required by Article 123-bis, paragraph 1, letter l, of TUF (*"the rules governing the appointment and replacement of Directors ... and amendments to the By-laws, if different from the otherwise applicable laws and regulations"*) are illustrated in the section concerning the Board of Directors (Section 3 below).

2. COMPLIANCE WITH THE 2014 CORPORATE GOVERNANCE CODE (pursuant to Article 123-bis, paragraph 2, letter a, of TUF)

Brembo endorses and complies with the Corporate Governance Code as amended in July 2014. The endorsement of the Code was implemented by adopting the Corporate Governance Manual, which defines Brembo's corporate governance rules, fully incorporating the Code's recommendations. This Manual was updated, subject to prior approval by the Board of Directors on 31 July 2014, to incorporate the amendments to the Corporate Governance Code introduced in July 2014.

It consists of 10 Articles, each in turn subdivided into Principles and Application Criteria, which represent recommendations that Brembo intends to implement in organising and managing its governance. Since these are not obligations, the so-called 'comply or explain' approach is adopted, whereby when Brembo decides not to implement these recommendations, it has to explain the reasons for non-application or partial application. The said approach is established in paragraph IV of the "Guiding Principles and Temporary Regime" of the Corporate Governance Code).¹

¹ Under primary or secondary regulations that are not compatible with the application of certain recommendations, no Board resolution is required to explain the reasons for partial or non-application.

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

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

Pursuant to Article 15 of By-laws, the Board of Directors consists of:

- a minimum of 5 and a maximum of 11 members (executive and non-executive Directors), who may be re-elected and, unless otherwise resolved by the General Shareholders' Meeting, shall hold office for the period specified in the appointment resolution passed by the Shareholders' Meeting, up to a maximum of three years; their office shall expire at the date set for the Shareholders' Meeting called to approve the Financial Statements for their last year of office, without prejudice to the causes for termination and forfeiture provided for by law and the By-laws;
- at least one of the members of the Board of Directors, or 2 members if the Board is made up of more than 7 Directors, must meet the independence criteria set forth by Article 148, paragraph 3, of TUF;
- the composition of the Board of Directors must reflect gender balance, in accordance with the laws and regulations from time to time in force.²

² The By-laws have been brought in line with the provisions of Law No. 120/2011 (Regulation on equal access to the management and supervisory bodies of listed companies) by Board of Directors' resolution dated 12 November 2012.

With regard to the lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to do so, together with all the other related documents as required under the By-laws:

- the lists containing a number of candidates equal to or greater than three must include candidates of both genders (male or female); these lists must include a number of candidates of the under-represented gender such as to ensure that the composition of the Board of Directors complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;
- the lists must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Shareholders' Meeting at first calling and they must be made available to the public at the Company's registered offices, on the corporate website and in the other manners and forms specified under statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Shareholders' Meeting;
- the lists shall be numbered in serial order according to the date of their filing with or submission to the Company.

With reference to the procedures regulating the voting process to appoint the Board of Directors, Article 15-ter of By-laws provides that:

- all the Board members to be appointed as determined by the General Shareholders' Meeting, save 1 (one), shall be drawn from the list obtaining the highest number of the votes cast by Shareholders, in the same serial order in which they appear on the said list;

- the remaining seat on the Board shall be awarded to the first candidate on the list that obtained the second highest number of votes and that is not linked in any way, whether directly or indirectly, with the Shareholders who submitted or voted in favour of the list that obtained the highest number of votes;
- the positions of independent Directors, who must meet the requirements of independence, pursuant to Article 15 of By-laws as mentioned above, will be filled from the list that obtained the highest number of the votes cast by Shareholders, or if this is not possible, from the list that obtained the second highest number of votes;
- for the intents and purposes of appointments to the Board of Directors, no account must be taken of lists that failed to obtain a number of votes representing at least half the aforementioned percentage established under Article 15-*bis* of the By-laws for the submission of voting lists (i.e., half the 1% of share capital);
- should only one list be submitted, all the members of the Corporate Bodies in question must be drawn from the said list, it being understood that in the event no list is submitted, the General Shareholders' Meeting shall pass related resolutions by majority vote, in accordance with applicable laws and regulations, and provisions concerning gender balance (including the rounding-up to the next higher unit in the event the application of the distribution criterion between genders results in a non integer number).

3.2 Succession plans

On 6 June 2011, the Board of Directors of Brembo S.p.A. approved the Brembo Group's current organisational structure with the aim of reinforcing the Company's governance model, strengthening the top management team and gradually initiating internal succession

mechanisms. Within this proven organisational structure and in accordance with the delegated powers assigned by the Board of Directors, Matteo Tiraboschi holds the position of Executive Deputy Chairman, Andrea Abbati Marescotti that of Chief Executive Officer, and Chairman Alberto Bombassei has taken on a more strategic, less operational role.

For each major managerial role, Brembo also established guidelines for the relevant succession plan, summarised in specific documents shared with the persons concerned and approved by the top management team.

3.3 Composition

The General Shareholders' Meeting held on 29 April 2014³ confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2014–2016, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016, based on the two lists submitted respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.11% of the share capital, overall).

³ Until the General Shareholders' Meeting called to approve the 2013 Financial Statements, the Board of Directors was made up of 11 Directors, of whom 4 Executive Directors (Alberto Bombassei, Cristina Bombassei, Matteo Tiraboschi, Andrea Abbati Marescotti), 1 Non-executive Director (Umberto Nicodano), 6 Non-executive and Independent Directors (Giovanni Cavallini, Giancarlo Dallerà, Giovanna Dossena, Pasquale Pistorio, Gianfelice Rocca, Pierfrancesco Saviotti).

COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors											Audit & Risk Committee		Remuneration & Appointments			
Office held	Name and surname	Year of birth	Seniority of service ¹	In office from	In office until	List ²	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	Attendance rate at meetings ³	Other offices held ⁴	Member	Attendance rate at meetings ³	Member	Attendance rate at meetings ³
Chairman	Alberto Bombassei	1940	21.12.1984	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x				100%	1				
Executive Deputy Chairman	Matteo Tiraboschi	1967	24.04.2002	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x				100%	1				
Chief Executive Officer	Andrea Abbati Marescotti	1964	06.06.2011 (co-option)	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x				100%	–				
Director	Cristina Bombassei	1968	16.12.1997 (co-option)	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x				100%	1				
Director	Barbara Borra	1960	29.04.2014	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x	x	x	100%	1		x ⁷		100%
Director	Giovanni Cavallini	1950	14.11.2005 (co-option)	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x	x	x	100%	2	x ⁵	100%	x ⁸	100%
Director	Giancarlo Dallera	1946	28.04.2003	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x	x ⁶	x	88%	5	x ⁵	80%		
Director	Bianca Maria Martinelli	1961	29.04.2014	29.04.2014	Approval of Financial Statements at 31.12.2016	m		x	x	x	100%	1	x ⁷	100%		
Director	Umberto Nicodano	1952	03.05.2000	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x			100%	6		x ⁸		100%
Director (LID)	Pasquale Pistorio	1936	29.04.2008	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x	x	x	88%	–	x ⁸	0% ⁸		
Director	Gianfelice Rocca	1948	29.04.2011	29.04.2014	Approval of Financial Statements at 31.12.2016	M		x	x	x	75%	5				
DIRECTORS WHO LEFT OFFICE IN 2014																
	Giovanna Dossena	1960	18.11.1994 (co-option)	29.04.2011	Approval of Financial Statements at 31.12.2013	M		x		x	100%	5				
	Pierfrancesco Saviotti	1942	29.04.2008	29.04.2011	Approval of Financial Statements at 31.12.2013	M		x	x	x	0%	5		x ⁸		0%
No. of meetings held during the financial year							BoD: 8		Audit & Risk Committee: 5			Remuneration & Appointments Committee: 2				

NOTES:

- This column shows the date on which the Director was appointed by the General Shareholders' Meeting as a Director of Brembo for the first time; 'co-option' means the date of co-option by the Board of Directors.
- This column shows the list from which each Director was elected ("M": majority list; "m": minority list, submitted by a group of shareholders representing 2.11% of share capital; they were not presented by the BoD).
- This column shows the percentage of meetings held by the BoD or Board Committees attended by Directors in 2014 (No. of times attended/No. of meetings held during the Director's actual term of office).
- This column shows the number of Directorships or Auditorships held in other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies.
- The Director, who was already a member of the Committee, was reappointed to this office at the General Shareholders' Meeting on 29 April 2014.
- Having heard the opinion from the Remuneration & Appointments Committee, and in keeping with the principle of substance over form, in 2014 the Board assessed and concluded in favour of the continuing independence of Director Giancarlo Dallera, as despite having exceeded nine years of service in the past twelve years, he has always shown professionalism, commitment and pro-active, constant participation in meetings of the Board and the Committees, as well as independent judgment in the performance of his duties.
- The Director was appointed to this role for the first time by the General Shareholders' Meeting held on 29 April 2014.
- The Director was a member of the Committee in the previous term of office, ended with the Shareholders' Meeting held on 29 April 2014.

BoD COMPOSITION – CHANGES COMPARED TO THE PREVIOUS TERM OF OFFICE

	Previous term of office 2011-2013	Current term of office 2014-2016	FTSE MIB (last available year)
No. of Directors	11	11	12
Directors drawn from minority list	0	1	2
% of women in the BoD	18%	27%	19%
% of Independent Directors	45%	54%	51.9%
Position of Lead Independent Director	YES	YES	

All the appointed Directors meet the requirements of personal integrity, professionalism and respectability imposed by applicable statutory and regulatory provisions. The Non-executive Directors and those who can qualify as Independent Directors meet the requirements set by the Corporate Governance Code and by Article 148, paragraph 3, of TUF, as indicated in the table on page 9. The table also specifies the Directors' respective roles within the company, their attendance rate at the Board of Directors' meetings held in 2014, their seniority of service, and the number of positions held with other companies that are relevant for the purposes of Brembo's Corporate Governance Manual.

No Directors notified circumstances requiring the submission of a report by them under Article 1.C.4 of Brembo's Corporate Governance Code (Departure from the competition principle).

Alberto Bombassei

Company founder and Chairman of the Board of Directors since 1993. In 2004 he was granted the Italian honorary title of "Cavaliere del Lavoro". From 2001 to 2004 he served as President of Federmeccanica. From 2004 to 2012, he held the position of Vice President of Confindustria for Industrial Relations, Social Affairs and Social Security. In 2003, the President of the Italian Republic, Carlo Azeglio Ciampi, awarded him the Leonardo Prize "Italian Quality" for his contribution to exporting the Italian-made products worldwide. Over the years he received

several awards, including: the Prize "Eurostar 2004" for outstanding achievements at the helm of Brembo, and in 2007 the Prize "Amerigo Vespucci" for his contribution to the development of relations between Italy and Brazil; in 2008, he received the prize "ASFOR 2008 for career achievements" for his contribution to Italian economic and social development; in October 2012 the "Tiepolo Prize 2012" granted by the Italian Chamber of Commerce and Industry in Spain and the Chamber of Commerce and Industry of Madrid, and in November 2012 he was awarded the Ernst & Young Entrepreneur of the Year prize. In December 2014, he was awarded the title of Commander of the Order of Isabella the Catholic by the Ambassador of Spain. In the same month, the American Chamber of Commerce in Italy conferred him the 2014 Transatlantic Award for the investments made to expand the Homer plant in Michigan, and build a new cast-iron foundry.

Matteo Tiraboschi

Born in Bergamo in 1967, Matteo Tiraboschi studied at the scientific lyceum and then obtained a bachelor's degree in Economics at the University of Bergamo. He is a Certified Public Accountant, enrolled in the Registry of Auditors. He started his career at the Milan offices of a major international external auditing firm, where he worked for four years. He then went into private practice for ten years as a Certified Public Accountant specialising in

restructuring of companies undergoing a crisis situation, bankruptcy proceedings, taxation and corporate matters. In the same years, he also served as Director and Statutory Auditor in various companies. He has been a Director of Brembo S.p.A. since 2002. In 2005, he joined the company initially as Director of the Group's foreign subsidiaries, and later in 2009 taking on further responsibilities as CFO and Investor Relator. In 2011, he was appointed Executive Deputy Chairman. Since 2013, he has been member of the Board of Directors of Industrial Stars of Italy S.p.a.c., a company under Italian laws and listed on the AIM of the Milan and London stock exchanges.

Andrea Abbati Marescotti

Chief Executive Officer and General Manager of the company since 6 June 2011. Born in Modena in 1964, he graduated in 1989 with honours and recommendation for publication in Electronic Engineering at the University of Bologna. In 1991 he joined the Fiat Group, where he held the position of Chief Operating Officer of Fiat-GM Powertrain Italy from 2002 to 2003, Vice-President Planning Strategies & Sales of Fiat-GM Powertrain from 2003 to 2005, Chief Restructuring Officer of Fiat Powertrain Technologies from 2005 to 2006, and Senior Vice-President Operations Construction Equipment of CNH from 2007 to 2009. From 2009 to 2011 he served as Chief Executive Officer of UFI Filters.

