

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 Company/Corporate Governance/Corporate Governance Reports 2015

Approved by the Board of Directors of Brembo S.p.A. on 3 March 2016



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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 on 9 July 2015 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria. It is available at <http://