Cristina Bombassei

Director of the company since 1997. She has been Executive Director in charge of the Internal Control & Risk Management System since 2008. In 2013, she was appointed CSR Officer and tasked with promoting Brembo Group's commitment to Corporate Social Responsibility. She is a Director of Banca Popolare di Bergamo S.p.A. and Kilometrorosso S.p.A., as well as member of the Steering Committee of Confindustria Bergamo where she is in charge of Education.

Barbara Borra

Member of the Board of Directors of Brembo S.p.A. since 2014, as Independent Director and Chairwoman of the Remuneration & Appointments Committee. Born in Turin on 24 March 1960, Barbara Bora earned a bachelor's degree in Chemical Engineering at the Turin Polytechnic in 1984, before completing her MBA through INSEAD Fontainebleau in 1989. She started her career in 1984 at the Montedison Group's Donegani Institute, first in Novara and then in the USA. In 1989, she joined General Electric where she remained until 2000, serving in positions of increasing responsibility in the Plastics and Lighting divisions. After five-years at Rhodia, first as President Europe Zone in charge of Engineering Plastics and subsequently as Global President of the Technical Fibres division, in 2005 she joined Whirlpool as President of Whirlpool France, before being appointed Global Vice President of Food Preparation and Vice President and General Manager for China. Barbara Bora currently serves as an independent Director of Ansaldo Energia and chairs the Board of Directors of the joint venture between Ansaldo Energia and Shanghai Electric.

Giovanni Cavallini

Member of the Board of Directors of Brembo S.p.A. since 2005, where he has been serving as Independent Director. He was born in Milan on 28 December 1950. After graduating in Civil Engineering from the Polytechnic in Milan, he obtained a Master's degree in Business Administration from the Harvard Business School. From 1978 to 1987 he worked at The Boston Consulting Group, where he served as Vice President and Partner for three years. Founder and Chief Executive Officer of S.I.C. (Società Iniziative Commerciali), and Co-founder and Director of S.S.C. (Società Sviluppo Commerciale) until 1994, he was then President of OBI Italia for two years and Chief Executive Officer from 1996 to 2005. From 2005 to 2013, he was President of Interpump

Group S.p.A. Since 2009, he has been a Director of Migros Turk TSA, a company listed on the Istanbul stock exchange. In June 2012, he was granted the Italian honorary title of “Cavaliere del Lavoro”. Since July 2013 he has been Chairman of ISI (Industrial Stars of Italy), a special-purpose acquisition company listed on the AIM of the Milan Stock Exchange.

Giancarlo Dallera

Since 2003, Giancarlo Dallera has been a Brembo S.p.A.'s Director and a member of the Audit & Risk Committee. He was also a member of the Supervisory Committee until 29 April 2014. He is also a member of the Board of Directors of CRE-LO.VE. S.p.A., Past President of the Industrial Entrepreneur Association of Brescia, Past Vice President of Federmeccanica, President of CROMODORA WHEELS S.p.A., a leading company in the production of light alloy wheels for original equipment and a supplier of major European manufacturers. From 1991 to 2003 he was President of Hayes Lemmerz International Inc., a multinational company in the automotive sector.

Bianca Maria Martinelli

She has specialist managerial skills in regulatory compliance, legal and institutional affairs, privacy and anti-trust law, as well as consumer protection and corporate responsibility. She has long experience in key strategic management positions in the telecommunications industry (mobile, traditional, online and media), both in Italy and abroad. Bianca Maria Martinelli currently sits on Brembo S.p.A.'s Board of Directors and Audit & Risks Committees. Since June 2014, she has been in charge of Poste Italiane S.p.A.'s Institutional and Regulatory Affairs Department and a member of the Board of Directors of Poste Vita S.p.A.

Umberto Nicodano

Director since 2000, he is also a member of the Remuneration & Appointments Committee

of the company. He is a Partner in the law firm Bonelli Erede and Pappalardo where he is mainly engaged in M&As. He is President of the Valentino Fashion Group, and a member of the Board of Directors of several other companies, including Industrie Ilpea S.p.A. and Roberto Cavalli S.p.A.

Pasquale Pistorio

Director of the company since 2008, he is a member of the Remuneration & Appointments Committee and serves as Lead Independent Director. After graduating in Electrotechnical Engineering with a specialisation in Electronics from the Polytechnic in Turin in 1963, he received honorary degrees from the Universities of Genoa, Malta, Pavia, Catania, Palermo, Sannio, Milan Bicocca and Bristol. In 1978, he was appointed General Manager of the International Semiconductor Division, Motorola. In 1980, he became President and Chief Executive Officer of the SGS Group, which changed its name into ST Microelectronics after the merger with Thomson Semiconductors in 1987; he served this company as President and CEO up to retirement in March 2005, when he was appointed Honorary Chairman of the company's Board of Directors. He was a member of the UN ICT Task Force. From December 2004 to March 2012, he was Director at FIAT Auto S.p.A., from May 2004 to December 2007 Director at Telecom Italia, where he also served as President from April to December 2007. He served as Confindustria's Vice President for innovation and research from May 2004 to May 2008. He received the award of “Commendatore al Merito” of the Italian Republic in 1974 and that of “Cavaliere del Lavoro” in 1997. During his influential career, he received several awards and honours, both nationally and internationally (France, Morocco, Singapore, etc.). In addition to its role in Brembo S.p.A., he currently serves as Director in Atos SA (listed company, France), Stats ChipPac (listed company, Singapore), and XiD (private company, Singapore).

Gianfelice Rocca

He has been Director of the company since 2011. He graduated with honours in Physics from the University of Milan and completed his studies at the Harvard Business School in Boston. In 2007 he was granted the Italian honorary title of “Cavaliere del Lavoro”, and in 2009 he was awarded a honorary degree in Management Engineering from the Polytechnic of Milan. In 2010 the President of the Italian Republic, Giorgio Napolitano, awarded him the “2009 Leonardo Prize” for his contribution to the strengthening of the Italian international expansion in the steel, energy and infrastructure industries. He is Chairman of the Techint Group, a global leader operating in these three areas. He also sits on the Boards of Directors of Allianz S.p.A. and Buzzi Unicem S.p.A. Since June 2013, he has been President of Assolombarda. In the 90s, he founded the Istituto Clinico Humanitas in Milan, one of the most renowned hospital groups in Europe: an international centre of research and education whose management model has become a Harvard Business case study. He is a member of the Steering Committee of the European Institute of Innovation and Technology (EIT). From 2004 to 2012 he was Vice President of Confindustria, where he was responsible for Education. In the international arena he is a

member of the Advisory Board of Allianz Group, the Aspen Institute Executive Committee, the Harvard Business School European Advisory Board and the Trilateral Commission.

3.4 Maximum number of positions held at other companies

At the time of appointment, and annually thereafter, the Board of Directors verifies the compatibility of positions held by the Directors in other companies. In accordance with the Remuneration & Appointments Committee’s opinion and the results of the Board’s 2013-2014 Performance Evaluations, in the 2014-2016 term the Board of Directors again decided not to define a specific numerical criterion, with regard to the maximum number of offices held in other companies, but rather to carry out periodic assessments based on the statements of each Director, and on the following criteria:

- professional competence and independence of judgment expressed by the Directors;
- verification of Directors’ commitment, active and constant participation in the meetings of the Board of Directors, Board Committees and various management activities of the Company, also in light of their professional commitments;

DIRECTORS’ PROFESSIONAL BACKGROUND



- any relationship that may be or appear such as to compromise the independence of judgment of the Director.

Based on the statements received by the Directors, and having heard also the opinion of the Remuneration & Appointments Committee, the Board also examined the Directorships held by the Directors in other companies in financial year 2014, pursuant to Article 1.C.2 of Brembo's Corporate Governance Code, and deemed them compatible with the offices held in Brembo S.p.A. in light of the aforementioned criteria. The outcome is provided in the table on page 9.

3.5 Induction Programme

Following the re-appointment of Company Officers by the Shareholders' Meeting held on 29 April 2014, the Company launched an Induction Programme, which is organised in several sections and dedicated to all the Directors and Auditors of Brembo S.p.A., and in particular those newly elected. This Programme aims at providing appropriate information on the business industry in which Brembo operates, its products, Company trends and their evolution, as well as corporate organisation and applicable legislative framework.

3.6 Role of the Board of Directors

3.6.1 Tasks

The Administrative Body is responsible for managing the company, except for the matters reserved to the General Shareholders' Meeting. In line with the recommendations of the Corporate Governance Code, the Board of Directors is also responsible for the functions and tasks defined in Article 1 of the Corporate Governance Code of Brembo S.p.A., including the analysis and sharing of the annual budgets and the strategic, industrial and financial plans of Brembo S.p.A. and the Group, as well as monitoring their implementation, the establishment of the system of corporate governance and Group

structure, the assessment of the nature and level of risk which is consistent with Brembo's strategic objectives.

3.6.2 Meetings

The Board of Directors met eight times in 2014 (of which, six based on the corporate calendar disclosed to the public and two in extraordinary sessions) at the company's registered office. The meetings lasted 3 hours, on average. The Directors' rate of attendance during the year is shown in the table on page 9. Based on the calendar approved by the Board of Directors on 13 November 2014, a total of seven meetings are planned for 2015. At the date of publication of this Report, one Board meeting has already been held in order to examine and discuss items, documents, reports and proposals to be submitted to the General Shareholders' Meeting convened on 23 April 2015.

Pursuant to the By-laws:

- Board of Directors' meetings are called by registered letter, telegram, facsimile transmission or e-mail with confirmation of receipt, to be sent to all Board members and all the members of the Board of Auditors, at least five days, or in the cases of particular urgency, at least two days prior to the scheduled date of the Board meeting;
- Board meetings are valid, as well as their resolutions, even without a formal call, when all the Directors and Statutory Auditors in office are present;
- Board meetings may be held by telecommunication means that allow participation in the discussion and provide the same information to all those in attendance.

Except in cases of particular urgency or confidentiality, each Director and Statutory Auditor is informed sufficiently in advance (five days before the meeting) on the items on the Agenda by means of a detailed and analytical report describing the various aspects to be

evaluated (in narrative and quantitative terms) in order to take the relevant resolutions on an informed basis; this report is usually accompanied by summary schedules for each topic.

In 2014, the company developed new application software for online forwarding and consultation of documents pertaining to Board of Directors' meetings, with appropriate data security measures (restricting access to Brembo's Directors and Statutory Auditors only).

During Board meetings and with the support of the Secretary, the Chairman makes sure that the necessary time is devoted to the items examined in order to allow participation of and discussion between the members of the Board. To provide the necessary insights on the items referred for examination and approval by the Board of Directors regarding specific issues, the Board's meetings are attended, in addition to the Secretary and upon Chairman's invitation, by the Executives of the company or Group companies involved in the various projects and/or topics under discussion.

3.6.3 Activities carried out

During 2014, the Board of Directors exercised its powers and performed its duties as summarised below.

During its meetings of 6 March 2014, 27 March 2014, 29 April 2014, 14 May 2014, 31 July 2014, 13 November 2014 and 18 December 2014, the Board of Directors examined and assessed:

- the performance and foreseeable evolution, including through information received from the Delegated Bodies, when presenting and approving the interim results;
- the adequacy of the organisational structure of the company and the Group's subsidiaries, as well as of the administrative and accounting system, after receiving the opinions of the Audit & Risk Committee and the Board of Statutory

Auditors, while constantly receiving information regarding the main organisational changes and the administrative and accounting standards observed;

- the transactions with a significant strategic, operating, capital and/or financial impact carried out by the Company and/or its subsidiaries, monitoring their progress and authorising the necessary capital and financial support for certain Group companies;
- the activities concerning the exercise of the delegated powers granted, significant transactions and those entailing potential conflict of interest.

In terms of strategic projects and industrial plans, at the meeting held on 26 March 2014, the Board of Directors, after hearing the main managers of the company's business and management areas, discussed and unanimously approved the 2013-2015 Strategic Three-Year Plan with a view on 2016, having found that the nature and level of the risk involved is in line with the Plan's objectives. At its subsequent Meetings of 23 June and 31 July 2014, the Board of Directors examined and assessed, respectively, the project for the construction of a cast-iron foundry to serve the NAFTA market through the subsidiary Brembo North America Inc., and the establishment of a calliper manufacturing hub to serve the same NAFTA market.

With respect to the Group's organisational and corporate structure, the Board passed resolutions during its sessions of 6 March, 29 April, 31 July, and 13 November 2014 concerning the following corporate transactions:

- on 21 July 2014, the incorporation of a Russian limited liability company based in Moscow, named Brembo Russia LLC, specialised in promoting sales of brake systems;
- the merger of Brembo Sp.zo.o. into Brembo Poland Sp.zo.o. in Poland, effective 1 October 2014;
- the change of the Beijing-based subsidiary

Brembo China Brake Systems Co. Ltd.'s company name into Brembo Beijing Brake Systems Co. Ltd., effective 14 July 2014, and the start of winding-up procedures as of 11 December 2014;

- the sale of a 30% stake in Belt & Buckle s.r.o. from Sabelt S.p.A. to Indiana Mills & Manufacturing Inc., finalised on 3 November 2014;
- the completion of a transfer of a 24.63% stake in Brembo Nanjing Brake Systems Co. Ltd. from Brembo China Brake Systems to Brembo S.p.A., on 25 February 2014.

On 6 March 2014, having heard the opinions of the Governance Committees, particularly on the motions concerning the appointment of Company Officers — Board's size and composition, definition of the maximum number of positions held at other companies, overall remuneration of the members of Brembo S.p.A.'s Board of Directors and Committees, as well as the allocation of such remuneration for Executive Directors — the Board of Directors also examined and approved the documents and motions to be submitted to the General Shareholders' Meeting called on 29 April 2014.

In the area of remuneration of Directors and Key Management Personnel, based on the Remuneration & Appointments Committee's opinions and motions, on 6 March and 29 April 2014, respectively, the Board of Directors examined and approved:

- the motion regarding the short-term Incentive Plan MBO 2014 for executives, middle-managers and staff up to the seventh level;
- the 2014 General Policies for the remuneration of Executive Directors, other Directors holding special positions and Key Management Personnel included in the Remuneration Report, in accordance with Article 123-ter of TUF (Section I);
- the 2014 Remuneration Report in accordance

with Article 123-ter of TUF (Section I and Section II);

- the proposal regarding the total remuneration of Directors — pursuant to Article 21 of Brembo S.p.A.'s By-laws — which the General Shareholders' Meeting of 29 April 2014 set in the amount of €4,000,000.00, with an increase compared to the remuneration established for the previous term of office:
 - Directors not holding special positions (€45,000 per year compared to the previous amount of €35,000 per each year of office);
 - Chairwoman of the Remuneration & Appointments Committee (€20,000 compared to the previous amount of €15,000 per each year of office);
 - the Executive Director charged with overseeing the Internal Control and Risk Management System, also holding the CSR Officer function, Cristina Bombassei (€10,000 compared to the previous amount of €5,000 per each year of office).

The main aspects of short- and long-term remuneration policies are illustrated in the 2014 Remuneration Report, in accordance with Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, sezione Investitori, Corporate Governance, Politiche di Remunerazione).

Moreover, during its meeting of 23 June 2014, having heard the favourable opinion of the Remuneration & Appointments Committee, the Board of Directors examined and approved the guidelines for the refund of travel costs incurred by Brembo S.p.A.'s Non-executive Directors and Acting Auditors to attend the meetings. Out-of-pocket expenses shall be refunded to those who have to travel outside their respective provinces of residence to attend meetings in person.

With regard to the Internal Control and Risk Management System, the Board constantly monitored the main aspects associated with the

System in the context of the various development plans and different processes. Monitoring activities included the periodic reports received during the meetings of 31 July 2014 and 5 March 2015 from the Director responsible for the Internal Control and Risk Management System, the Audit & Risk Committee and internal audit functions, as well as from the Supervisory Committee, thus confirming the adequacy of the Internal Control and Risk Management System and assessing its efficacy and consistency with established corporate objectives.

In its meetings held on 14 May and 18 December 2014, the Board of Directors met the Internal Audit Director in order to:

- examine the internal audit activities carried out in 2013 and verify the progress of the 2014 Audit Plan, adopting appropriate measures, where necessary;
- examine and approve, the 2015 Budget and 2015 Audit Plan of the Internal Audit function.

In its meeting of 31 July 2014, the Board of Directors examined the contents of the 2013 Management Letter and, in light of the recommendations expressed by the Audit & Risk Committee and the Board of Statutory Auditors, reiterated the adequacy of the Internal Control and Risk Management System to the structure of the Group and the company's type of business.

With regard to Risk Management, on 13 November 2014, the Board discussed with the Risk Manager the outcome of the Enterprise Risk Management Project, specifically analysing the most significant risks and the proposed containment measures.

On 31 July 2014, the Board of Directors acknowledged the amendments brought to Borsa Italiana's Corporate Governance Code on 14 July 2014, and assessed their impact compared to the previous 2011 edition and on

Brembo's Corporate Governance Code, with specific reference to the following aspects:

- reinforcement of the "comply or explain" principle, in line with the orientation recently expressed by the European Commission;
- recommendation to improve transparency of termination indemnities of Executive Directors and General Managers, in line with the recent Consob Notice No. 0051400 of 19 June 2014. The guidelines require provision to the market of detailed disclosures upon the natural expiry and in case of early termination of any of the aforesaid company officers. Entry into force: 1 August 2014;
- recommendation for recovering any amounts of variable remuneration paid to Executive Directors, Directors holding special positions and/or Key Management Personnel on the basis of data which have been found to be patently erroneous (clawback clause). Entry into force: upon implementation of the new remuneration policy effective 1 January 2015;
- fine-tuning of the Corporate Governance Code, in particular by amending the Guiding Principle IV (on compliance with the Code itself), Article 1 (on Board evaluation, and the information to be provided prior to Board meetings), and Article 6 (on termination indemnities).

In light of its findings, the Board entrusted its Chairman and/or Executive Deputy Chairman to ensure that the relevant corporate functions accordingly update Brembo S.p.A.'s Corporate Governance Code.

Regarding Legal Compliance (as well as updating of the 231 Model and the guidelines for Group companies), the Board was constantly informed by the Supervisory Committee not only on assurance and monitoring of compliance with the 231 Model, but also on reports of irregularities, none of which was found to be relevant for the intents and purpose of Legislative Decree No. 231/01. On its meeting of 14 May 2014, the Board entrusted

its Chairman with the task of forwarding to Borsa Italiana, the Company's Notice pursuant to Article IA.2.10.2 of the instructions on Rules for Markets (confirming adoption of the Model in accordance with Article 6 of Legislative Decree No. 231/01).

Furthermore, on 31 July 2014, the Board approved the updated version of the General Section of Brembo S.p.A.'s 231 Model, while also acknowledging:

- the extension of the list of underlying offences with the amendment of Article 25-*quinquies* (offences against the person) to include the offence of child enticement (punishable under Article 609-*undecies* of the Italian Penal Code), which is deemed not to be applicable to Brembo;
- the new Regulation on the functioning of the Supervisory Committee approved by the same committee on 25 June 2014, taking due account of its new, mixed composition (members of the Board of Statutory Auditors, Internal Audit Committee and two external members).

On 13 November 2014, the Board also examined and discussed the outcome of the 2014 Board Performance Evaluation, coordinated by the Lead Independent Director, and assessed the proposed measures for improvement. Paragraph 3.10 provides details on the evaluation process and the relevant results.

With regard to significant transactions, the company acts in accordance with the instructions for managing the requirements relating thereto included in the Corporate Governance Manual. Significant Transactions are the transfers of resources, services or obligations that by purpose, payment, procedures, or execution time may have an impact on the integrity of company assets or the completeness and fairness of information, including accounting information. These instructions also envisage

quarterly disclosures of these transactions, as well as transactions involving potential conflicts of interest (as specified below) carried out by Brembo S.p.A. or its subsidiaries pursuant to Article 2359 of the Civil Code, by Brembo's internal entities to the Board of Directors and by the Board of Directors to the Board of Statutory Auditors.

3.7 Delegated Bodies

Chairman of the Board of Directors, Executive Deputy Chairman and Chief Executive Officer

The General Shareholders' Meeting held on 29 April 2014 confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. and Matteo Tiraboschi as Deputy Chairman through to the end of the term of the entire Board of Directors, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016.

The Chairman is the legal representative of the company pursuant to the law and the By-laws, and he is also the Company's major shareholder.

Based on the organisational model (including with a view to succession planning) approved on 6 June 2011, in its meeting held on 29 April 2014, the Board confirmed the respective powers granted to the Chairman, Executive Deputy Chairman, Chief Executive Officer and General Manager, as specified below.

The Chairman, in addition to the legal representation pursuant to the law and the By-laws, was granted the widest powers of direction, coordination and control according to his office, and the powers of ordinary administration, subject to the limitations established by law and some specific limitations concerning real estate leases and leases of companies and/or business units, purchase and sale of real estate, including registered real estate, companies and business units and, generally, any transactions

on movable or immovable property, purchase and sale of equity investments in Italy and abroad, the incorporation of new companies in Italy and abroad, having the power to choose the organisational system of the new company, as well as the issuance of letters of patronage, comfort letters, sureties and guarantees (subject to the periodic reporting to the Board of Directors) and taking out mortgage loans, loans or finance leases in the various existing forms.

The Executive Deputy Chairman was granted the authority to legally represent the company. In addition to the tasks of direction, guidance, communication and control, he was also granted extensive powers for the Group strategic direction, the development and proposal of guidelines concerning its international development and its financial and re-organisation policies. The Executive Deputy Chairman was also granted powers, subject to specific limitations, for the purchase and sale of real estate, representation in trade union matters, the issuance of letters of patronage, comfort letters, sureties and guarantees (subject to the periodic reporting to the Board of Directors), as well as the power to take out mortgage loans, loans or finance leases in the different existing forms and to manage the company.

The Chief Executive Officer and General Manager has been given specific powers to manage the company and its business, powers relating to organisation, representation in trade union matters and the mandate pursuant to Article 2381 of the Civil Code for the implementation, improvement and supervision of safety in the workplace, accident prevention and the protection of workers' health (environmental protection inside and outside the company, waste management, including the power to identify the person/s who is/are to be considered as Employer pursuant to Article 2, paragraph 1, letter B, of Legislative Decree No. 81/2008 for Brembo's different manufacturing units).

The Board of Directors retains the power to decide, *inter alia*, on the purchase and sale of shareholdings in other companies (M&As), when these exceed the above-mentioned limitations, the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets and strategic plans.

In accordance with laws and regulations and pursuant to the By-laws, the Delegated Bodies report on the activities carried out in the performance of their respective delegated powers, at least on a quarterly basis and in any case in the subsequent meeting.

With the favourable opinion of the Remuneration & Appointments Committee, in addition to the Directors not holding special positions and the Acting Auditors, the following were identified as Key Management Personnel of the company: the Chairman, the Executive Deputy Chairman, the Manager in Charge pursuant to Law 262, the Chief Executive Officer and General Manager. These are the only individuals, together with the Directors and the Acting Auditors, having the powers to influence and/or affect the development, future prospects and overall performance of the company and/or the Group.

Authority to delegate powers is vested solely in the Chairman of the Board, the Executive Deputy Chairman, and Chief Executive Officer (exclusively in relation with powers concerning safety and environment), on the basis of specific powers vested in the latter by the Board of Directors, without prejudice to specific Board resolutions.

Directors of Divisions and Business Units and other Central Directors who have been assigned specific company functions (generally coinciding with the organisational level of first-line Director) have been granted limited powers for ordinary management in relation to the performance of their respective offices and powers, regularly registered with the Company Register of

Bergamo, to be exercised in accordance with company authorisation processes.

Employers have also been identified pursuant to Article 2, paragraph 1, letter B, of Legislative Decree No. 81/2008 for Brembo's various production units, to which all of the necessary powers of organisation, management and spending authority have been assigned for the performance of the role of employer, as defined in current legislation.

Solely on an exceptional basis (subject to review from time to time by the Executive Deputy Chairman, the Legal & Corporate Department, and the Human Resources Department), special powers are granted to employees whose job descriptions do not fall within the categories mentioned above, but who, by reason of their assigned tasks, are required to represent Brembo in the latter's relations with public bodies, authorities and administrations (such as for instance, customs authorities, the Provincial Labour Department, etc.).

3.8 Other Executive Directors

In addition to the Chairman, the following Directors are considered as Executive Directors:

- Matteo Tiraboschi, Executive Deputy Chairman (whose powers are described in the previous section);
- Andrea Abbati Marescotti, CEO and General Manager of the company (whose powers are described in the previous section);
- Cristina Bombassei, Director with responsibilities for the Internal Control and Risk Management System, as well as CSR Officer (whose powers are described in the previous paragraph 9.3).

3.9 Independent Directors

The Board of Directors adopted the independence criteria for assessing the Directors' independence contained in the Corporate Governance Code by introducing at Article 3.C.1 of Brembo Corporate Governance Code several

clarifications with respect to point m) "if he/she has been a Director of Brembo S.p.A. for more than nine years in the last twelve years," as specified below:

- if a Director, previously classified as independent, should exceed nine years in office over the last twelve years, the Board of Directors will carefully evaluate, on an annual basis, whether such a qualification continues to be satisfied also in the light of substantial compliance with the other requirements laid down by Article 3.C.1, the Director's conduct and the independence of judgment expressed in carrying out his/her assignment. However, even where such independence were to be confirmed, that independent Director will no longer be able to serve as Chairman in Board Committees;
- if a Director, previously classified as independent, should exceed twelve years in office, he/she:
 - may no longer be qualified as independent pursuant to Brembo S.p.A. Corporate Governance Code;
 - may not be a member of the Committees set up within the Board.

Satisfaction of the aforesaid requirements is verified by the Board of Directors, upon appointment and, subsequently, on an annual basis. For financial year 2014, the list of Directors who met all the said independence requirements included: Barbara Borra⁴, Bianca Maria Martinelli⁵, Giovanni Cavallini, Giancarlo Dallera, Pasquale Pistorio, Gianfelice Rocca. In particular, having heard the opinion of the Remuneration & Appointments Committee, and in keeping with the principle of substance over form, in 2014 the Board assessed

⁴ Appointed by the General Shareholders' Meeting on 29 April 2014.

⁵ Appointed by the General Shareholders' Meeting on 29 April 2014, drawn from the minority list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).

and concluded in favour of the continuing independence of Director Giancarlo Dallerà, as despite having exceeded nine years of service in the past twelve years, he has always shown professionalism, commitment and pro-active, constant participation in meetings of the Board and the Committees, as well as independent judgment in the performance of his duties. Director Umberto Nicodano was deemed a non-independent director.

The Board of Statutory Auditors verified the proper application of the requirements and the principle of substance over form in the Board of Directors' assessment procedures.

The Independent Directors met on 13 November 2014, under the coordination of the Lead Independent Director, to examine the outcome of the 2014 Board Performance Evaluation, the findings of which are given in section 3.10 of this Report. The proceedings of the said meeting were duly recorded in minutes.

3.10 Lead Independent Director

The Non-executive and Independent Director Pasquale Pistorio was confirmed in his position as Lead Independent Director and will remain in office until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016. The Lead Independent Director function is regulated by the Rules approved by the Board of Directors on 17 December 2012, fully incorporating the recommendations set forth in the 2014 Corporate Governance Code. More specifically, he is tasked with:

- serving as a point of reference for and coordinator of the petitions and contributions of Non-executive Directors and, in particular, Independent Directors, within the Board of Directors;
- collaborating with the Chairman of the Board of Directors in order to ensure that members of the latter receive complete and timely information flows regarding operations;

- convening, at least on annual basis, the Independent Directors to discuss issues deemed of interest in regards to the functioning of the Board of Directors or the company's management;
- carrying out any and all additional duties that may be assigned from time to time by the Board of Directors and the Chairman;
- conducting, at the request of the Chairman, the Board Performance Evaluation on the functioning, size and composition of the Board of Directors and its Committees pursuant to the provisions of the Corporate Governance Code of Brembo S.p.A.

Upon request by the Board of Directors, the Lead Independent Director coordinated the 2014 Board Performance Evaluation of the size, composition and functioning of the Board of Directors and its Committees. Since the Board only recently took office, the evaluation focused on all the areas in which the Board and its various Committees operate, with a view to pinpointing aspects to be improved over the rest of its term. Subsequent evaluations will be aimed at verifying the improvements achieved in respect of the weaknesses identified during the initial self-assessment.

The evaluation was carried out on the basis of questionnaires that all company Directors were requested to answer and return for analysis by the Lead Independent Director. The results of this activity, received and processed at the end of November 2014, were summarised in a special document provided to the Directors and examined during the meeting of the Independent Directors on 13 November 2014 and, subsequently, during the Board of Directors' plenary meeting held on the same day.

In general, the Board was unanimous in expressing very favourable opinions on all the aspects assessed by the Board Performance Evaluation (functioning, size, composition of the Board and its various Committees); more specifically:

- most of the answers reflected complete satisfaction with all the aspects mentioned;
- all the Board members were very much in favour of inviting the heads of certain Departments/Divisions/BUs to attend Board meetings in order to provide deeper insight into the items placed on the Agenda;
- certain suggestions were put forward, particularly, with regard to the proceedings of Board meetings, especially when attendees participate via conference call. With regard to this last point, whilst finalising the implementation of video-conferencing capabilities, the company has also developed application software specifically designed to facilitate attendance via telecommunications links.

4. HANDLING OF CORPORATE INFORMATION

4.1 Procedure for Handling Inside Information

Brembo has adopted a procedure for handling inside or price sensitive information, which includes the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market and international best practices. The By-laws are available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

The purpose of this procedure is to define the terms and procedures for the disclosure of Inside Information and at the same time establish adequate corporate control procedures for the prevention of offences envisaged in the Market Abuse Decree, Legislative Decree No. 231/2001 (Insider Dealing Offence as per Article 184 of TUF, and Market Manipulation Offence as per Article 185 of TUF). It must be observed by any person afforded access to Inside Information pertaining to Brembo by virtue of his/her professional activity, in particular by its Directors, Statutory Auditors, Company Executives and all employees of Brembo and its subsidiaries.

In compliance with the procedure for handling price-sensitive information, the company is committed to preparing a report for the financial community. This report will be characterised by timeliness, continuity and consistency and will comply with the principles of correctness, transparency, and equal access to information.

4.2 Internal Dealing

Brembo adopted Internal Dealing Regulations to govern transactions involving the Company's shares or instruments connected to such transactions, carried out either directly or indirectly by Insiders or persons closely associated with them. In accordance with the applicable laws, the Internal Dealing Regulations require Insiders:

- to report to the market all transactions involving the Company's shares that have a cumulative value of over €5,000 per year;
- not to carry out such transactions during the 15 days prior to Board meetings called to approve the results for the period (black-out period).

A complete copy of the Regulations is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Three notices were given under the Internal Dealing Regulations in 2014. With regard to each individual transaction carried out, it bears recalling that:

- A. Marescotti, Chief Executive Officer, bought 6,550 shares of the Company on 9 October 2014⁶;
- M. Tiraboschi, Executive Deputy Chairman, bought 9,000 shares of the Company on 10 October 2014⁷;
- M. Motta, Acting Auditor, bought 500 shares of the Company on 19 December 2014.

⁶ See section 15.

⁷ See section 15.

5. BOARD COMMITTEES

In accordance with the Corporate Governance Code, Brembo established all required Committees. The composition, duties and functioning of all Committees are defined in specific Regulations, which were amended by the Board of Directors on 17 December 2012, fully implementing the principles and criteria of the Corporate Governance Code. These Regulations are contained in Brembo's Corporate Governance Manual.

6. REMUNERATION & APPOINTMENTS COMMITTEE

The Remuneration & Appointments Committee⁸, appointed on 29 April 2014⁹, will remain in office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016, and is made up of 3 members:

Members	Position
BARBARA BORRA	Independent Director - Chairwoman
UMBERTO NICODANO	Non-executive Director
GIOVANNI CAVALLINI	Independent Director

The Remuneration & Appointments Committee operates in accordance with its Regulations and is mainly tasked with:

- ensuring that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer and General Manager, the executive Directors, the Directors holding special offices and Key

⁸ In 2012, Brembo has incorporated the recommendation envisaging the establishment of an Appointments Committee, by vesting the Remuneration Committee of said role and consequently changing its name into Remuneration & Appointments Committee.

⁹ Until the General Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2013, the Remuneration & Appointments Committee was made of the following: Umberto Nicodano (Non-executive Director and Chairman), Giovanni Cavallini and Piefrancesco Saviotti.

Management Personnel, as well as the Non-executive Directors, are formulated by a Body in the absence of conflicts of interest;

- identifying the optimal composition of the Board, by indicating the professional roles that may promote its proper and effective functioning and possibly contributing to the preparation of the succession plan for Executive Directors.

The meetings of the Remuneration & Appointments Committee:

- are always attended by the Chairwoman of the Board of Statutory Auditors or another Statutory Auditor as required by the Chairwoman; the other members of the Board of Statutory Auditors may also attend the meetings;
- may also be attended by persons, other than Committee members, who have been specifically invited and are part of the company's management and/or management structures, in relation to specific needs or items on the Agenda;
- are not attended by Executive Directors.

In 2014, upon notice of calling, the Committee held two meetings on 24 February and 23 June 2014 (average length: approximately 1.5 hours) to examine issues falling within its remit and make appropriate motions to the Board of Directors. In addition to the Secretary, the Head of Human Resources & Organisation was invited to the meetings to present the subjects falling within his responsibility. Moreover, at the date of the approval of this Report, the Remuneration & Appointments Committee met once (24 February 2015) for its periodic assessment of 2014 remuneration policies, and the examination of the motions regarding 2015 remuneration policies.

On 24 February 2014, the Remunerations & Appointments Committee examined:

- the proposal regarding the short-term

Incentive Plan “MBO 2014” for Executive Directors, middle-managers and white-collar employees, and 2014 General Policies for the remuneration of Executive Directors, other Directors holding special positions and Key Management Personnel included in the Remuneration Report, in accordance with Article 123-ter of TUF (Section I);

- the proposal to increase the remuneration of Directors not holding special positions, the Chairwoman of the Remuneration & Appointments Committee, the Executive Director in charge of the Internal Control and Risk Management System — who also holds the position of CSR Officer — in view of the resolution of the General Shareholders’ Meeting regarding the overall remuneration of the Board of Directors, to be renewed in the Meeting of 29 April 2014, and the subsequent Board’s resolution on its distribution;
- the 2014 Remuneration Report in accordance with Article 123-ter of TUF (Section I and Section II), assessing the effective implementation of the 2013 remuneration policies;
- the organisational layout of the Board of Directors, in order to provide the Board with suggestions regarding its size and composition, as well as guidelines on the maximum number of positions held at other companies, so that the Board could draft motions on the appointment of new corporate officers and submit them to the General Shareholders’ Meeting of 29 April 2014.

The Committee then submitted the proposals in question to the Board of Directors, which approved them and adopted the relevant recommendations. Further information regarding remuneration policies are provided in the Remuneration Report in accordance with Article 123-ter of TUF, which you can find on Brembo website (www.brembo.com, sezione Investitori, Corporate Governance, Politiche di Remunerazione).

On 23 June 2014, the Remuneration & Appointments Committee examined the proposal regarding the guidelines for the refund of travel costs incurred by Brembo S.p.A.’s Non-executive Directors and Acting Auditors in connection to their tasks.

7. REMUNERATION OF DIRECTORS

Please refer to the Remuneration Report pursuant to Article 123-I ter of TUF, which is available on Brembo’s website (www.brembo.com, sezione Investitori, Corporate Governance, Politiche di Remunerazione).

8. AUDIT & RISK COMMITTEE

The Audit & Risk Committee, appointed on 29 April 2014¹⁰, will remain in office until the Shareholders’ Meeting called to approve the Financial Statements for the year ending 31 December 2016, and consists of 3 members as specified below. This Committee also performs the function of Related Party Transactions Committee¹¹.

Members	Position
GIOVANNI CAVALLINI	Independent Director - Chairman
BIANCA MARIA MARTINELLI	Independent Director ¹²
GIANCARLO DALLERA	Independent Director

¹⁰ Until the General Shareholders’ Meeting called to approve the Financial Statements for the year ended 31 December 2013, the Audit & Risk Committee was made of the following: Giovanni Cavallini (Independent Director and Chairman), Giancarlo Dallera and Pasquale Pistorio.

¹¹ As it is fully made up of Non-executive and Independent Directors, the Committee also acts as Related Party Transactions Committee, pursuant to Article 2.2.3, paragraph 3, of Regulations issued by Borsa Italiana S.p.A., and Article 3 of Brembo S.p.A.’s Corporate Governance Manual.

¹² Elected from the list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).

The composition, duties and functioning of the Audit & Risk Committee are defined in the relevant Regulations contained in Brembo's Corporate Governance Manual. The following persons are always invited to the Committee meetings:

- the Chairwoman of the Board of Statutory Auditors or another Acting Auditor delegated by him;
- the Director in charge of the Internal Control and Risk Management System;
- the Chief Executive Officer;
- the Internal Audit Director;
- the Legal & Corporate Director, or, at the latter's request, the Corporate & Compliance Manager;
- the Risk Manager;
- the Manager in charge of the Company's financial reports, or a person delegated by the said Manager, for matters falling within his remit.

Meetings may also be attended by persons who have been specifically invited and are part of the company's management or in charge of so-called second-level control functions.

In 2014, the Audit & Risk Committee held five meetings, duly recorded in the minutes, lasting about 3.5 hours each on average, on the following dates: 26 February, 25 June, 23 July, 29 October, and 10 December 2014. Moreover, as at the date of the approval of this Report, the Audit & Risk Committee held one meeting on 26 February 2015, at which it examined the final interim reports for 2014.

Several meetings were also attended by the Quality & Environment Director, the IT Director, and the Human Resources & Organisation Director for discussing specific items.

In its functions of support to the Board of Directors, the Audit & Risk Committee issued opinions on certain aspects regarding the identification of the main corporate risks, and

the design, implementation and management of the Internal Control and Risk Management System. It also examined the reports submitted by the Director in charge of the Internal Control and Risk Management System and the Internal Audit Director upon approval of the 2014 Financial Statements. Moreover, the Committee regularly reported to the Board of Directors on its activities and the appropriateness of the Internal Control and Risk Management System for 2014 by means of specific reports submitted by the Committee's Chairman.

During the course of its various meetings, the Audit & Risk Committee:

- oversaw the effectiveness of the audit process, and assessed and expressed its opinion on the proper use of the accounting standards and their consistency within the Group for the purposes of preparing the consolidated financial statements, based on the information provided by the Manager in charge of the Company's financial reports, and their consistency for preparing the Financial Statements;
- examined the reports regularly provided by the CFO on significant transactions and transactions entailing a potential conflict of interests within the meaning of corporate regulatory framework currently in force, as well as on the activities undertaken pursuant to Law No. 262/05 and its extension to Group companies. It determined that the transactions fell within the scope of the powers delegated by the Board of Directors and that the activities undertaken pursuant to Law No. 262/05 were appropriate in light of the structure of Brembo S.p.A. and the Group as a whole;
- assessed the risk management progress reports on:
 - ERM Project activities, focussing on Brembo Group's top risks as identified by the top management team;

- renewal of insurance cover (property and product liability/recall insurance);
- invitation to tender for insurance brokerage services with a view to optimising the benefit-cost ratio, also by taking due account of technical-qualitative considerations, in addition to price considerations;
- received constant updates from the Internal Audit Director in respect of:
 - the progress of the Audit Plan (resources, timing, scope of the activities carried out and verification of their alignment to planned course) and any relevant review;
 - top risks arising from assurance and monitoring activities and progress of the plans for their mitigation;
 - reports of infringements of rules, procedures and regulations, which were consistently analysed and investigated;
 - the progress of the work concerning Law No. 262/05 in Brembo S.p.A. and its extension to Group companies;
 - compliance-related activities.

On 25 June 2014, the Audit & Risk Committee also met with the Executive Deputy Chairman, in the presence of the Statutory Auditors and the auditing firm, to examine the content of the Management Letter for financial year 2013. It subsequently forwarded its conclusions and recommendations in such regard to the Board of Directors and the Board of Statutory Auditors.

The Committee also examined and issued a favourable opinion on the 2015 Audit Plan and 2015 Budget submitted by the Internal Audit function, finding the same appropriate and accordingly submitting to the Board of Directors for approval.

Furthermore, with the aim of assisting the Board of Directors in supervising the Internal Control and Risk Management System, identifying specific risks and monitoring the progress of ongoing improvement plans, the Committee has

been constantly updated and also met with the company's management involved in the different projects on specific topics such as:

- organisational changes, internal company authorisation flows and the system of delegated powers and authority aimed at ensuring the total organic unity of the various management processes and ensuring an adequate level of segregation of duties;
- safety and environmental management system;
- progress in the standardising of supply chain legal instruments;
- monitoring of the system implemented by the Purchasing Department to safeguard Brembo against supply risks;
- projects related to the implementation of the IT Disaster Recovery Plan and ERP System.

In its capacity as Related Party Transactions Committee, the Audit & Risk Committee:

- received ongoing information on “Ordinary” Related Party Transactions carried out both at arm's length and not at arm's length, with Brembo Group companies, and considered as “exempt” from the application of the procedural arrangements provided for in the Brembo Procedure;
- at the meeting of 25 June 2014, examined the company's proposal and expressed its favourable opinion on the update of the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2013 Financial Statements, and confirmed the amount of €250,000.00 as the “threshold” for determining Low Value Transactions.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Pursuant to Article 7 of the Code of Corporate Governance, the Internal Control and Risk Management System (hereinafter for brevity the “System”) is structured as shown in the diagram below.

In accordance with the provisions of Article 7.C.1 of the Corporate Governance Code, the Board of Directors:

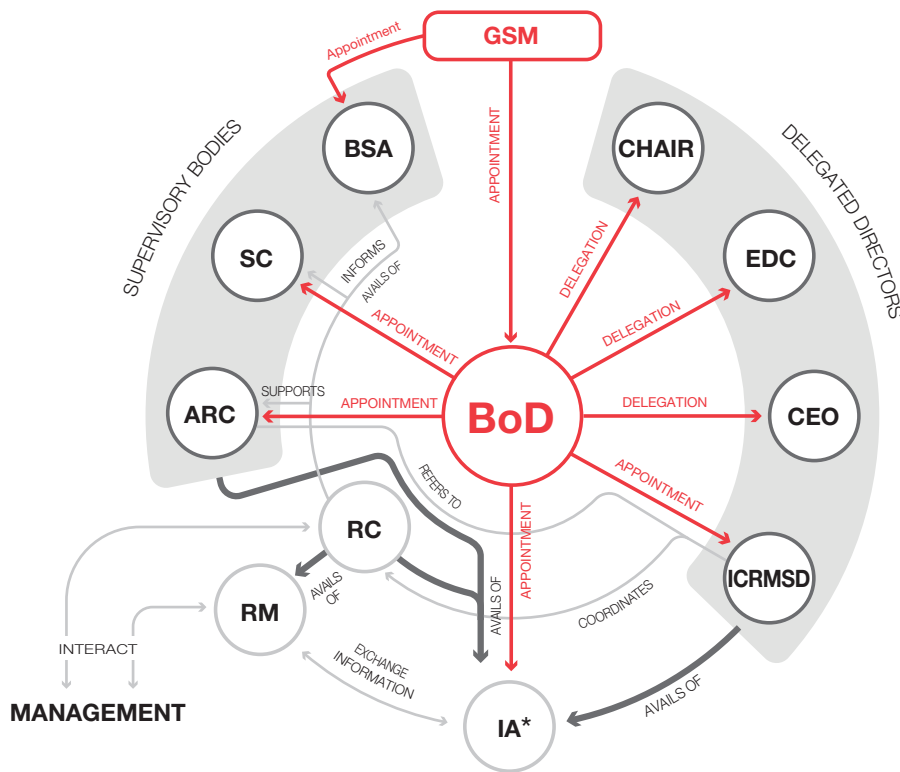
- defined the general guidelines of the Internal Control System, so that the top risks pertaining to Brembo S.p.A. and Group companies are properly identified, as well as adequately measured, managed and monitored. It also set criteria to ensure that such risks were compatible with a corporate

management which is consistent with the established strategic objectives;

- approved the Risk Management Policy on the basis of the previously defined guidelines, with the aim of establishing guidance and general direction for the organisation with regard to risks, risk management and process harmonisation;
- carried out an annual appraisal to assess that the Internal Control and Risk Management System is adequate and effective and operates efficiently.

The main tasks and functions of the System are as follows:

- the Chairman, who is responsible for defining the general guidelines of the Internal Control and Risk Management System within the broader powers of direction, coordination and control granted to him in relation to his office;



* = Reports directly to the Board of Directors (cf. 7.C.5 letter b), through the role of Chairman of the Board of Directors, and from an operative standpoint to the Executive Deputy Chairman.

LEGEND

- GSM = General Shareholders' Meeting
- BoD = Board of Directors
- BSA = Board of Statutory Auditors
- SC = Supervisory Committee
- ARC = Audit & Risk Committee
- CHAIR = Chairman
- EDC = Executive Deputy Chairman
- ICRMSD = Director in charge of the Internal Control and Risk Management System
- RC = Risk Committee
- RM = Risk Manager
- IA = Internal Audit Director

- the Executive Deputy Chairman, who is tasked with ensuring the implementation and constant updating of the Brembo's 231 Model, as well as the compliance with regulations in foreign countries where the investee companies operate, implementing all necessary training and awareness-building activities to create a compliance culture in Italy and in all investee companies;
- the Chief Executive Officer and General Manager, who, within the powers attributed to him, is tasked with implementing and enforcing at all levels in Italy and abroad, the provisions set forth by the Law, the By-laws, the internal procedures and the Corporate Governance Code and Manual, the Code of Ethics and, more generally, the compliance system in force in the company and its investee companies. In this regard, specific reference is made to the provisions of Legislative Decree No. 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations;
- the Executive Director charged with overseeing the Internal Control and Risk Management System (abbreviated as the "ICRMSD"), who is responsible for identifying the top risks and periodically verifying the adequacy of the System, in execution of the guidelines set by the Board of Directors;
- the Audit & Risk Committee, which is tasked with supporting the Board of Directors' decisions and evaluations on issues relating to internal control and risk management in line with the provisions of Article 7.C.2 of the Corporate Governance Code;
- the Managerial Risks Committee, which is tasked with identifying and weighting macro-risks, as well as aiding all parties in the System in mitigating and managing risks;
- the Risk Manager, who is responsible for supervising and coordinating the risk management process, while supporting

the Managerial Risks Committee; the Risk Manager reports to the CFO;

- the Internal Audit function, which reports hierarchically to the Board of Directors.

The tasks of the other parties in the System, such as the Board of Statutory Auditors, the Supervisory Committee, the Independent Auditors and the Manager in charge of the Company's financial reports are described in the following sections.

The Risk Management Policy applies to Brembo S.p.A. and its subsidiaries, and is addressed in particular to governing and control bodies, Directors with delegated powers, company management and all employees of the organisation, with respect to the aspects falling within the purview of each of them. Risk management must be integrated into organisational processes and incorporated into all of the organisation's practices and processes in a pertinent, effective and efficient manner. In fact, it must be an integral part of decision-making and business management processes, including strategic and operational planning, the management of new business initiatives and the associated change.

The evolution of the Enterprise Risk Management (ERM) model launched in 2013 led to the identification of corporate top risks and their assessment in terms of impact and probability of occurrence. This was achieved through a structured procedure designed to support decision-making processes and anticipate, mitigate or manage the said risks, as illustrated in greater detail in the section on risk management policy of the 2014 Report on Operations (www.brembo.com, Investors section, Reports 2014).

Lastly, with regard to the 2013 CoSO Framework (which replaces the previous 1992 version already implemented within Brembo

as the reference model for its Internal Control System), the Committee acknowledged the amendments introduced through the latest edition, which is marked by a greater formalisation and rationalised presentation of the contents (17 principles and 81 focus points), as well as stronger emphasis on the following issues: technology and IT systems used in the company, reporting practices (not exclusively of a financial nature), and fraud analysis programmes. The Committee found the preliminary analyses conducted by the company to be satisfactory and, in light of the results examined, expressed a favourable opinion on the company's compliance plan scheduled to be fully implemented before the approval of the 2015 Six monthly Report.

9.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 26 July 2014 and 26 February 2015, the Chairman of the Audit & Risk Committee informed the Board of Directors of the activities undertaken by the Committee, and expressed a favourable opinion as to the adequacy of the Internal Control and Risk Management System, taken as a whole, and its appropriateness for containing risks and efficiently ensuring compliance with the company's rules of conduct and operating procedures, whilst leaving it up to the Board of Directors to draw its own conclusions in such regard.

The Board of Directors examined the reports of the Chairman of the Audit & Risk Committee and the Executive Director in charge of the Internal Control and Risk Management System, the activities undertaken and planned by the company's Internal Audit function, the meetings conducted by the Internal Audit Director with the Chairman of the Board of Directors, the Executive Director in charge of the Internal Control and Risk Management System and the Manager in charge of the company's financial reports. Based on the foregoing, the Board

of Directors shared the opinion expressed by the Chairman of the Audit & Risk Committee and acknowledged that the Internal Control and Risk Management System is substantially appropriate for the Group structure and its type of business and that, for the purposes of preventing the risks identified and preparing the periodic financial reports, the accounting principles and procedures are properly applied.

On the basis of the recommendations made by the Chairman of the Audit & Risk Committee, the Board of Directors also acknowledged that:

- the Internal Control and Risk Management System constantly carries out its tasks through, *inter alia*, institutional meetings of the Governance Committees, calling attention to the guidelines ratified during the Board of Directors' meetings;
- the System's supervisory activities are made possible by the constant commitment and regular reports of the internal control functions and in particular the Internal Audit function;
- assurance and monitoring of improvement plans by the Internal Audit function continue constantly and are structured based on worldwide plans;
- the progress achieved through the Enterprise Risk Management (ERM) model launched last year led to the identification of the corporate top risks and their classification in terms of impact and probability of occurrence. This was achieved through a structured procedure designed to support decision-making processes and anticipate, mitigate or manage the said risks;
- monitoring and control mechanisms continued to be strengthened, with a view to constantly improving operating procedures during the implementation of measures and procedures to be applied globally.

9.2 The Internal Control and Risk Management System as it relates to the financial reporting process

In accordance with the principles outlined by CoSO (Committee of Sponsoring Organizations), the Manager in charge of the Company's financial reports — assisted by the Compliance Officer and supported by Internal Audit and, where applicable, the evaluations provided by Brembo's Audit & Risk Committee — carries out a process to identify and assess the risks that might prevent the company from achieving its objectives regarding the reliability of financial reporting.

The process for identifying and assessing such risks is reviewed yearly. The Manager in Charge is responsible for updating the process to reflect any changes during the year that might influence the risk assessment process (i.e., significant organisational changes, business changes, amendments or updates of accounting principles, etc.).

Control measures taken to minimise risks identified during the risk assessment process are outlined using the appropriate formats (flow charts and matrices). Key control measures have been identified from among these.

In determining whether the administrative and accounting procedures are being effectively applied, the Manager in charge of the Company's financial reports relies on the support of the Internal Audit function which, together with the Compliance Officer, prepares an annual Test Plan for the aforementioned control measures.

If the tested control mechanisms are found to be defective, the Manager in charge of the Company's financial reports and the Compliance Officer are required to review them and evaluate, in concert with the process owners, the corrective measures recommended by the latter in a Corrective Plan.

The Corrective Plan is used to address any missing key control measures, existing control measures that are not being effectively applied, and existing control measures that are not entirely adequate.

When this process has been defined and shared, the Internal Audit — through the above-mentioned testing activities — evaluates whether the Corrective Plan was effectively implemented.

Any event that could potentially impact the adequacy of the above framework in light of the company's actual situation or that might compromise the reliability of the risk analysis process must be identified by the Process Owners and promptly reported to the Manager in charge of the Company's financial reports (through the Compliance Officer).

The Process Owners are responsible for identifying all events within the processes in their purview that could potentially change the above framework and promptly reporting them to the Manager in charge of the Company's financial reports, through the Compliance Officer. Every six months, if no specific events have occurred that could impact the processes or control measures for which they are responsible, the Process Contact Persons must provide a formal communication thereof.

The Compliance Officer and Internal Audit periodically report to the Manager in charge of the Company's financial reports as to the activities carried out and test results. The main companies in the Brembo Group are subject to analysis in conjunction with the preparation of the Brembo Group's Consolidated Annual Financial Statements and Six-Monthly Report.

On a half-yearly basis, the Manager in charge of the Company's financial reports, supported by the Compliance Officer, also requests each Group company falling within the scope of Law No. 262 to submit an attestation, duly signed by the local CFO and CEO/Country Manager, certifying that as at the date of reference, all financial reporting processes currently in force are reliable and have been properly applied, and that the financial data in the reporting package are correct and complete.

9.3 Executive Director in charge of the Internal Control and Risk Management System

On 29 April 2014, Cristina Bombassei was confirmed in her role as Executive Director in charge of the Internal Control and Risk Management System by the Board of Directors, which vested the said Director with the functions set forth in Article 7.C.4 of the Corporate Governance Code.

The Executive in charge of the Internal Control and Risk Management System submitted her annual report to the Board of Directors at the meeting held on 5 March 2015.

9.4 Internal Audit Director

Pursuant to the Corporate Governance Code, and upon proposal of the Audit & Risk Committee and the Executive Director in charge of the Internal Control and Risk Management System, Alessandra Ramorino was confirmed in the position of Internal Audit Director on 17 December 2012 by the Board of Directors. The Board also approved the organisational structure of the Internal Audit function, deeming it adequate for the purposes envisaged by Article 7.C.5 of the Corporate Governance Code. On 5 March 2013, the Board of Directors also approved the revision of the function's mandate, in line with the recommendations of the Corporate Governance Code.

The Internal Audit Director (hereinafter the "IA Director" in short) reports hierarchically to the Board of Directors through the Chairman, and in operational terms to the Executive Deputy Chairman, and interacts with the Audit & Risk Committee, the ICRMSD and Board of Statutory Auditors, in such a way as to ensure constant efficacy and the requisite of independence in the performance of the duties associated with the position, in a manner consistent with the company's governance system and the Corporate Governance Code, while drawing inspiration from international best practice.

In addition, upon proposal of the ICRMSD,

and after obtaining a favourable opinion from the Audit & Risk Committee and the Remuneration & Appointments Committee, as well as consulting with the Board of Statutory Auditors, the Board of Directors determines the IA Director's (fixed and variable) remuneration in accordance with company policies and current legislation. It also ensures that the IA Director has access to resources suited to the fulfilment of her responsibilities.

Each year, after having obtained a favourable opinion from the Audit & Risk Committee and consulted with the Board of Statutory Auditors, the Board of Directors assesses and approves the Audit Plan and the Internal Audit function's budget.

The mission of Brembo's Internal Audit function is to ensure the performance of independent, objective assurance and financial advice activities aimed at improving the organisation's efficacy and efficiency. Internal Audit is tasked with assisting the Brembo Group with achieving its objectives through a systematic professional approach oriented towards providing value-added services in all areas within its purview, to achieve ongoing improvement.

Internal Audit is charged with verifying and assessing the operability and suitability of the Group's risk control and management system, in a manner consistent with the implementation Guidelines and Policies on the Internal Control and Risk Management System approved by Brembo's Board of Directors. In particular, this takes place through:

- an understanding of the risks and assessment of the adequacy of the means used to manage them;
- an assessment of the adequacy and efficacy of the Internal Control System, while promoting effective control, at reasonable costs, with special regard to:
 - the reliability and integrity of accounting, financial and management information;
 - the efficiency and efficacy of company processes and the resources allocated to them;

- the compliance of processes and transactions with laws, supervisory regulations, rules, policies plans and internal procedures;
- safeguarding the value of the company's business and assets.

As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and periodic relations with Function Directors and Managers.

The activities carried out by the Internal Audit function continued to be oriented towards risk prevention, the determination of direct actions to be taken to eliminate anomalies and irregularities and the provision of support to the Group in the pursuit of pre-set operating targets.

During 2014, Internal Audit operated based on the approved Audit Plan, in line with the actions agreed during the year with the Chairman and Audit & Risk Committee. The Audit Plan provides for: organisational audits of Group subsidiaries, audits of compliance with Law No. 262/05 and Legislative Decree No 231/01, operating audits on particular areas of activity and ethics audits based on specific reports received.

The IA Director checked the reliability of the Company's IT systems, with specific emphasis on the accounting systems, as contemplated under the Audit Plan.

With regard to Legislative Decree No. 231/01, the ongoing support provided by the Internal Audit function to the Supervisory Committee included the drawing up of a specific audit plan that was subsequently approved by the said Committee.

In 2014, the Internal Audit function continued its monitoring of management of the top risks, including through follow-ups of the improvement plans defined by the management. It also provided information and training regarding the Internal Control System to Brembo's management.

The IA Director is not responsible for any operational areas; she has had direct access to the information required to perform her duties, reported on her work at each meeting

of the Audit & Risk Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 26 February 2015, the Audit & Risk Committee was provided with appropriate information on the results of IA Director's activities for 2014, through the annual report on the adequacy of the Internal Control and Risk Management System.

The Manager in charge of the Company's financial reports was also given due notice of activities carried out by the Internal Audit Director relating to Law No. 262/05 for 2014, in the form of half-yearly reports on the adequacy of the control model implemented for the purposes of Law No. 262 and the results of the tests in this area conducted by the Internal Audit function.

9.5 Organisational Model pursuant to Legislative Decree No. 231/01

Brembo adopted a 231 Organisation, Management and Control Model to fulfil all the legal requirements and comply with all principles that inspired the Legislative Decree No. 231, with the aim to set up an effective instrument of corporate management, able to create and protect the value of the company. Through the adoption of this Model, Brembo formalised a structured and organic system of control procedures and activities — already existing within the company — in order to prevent and monitor the risk that 231 Offences might be committed.

The Model 231 is made up of:

- a General Section illustrating the company's profile, the regulations of reference, underlying principles and the elements making up the Model (Corporate Governance System, Internal Control System, Principles governing the system of delegated powers, Code of Ethics), the function of the Model, the ways in which the Model is constructed and structured, the recipients of the Model, relations with Group companies, as well as the disciplinary system and the measures to be

implemented in terms of training, circulation, amendment and updating;

- the Special Sections and relevant Sensitive Activity Analysis Sheets (the latter of which are intended for the Company's exclusive internal use) focusing on specific types of 231 Offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the company;
- the Code of Ethics — set forth in full in Attachment hereto — which must be deemed to form an integral part of the Model, given that it lays down the general principles and values that must inspire and inform the professional conduct of any and all the persons serving or acting on behalf of Brembo in any capacity whatsoever;
- the Brembo Compliance Guidelines (in Attachment — intended for the Company's exclusive internal use), which summarise the main rules of conduct indicated in the Special Sections to be adopted within Brembo in order to prevent the commission of Offences and that represent a means towards increasing the accessibility and immediacy of content of the various Special Sections for the recipients of the Brembo Model;
- the Antibribery Code of Conduct (attached hereto) — approved by Board resolution dated 12 November 2013 and distributed to all Group employees — that, in accordance with the principles entrenched in the Code of Ethics and international best practices, is aimed at maximising transparency, clarifying permissible behaviour, ensuring strict compliance with antibribery regulations in force in all countries in which Brembo operates, and maintaining the highest standards of integrity. It also defines, *inter alia*, Brembo's policy on giving and receiving of gifts, hospitality and entertainment (i.e., the free provision of goods and services for promotional or public relations purposes);
- the Rules governing the proceedings of the Supervisory Committee (attached hereto), as

approved by the said Committee on 25 June 2014, following the Committee's new, mixed membership.

On 14 May 2014, on the basis of the Supervisory Committee's opinion on the full adoption of the 231 Model, the Chairman of the Board of Directors issued the Company's notice pursuant to Article IA.2.10.2 of the instructions on Rules for Markets (full adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01).

With regard to financial year 2014, it must be pointed out that:

1. Following its appointment by the General Shareholders' Meeting on 29 April 2014, the Board of Directors appointed the new Supervisory Committee, pursuant to Article 6 of Legislative Decree No. 231/2001, which will remain in office through to the end of the term of the Board of Directors appointed by the General Shareholders' Meeting on 29 April 2014, and therefore, until the approval of the 2016 Financial Statements. As proposed by the Independent Directors, the Board resolved to appoint a Committee of six members — three Acting Auditors, the company's Internal Audit Director, and two members selected from amongst external experts who hold no office within the company's Boards.

Members	Position
RAFFAELLA PAGANI	Acting Auditor - Chairwoman
MILENA T. MOTTA	Acting Auditor
SERGIO PIVATO	Acting Auditor
ALESSANDRA RAMORINO	Internal Audit Director of Brembo
MARCO BIANCHI	External member ¹³
MARIO TAGLIAFERRI	External member ¹⁴

¹³ Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.

¹⁴ Certified Public Accountant and Certified Auditor, Private practice, Studio Lexis - Dottori Commercialisti Associati in Crema.

The mixed composition and panel layout of the Committee is aimed at ensuring its autonomy and independence, in addition to its operational efficiency and continuity, in compliance with Legislative Decree No. 231/2001 and the guidelines issued by the Italian Banking Association (ABI) and Confindustria (Italian Manufacturers' Association), as well as the most authoritative legal doctrine, which unanimously endorse as ideal for large corporations Supervisory Committees made up of internal members and external experts able to provide the professionalism and technical know-how required to secure the requisites specified above.

Each member complies with the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action provided for by the Supervisory Committee Regulation and required by Legislative Decree No. 231/01.

2. On the basis of the new Supervisory Committee Regulation, this Committee is chaired by the Chairwoman of the Board of Statutory Auditors (Raffaella Pagani).
3. Given that the list of underlying offences was extended with the amendment of Article 25-*quinquies* (offences against the person) to include the offence of child enticement (punishable under Article 609-*undecies* of the Italian Penal Code), on 31 July 2014, the Board of Directors acknowledged that the Management Risk Committee deemed the new provisions not applicable to Brembo, in light of the offence in question, Brembo's profile and operations, as well as the preventive measures already implemented.
4. At the same Board meeting of 31 July 2014, certain amendments were brought to the General Section of Brembo's 231 Model, the most salient of which entailed:
 - the updating of the list of underlying offences to include the newly introduced offence mentioned above;

- the amendment of the paragraph on the Internal Control and Risk Management System so as to bring the same in compliance with the Corporate Governance and Ownership Structure Report;
- changes reflecting the new names assigned to the Committees;
- the inclusion of references to the Antibribery Code of Conduct issued in December 2013;
- amendments aimed at bringing the Model in line with the Supervisory Committee Regulation, approved in June 2014.

The updated edition (Brembo's 231 Model) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

5. Throughout 2014, Brembo continued to update its 231 Model to ensure its ongoing effectiveness and efficiency in providing protection against the offences contemplated in Legislative Decree No. 231/01, including through periodic reviews conducted by the Law No. 231 team (review of risk assessment of sensitive processes falling within their purview). These reviews enable constant monitoring of the existing control measures to be applied in each specific sensitive area/process and therefore verification that they are up-to-date and effective. On the basis of a risk-based audit plan, the Supervisory Committee is also tasked with monitoring the effective functioning and implementation of the procedures and organisational processes entrenched in the 231 Model, and submitting to the Board its regular reports thereon.
6. Training activities on 231 Model continued through online courses for all employees and specific in-depth classroom sessions for the persons directly involved in sensitive processes and relevant control mechanisms. Training sessions dedicated to compliance with 231 Model were also carried out at the Group's Italian and foreign companies.

7. With regard to Group companies, it is also worth mentioning that local compliance programmes continued to be implemented under the coordination of the Parent Company. Through risk assessments and gap analyses, the Group companies' compliance with the applicable local laws and regulations was assessed, and appropriate measures implemented, where necessary.
8. On 5 March 2015, the Board of Directors acknowledged the amendments brought to Legislative Decree No. 231/2001 — entailing the extension of the list of underlying offences (Article 25-*octies*) to include the offence of self-laundering (punishable under Article 648-*ter*, paragraph 1, of the Italian Penal Code) — and the action plan shared with the Supervisory Committee at the meeting held on 26 February 2015.

As regards the specific activities within its remit, the Supervisory Committee met on 26 February, 25 June, 23 July, 29 October, and 10 December 2014. The Chairwoman of the Committee also attended the Audit & Risk Committee meetings for the matters within her responsibility and interest.

In 2015, one meeting was held on 26 February 2015, in which the 2013 final reports were presented.

The Chairwoman of the Supervisory Committee also met separately with the IA Director to further discuss — several risk-assessment analyses conducted by personnel of the Law No. 231 team and examine the assessments carried out in response to some reports received.

In the course of meetings held during the year, the Supervisory Committee verified that the Model was constantly updated according to legislation, analysed the soundness and functionality requirements, as well as the application of the Model, and verified the supervisory activities carried out by the Internal Audit function on behalf of the Supervisory Committee. More specifically:

- as part of its analysis of the Model soundness and functionality requirements, the Supervisory Committee took part in updating the special sections of the Model, suggesting improvements aimed at enhancing the functionality and soundness of the Model and Antibribery Code of Conduct;
- audit activities were carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit function, based on the Supervisory Committee's action plan.

The Supervisory Committee also acknowledged the content of the New Confindustria Guidelines for preparing 231 Models, approved in July 2014, and after comparing the same with Brembo's 231 Model, concluded that the latter was substantially compliant with the new guidelines.

Oversight of the Model is performed through the following activities:

- an analysis of the reports received by the Supervisory Committee;
- an analysis of the flow of information contained in the half-yearly report submitted to the Supervisory Committee by the internal functions of Brembo S.p.A. and relevant personnel of Group companies;
- meetings with the managers of sensitive areas and/or functions within the meaning of Legislative Decree No. 231/01.

During the year, no violations of laws subject to the penalties provided for in Legislative Decree No. 231/01 were reported.

On 25 June 2014, the Supervisory Committee approved the revision of the Operating Procedure PG.W.IA - 01 - rev. 02 "Whistleblowing Reports Procedure", available on the Brembo's corporate website (www.brembo.com, section Investors/Corporate Governance/Whistleblowing to Supervisory Committee).

9.6 Independent Auditors

On 23 April 2013, the contract to provide legal auditing of the accounts was awarded by the General Shareholders' Meeting to Reconta Ernst & Young S.p.A. for financial years 2013-2021, according to the terms and conditions proposed by the Board of Statutory Auditors.

The financial statements of subsidiaries, deemed significant as defined in the Consob Regulation, Article 151, paragraph 1, are subject to legal auditing of their accounts by the firm that audits Brembo's financial statements.

In conducting their activity, the engaged independent auditors have free access to the information, print and electronic documents, archives and assets of the Parent Company and its subsidiaries.

The Board of Statutory Auditors and independent auditors periodically exchange information and data concerning to the respective controls performed.

9.7 Manager in charge of the Company's financial reports

Pursuant to Article 27-*bis* of the By-laws and in light of the non-binding opinion of the Board of Statutory Auditors, on 29 April 2014 the Board of Directors confirmed Matteo Tiraboschi as Manager in charge of the Company's financial reports¹⁵, granting him the relevant powers. He also holds the position of Executive Deputy Chairman of Brembo S.p.A.

Upon appointment, the Board verified the satisfaction of the established professionalism requirements and granted him the pertinent powers for the performance of the function. The manager in charge of the Company's financial reports is responsible for defining and assessing the adequacy and efficacy of the specific administrative and accounting procedures, as well as of the related control system, safeguarding against the risks inherent in the process of preparing

financial information. The engagement is for a period of three years, will expire in conjunction with the General Shareholders' Meeting to approve the financial statements for the year ending 31 December 2016 and may be renewed on one or more occasions.

The Manager in charge of the Company's financial reports is invited to all Board meetings and participates in meetings of the Audit & Risk Committee and Board of Statutory Auditors, directly or through a proxy, in order to provide the information for which he is responsible and report with half-yearly frequency on monitoring obligations and activities for the purposes of the certifications envisaged in Article 154-*bis* of TUF.

9.8 Coordination between parties involved in the Internal Control and Risk Management System

The organisational model adopted for the Internal Control and Risk Management System was structured to ensure coordination between the various parties and functions involved in the System, as stated in the diagram in section 9 above. In detail, the ICRMSD is tasked with:

- identifying the main business risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submit them periodically for review to the Board of Directors;
- implementing the guidelines established by the Board of Directors, supervising the planning, implementation and management of the Internal Control and Risk Management System, as well as constantly verifying its adequacy and efficacy;
- bringing the System into line with the current operating conditions, and legislative and regulatory scenario;
- requesting the Internal Audit function to perform audits of specific operating areas, as well as of compliance with internal rules and procedures in the performance of company transactions, in addition to informing the Chairman of the Board of Directors,

¹⁵ Matteo Tiraboschi has held this office since 2009.

Chairman of the Audit and Risk Committee and Chairwoman of the Board of Statutory Auditors thereof concurrently;

- timely reporting to the Audit & Risk Committee (or to the Board of Directors) regarding problems and critical issues brought to light in performing her activities or of which she has otherwise become aware, so that the Committee (or the Board) may take the appropriate initiatives.

Moreover, the ICRMSD coordinates the Managerial Risk Committee and relies upon the support of the Risk Manager (process owner) and Internal Audit as the guarantors of the risk management system (assurance).

From a strictly operative point of view, coordination is also ensured through:

- a constant information flow between the different parties involved in the ICRMS;
- participation of the various parties concerned in joint meetings for discussion of ICRMS related issues;
- dissemination of the Internal Audit reports to the various ICRMS parties;
- circulation of the minutes, the work files and reports of the Chairman of the Audit & Risk Committee to all Governance Committees and the Board of Statutory Auditors, making these documents available for the Supervisory Committee.

10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In accordance with Consob Regulations (Resolution No. 17221 of 12 March 2010 and Resolution No. 17389 of 23 June 2010), on 12 November 2010 the company adopted the Related Party Transactions Procedure, in light of the unanimous and favourable opinion of the Audit & Risk Committee (appointed for that purpose, being composed of three

Independent Directors). The updated edition of Brembo's Related Party Transaction Procedure (latest update: January 2013) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

The purpose of the RPT Procedure, as also specified 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. 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.

The RPT Procedure governs the following aspects:

- it assigns the function of Related Party Transactions Committee to the Audit & Risk Committee, as it comprises three independent Non-executive Directors;
- it does not extend the scope of the RTP Procedure to parties other than those set forth in Attachment 1 to the Consob Regulations (which referred to IAS 24 at the date of publication of the Regulations);
- it sets the threshold for Low Value Transactions outside the scope of the new Procedure at €250,000.00, to be revised annually, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the company (threshold confirmed by the Board on 31 July 2014);
- it sets, in absolute terms, the thresholds for the significance indices of Highly Significant Transactions on the basis of previous year's Financial Statements figures, and consequently revises the same annually according to each year's results (the Board last revised the indices on 31 July 2014, on the basis of the 2013 figures);
- it excludes resolutions (other than those

passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors with special tasks and Key Management Personnel from the scope of the new procedure, inasmuch as such resolutions also involve the Remuneration & Appointments Committee, which consists solely of Non-executive Directors and a majority of Independent Directors;

- it exercises the option to exempt ordinary transactions and intra-Group transactions (limited to intra-Group operations or operations among subsidiary or associates which, as specified in their respective corporate object, perform activities akin to those of Brembo S.p.A.);
- it lays down the rules for assessing Moderately and Highly Significant Transactions, carried out either directly by Brembo or through its subsidiaries;
- it identifies the organisational structures and information flows deemed appropriate to ensure that the competent Bodies are provided all useful information to evaluate such transactions in a timely manner.

The Board of Directors decided not to use the whitewash mechanism in the event of unfavourable opinion for Highly Significant Transactions and did not provide for exceptions in case of urgency.

Moreover, regardless of the provisions of applicable laws and regulations, the Group companies implemented a local procedure that sets out the operating procedures to identify their Related Parties and Related Party Transactions, as well as their approval procedures, consistently with the guidelines set forth by the RPT Procedure adopted by Brembo S.p.A.

11. APPOINTMENT OF STATUTORY AUDITORS

In accordance with the provisions of Article 22 of the By-laws:

- the Board of Statutory Auditors of Brembo S.p.A. is made up of three Acting Auditors and two Alternate auditors, all appointed by the Shareholders' Meeting based on list voting procedures;
- those who are not in possession of the eligibility, integrity and professionalism requirements laid down by law cannot be appointed as Auditors (and if already appointed shall be removed from their office); the Acting Auditors shall be chosen from persons who qualify as independent under the provisions of the Corporate Governance Code;
- Auditors are appointed for a term of three years and are eligible for re-appointment; their remuneration is determined by the General Shareholders' Meeting;
- the lists for the appointment of Statutory Auditors:
 - (i) must include at least one candidate for the office of Acting Auditor and, in any case, a number of candidates not exceeding the Statutory Auditors to be elected, progressively numbered; each person may be a candidate in one list only, under penalty of ineligibility;
 - (ii) the lists containing a number of candidates equal to or greater than 3, considering both sections, must include a number of candidates in the Acting Auditors' section such as to ensure that the composition of the Board of Statutory Auditors, in respect of its acting members, complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;

- lists may be submitted by any number of Shareholders who, individually or jointly with other Shareholders, represent at least the minimum percentage of shares entitled to voting rights in the ordinary General Shareholders' Meeting pursuant to applicable laws and Consob regulations, and at present equivalent to 1% of the share capital; in particular, each Shareholder holding voting rights may submit, individually or jointly with other Shareholders, directly or through third-party intermediaries or trust companies, a single list of candidates, under penalty of inadmissibility of the list. A single list of candidates may also be submitted by:
 - (i) Shareholders belonging to a single group, where the latter term is understood to mean a party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and all subsidiaries controlled by, or under the common control of, that same party;
 - (ii) Shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF;
 - (iii) Shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and regulatory framework;
- the lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Shareholders' Meeting at first calling, and public disclosure must be made both on the Company's website and at its registered offices, in the manner and form specified under statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Shareholders' Meeting;
- in order to appoint the Board of Statutory Auditors, two Acting Auditors and one Alternate Auditor shall be elected from the majority list, with the result that the first two candidates for Acting Auditor and the first candidate for Alternate Auditor appearing on the said list shall be considered elected to office.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The General Shareholders' Meeting held on 29 April 2014¹⁶ appointed the new Board of Statutory Auditors for the three-year period 2014-2016 that will remain in office through to the date of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016. The Board of Statutory Auditors is composed as shown in the table below, and was appointed based on the two lists presented respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.11% of the share capital, overall).

Pursuant to Article 22 of the By-laws, the remaining seats on the Board of Statutory Auditors were filled by candidates appearing on the minority list, as follows:

- the first candidate for Acting Auditor, Raffella Pagani, who was also appointed Chairwoman of the Board of Statutory Auditors pursuant to law and the company's By-laws;
- the first candidate for Alternate Auditor.

¹⁶ Until the General Shareholders' Meeting called to approve the 2013 Financial Statements, the Board of Statutory Auditors was made of the following members: Sergio Pivato (Chairman), Enrico Colombo and Mario Tagliaferri (Acting Auditors), Gerardo Gibellini and Marco Salvatore (Alternate Auditors).

Board of Statutory Auditors

Office held	Name and surname	Year of birth	Date of first appointment ¹	In office from	In office until	List ²	Indep. as per Code	Attendance to Board of Statutory Auditors' meetings ³	Attendance to the BoD's meetings ⁴	No. of other offices held ⁵
Chairwoman	Raffaella Pagani	1971	29.04.2014	29.04.2014	Approval of Financial Statements at 31.12.2016	m	x	100%	83%	10 weight 4.0 ⁶
Acting Auditor	Sergio Pivato	1945	29.04.2008	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x	100%	75%	4 weight 2.80
Acting Auditor	Milena Teresa Motta	1959	29.04.2014	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x	100%	100%	2 weight 3
Alternate Auditor	Myriam Amato	1974	29.04.2014	29.04.2014	Approval of Financial Statements at 31.12.2016	m	x	-	-	-
Alternate Auditor	Marco Salvatore	1965	29.04.2011	29.04.2014	Approval of Financial Statements at 31.12.2016	M	x	-	-	-
AUDITORS WHO LEFT OFFICE IN 2014										
Acting Auditor	Enrico Maria Colombo	1959	29.04.2008	29.04.2011	Approval of Financial Statements at 31.12.2013	M	x	100%	100%	11 weight 4.02
Acting Auditor	Mario Tagliaferri	1961	29.04.2011	29.04.2011	Approval of Financial Statements at 31.12.2013	M	x	100%	100%	14 weight 3.256

Number of meetings held during the financial year: 6

NOTES

- The date of first appointment of each Auditor refers to the date on which the said Auditor was appointed for the first time (ever) as member of the Issuer's Board of Statutory Auditors.
- This column shows the list from which each Auditor was elected ("M": majority list; "m": minority list, submitted by a group of shareholders representing 2.11% of share capital).
- This column shows the percentage of Board of Statutory Auditors' meetings attended by Statutory Auditors in 2014 (No. of meetings attended/No. of meetings held by the Board during the Auditor's actual term of office).
- This column shows the percentage of Board of Statutory Auditors' meetings attended by Statutory Auditors in 2014 (No. of meetings attended/No. of meetings held by the Board during the Statutory Auditor's actual term of office).
- This column shows the number of Directorships or Auditorships held by the Auditor within the meaning of Article 148-bis of TUF and relevant implementing provisions set forth in Consob Rules for Issuers. The full list of Directorships and Auditorships held is published on the Consob website pursuant to Article 144-*quinquiesdecies* of the Consob Rules for Issuers.
- The member of the Supervisory Committee held this office within one Issuer only.

The following is a profile of the Chairwoman of the Board of Statutory Auditors and the Acting Auditors.

Raffaella Pagani

Chairwoman of Brembo S.p.A.'s Board of Statutory Auditors and Supervisory Committee. With a Bachelor's Degree in Economics from Università Commerciale Luigi Bocconi, followed by qualification as a Certified Public Accountant, Raffaella Pagani was admitted to the Certified Public Accountants Register of Milan in 1996 and the Milan Auditors Register in 1999. She is also enrolled with the Rolls of Technical Consultants of District Court of Milan, the Rolls of Official Receivers of the District Court of Milan, and the Rolls of Auditors of Local Bodies. She practices as a Certified Public Accountant in Milan (Studio Associato Pagani). She currently chairs also the Board of Statutory Auditors of Sanofi S.p.A., SEA Energia S.p.A., Nord-Com S.p.A. In addition, she is a member of the Board of Statutory Auditors of Enel Distribuzione S.p.A., Enel Italia S.r.l., Dufrital S.p.A., Disma S.p.A., Hydro Dolomiti Enel S.p.A. and other companies. She audits the accounts of certain Milan municipalities, whilst also serving as sole auditor of Alpa S.p.A.

Milena T. Motta

Acting Auditor of Brembo S.p.A. Since 1982, Milena T. Motta has practised as a business consultant on innovation, marketing and competitive strategy. Currently, she is also Acting Auditor of Atlantia S.p.A. and Damiani S.p.A., both listed on the Milan Stock Exchange. Previously, she served on the Boards of Directors of innovative e-business companies (the first online bank, the first portal allowing consumers to compare insurance offerings). In 1983, she was admitted to the Certified Public Accountants Register of Milan and in 1995 enrolled with the National Auditors Register. Milena T. Motta collaborates with various universities and business schools, including

the IfM-University of Cambridge, SDA Bocconi, Sant'Anna School of Advances Studies, and the 24 Ore Business School.

Sergio Pivato

Acting Auditor of Brembo S.p.A. He has been a Certified Public Accountant since 1977 and Certified Auditor since 1984. In addition to Brembo S.p.A., he holds corporate offices in UBI Banca S.c.p.a., Auchan S.p.A., Sma S.p.A. and Società Editoriale Vita S.p.A. He is a consultant for large and medium-sized companies, expert of the Court and retired Professor of Economics and Business Administration at Bocconi University in Milan.

The overall remuneration of the Board of Statutory Auditors was established by the General Shareholders' Meeting on 29 April 2014 at the total amount of €216,000, to be shared amongst the Acting Auditors, based on applicable laws and the tasks carried out by each of them as members of the Supervisory Committee.

All members of the Board of Statutory Auditors satisfy the integrity, professionalism and independence requirements laid down by the law and Brembo's Corporate Governance Code, which has endorsed the independence requirements set forth in the Corporate Governance Code. Satisfaction of the said requirements was verified on the basis of the statements issued by the Statutory Auditors upon their appointment. Ongoing satisfaction of the same requirements by the Chairwoman and Acting Auditors is subsequently assessed annually. In 2014, it was confirmed. With regard to the maximum number of positions held at other companies, the Company assessed the Statutory Auditors' compliance upon their appointment (29 April 2014) on the basis of their respective statements issued pursuant to Attachment 5-bis to the Rules for Issuers. The outcome of the checks for the year 2014 is given in the table on page 39.

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

As part of its activities, the Statutory Auditors may call upon the Internal Audit function to audit specific operating areas or company transactions.

In 2014, the Board of Statutory Auditors performed 6 periodic assessments¹⁷ and attended all the General Shareholders' Meetings and the meetings of the Board of Directors (8 Board of Directors' meetings and one General Shareholders' Meetings). Also, in the person of its Chairwoman, it attended the meetings of the Audit & Risk Committee (6 meetings) and Remuneration & Appointments Committee (1 meeting). The meetings of the Board of Statutory Auditors lasted about 3 hours on average.

In performing its functions, the Board of Statutory Auditors regularly met with the Manager in charge of the Company's financial reports, the Company's Independent Auditors and the Internal Audit Director. The Board of Statutory Auditors and the Audit & Risk Committee constantly exchange information material to the performance of their respective duties in a timely manner. The Chairwoman of the Board of Statutory Auditors, or another Statutory Auditor

designated by the aforementioned Chairwoman, also attended all Audit & Risk Committee's meetings and the meetings of the of the Remuneration & Appointments Committee. Moreover, following the appointment of the new Company Officers, the Company launched an Induction Programme, which is organised in several sections and also open to all the Statutory Auditors of Brembo S.p.A., and in particular those recently elected by the Shareholders' Meeting held on 29 April 2014. This Programme aims at providing appropriate information on the business industry in which Brembo operates, its products, Company trends and their evolution, as well as corporate organisation and applicable legislative framework.

13. RELATIONS WITH SHAREHOLDERS

Brembo takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts, and the financial community, scrupulously respecting mutual roles.

The financial community is provided numerous opportunities to meet and engage in dialogue with the Company as part of a constant, transparent and ongoing communication process. The Company also holds events for financial analysts, conference calls and meetings with shareholders and investors at major capital markets or the Company's registered office.

In order to provide the market with exhaustive and constantly updated financial information, the company publishes a specific Italian-English Investor Relations section on its website (www.brembo.com, Investors) with useful information for stakeholders, including: press releases, Financial Statements and interim reports, presentations to the financial community, stock price trends, By-laws, regulation of Shareholders' Meetings, information regarding Corporate Governance and compliance with relevant Codes and procedures, etc.

¹⁷ In 2014, the Board of Statutory Auditors in office until 29 April 2014 performed 2 assessments, whereas the Board of Statutory Auditors appointed on 29 April 2014 performed 4 assessments.

The Investor Relations function devotes particular attention to Ethical Investors, i.e., those who in their investment decisions privilege companies that are particularly attentive to environmental, social and ethical parameters, in addition to traditional financial indicators.

The Investor Relations function is headed by Matteo Tiraboschi, Executive Deputy Chairman of Brembo S.p.A. All Investors' requests may be sent to Brembo via the following channels: e-mail "ir@brembo.it"; phone +39.035.60.52.145; fax +39.035.60.52.518.

Company-specific information that could be relevant to investors is published on Brembo's website (www.brembo.com, Investors) so as to provide Shareholders with the data required to make informed voting decisions.

In respect of disclosure of regulated information governed under Article 65-*quinquies* of the Rules for Issuers (SDIR service), Brembo has opted to avail of the services of the SDIR-NIS circuit, managed by Blt Market Services, a London Stock Exchange Group company, with registered offices in Milan, Piazza degli Affari 6.

For the filing of published regulated information (Storage), Brembo has availed of the centralised data storage mechanism known as "1Info" accessible via the website www.computershare.it, managed by Computershare S.p.A. with registered offices in Milan, authorised by Consob pursuant to Resolution No. 18852 dated 9 April 2014.

14. GENERAL SHAREHOLDERS' MEETINGS

With regard to the calling and conduct of the General Shareholders' Meetings, the By-laws establishes as follows:

- under Article 10 (Calling of General Meetings), that the General Meeting shall be called by the Board of Directors by notice of calling containing an indication of the date, time and venue of the scheduled meeting, the items placed on the Agenda, as well as further information required by applicable laws and regulations. The notice of calling may provide an indication of the schedule dates of the meeting at callings subsequent to the first, if any. The notice of calling shall be published on the Company's website and in accordance with the other procedures as described, in compliance with and within the terms set forth in current laws and regulations.

If and to the extent the notice of calling is to be published in one or more daily newspapers pursuant to applicable rules and regulations, such publication shall be made in one or more of the following daily newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *Milano Finanza*, and *Italia Oggi*.

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

- under Article 10-*bis* (Addition of Items to the Agenda), that Shareholders individually or collectively representing at least 1/40th of share capital may submit a written application,

according to the terms and conditions set forth in applicable laws and regulations, to add items onto the Agenda for the General Shareholders' Meeting, indicating the proposed additional items of business in the application;¹⁸

- under Article 11 (Participation in and Representation at General Shareholders' Meetings), that voteholders may participate in the meeting and cast votes provided that the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the Shareholders' Meeting is scheduled (or within other term as provided for under applicable law).

Any party entitled to participate in a Shareholders' Meeting may be represented by written proxy granted to another person, not required to be a Shareholder, in accordance with the provisions of laws and regulations in force at the time.

Proxies may also be granted electronically, according to the conditions set out in the Ministry of Justice regulation. In accordance with the notice of the meeting, proxies may be notified electronically using the specific section of the Company's website or, where allowed in the notice of the meeting, by sending the document to the Company's certified e-mail address.

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

the validity of proxies, and in general, the right to participate in the Meeting.

Voteholders may pose questions regarding the items placed on the Agenda even prior to the Shareholders' Meeting, according to the terms and procedures prescribed in the Notice of Calling; such questions are answered at the Meeting.

The information that the Board of Directors is required to provide to the General Shareholders' Meeting must be of such nature as to provide the latter with an in-depth understanding of all matters relevant to making informed decisions in respect of the items submitted for Shareholders' approval. During the Meeting, Shareholders are provided with the documents regarding items on the Agenda (the relevant Board of Directors' recommendations, as disclosed to the public in accordance with laws and regulations in force) and the Annual Financial Statements. As a general rule, attending Shareholders are also provided with a summary of the Company's stock price trends.

The General Shareholders' Meeting Regulation designed to regulate the proper and efficient functioning of the General Shareholders' Meetings (most recently updated on 29 April 2011) is available on the website: www.brembo.com, Investors section, Corporate Governance.

The General Shareholders' Meeting held on 29 April 2014 was attended by eight Directors out of 11 (3 absent with justification) and all the members of the Board of Statutory Auditors currently in office. Also present, upon invitation, were Bianca Maria Martinelli, Raffaella Pagani and Myriam Amato, candidates for the posts of, respectively, Director, Acting Auditor and Alternate Auditor, on the list submitted by a group of asset management companies and other institutional investors. Barbara Borra and Milena Motta, candidates for the posts

¹⁸ Pursuant to Article 126-bis of TUF (as amended by Legislative Decree No. 91 of 18 June 2012), within ten day following the publication of the notice of calling of the Shareholders' Meeting or within five days following a calling in accordance with Articles 125-bis, paragraph 3, and 104, paragraph 2, Shareholders who, even jointly, represent at least 1/40th of the share capital may apply for additional items to be placed on the Agenda or submit motions to be raised on items already on the Agenda.

of, respectively, Director and Acting Auditor, on the list submitted by Nuova FourB S.r.l., were unable to attend due to prior professional commitments.

15. CHANGES SINCE THE END OF 2014

No significant changes took place from the end of the financial year through to the date of approval of this Report.

With reference to Internal Dealing operations described in section 4.2, it should be noted that in January 2015 two disclosures have been made pursuant to the Internal Dealing Regulations:

- A. A. Marescotti, Chief Executive Officer, sold 6,550 shares in the company on 22 January 2015.
- M. Tiraboschi, Executive Deputy Chairman, sold 9,000 shares in the company on 23 January 2015.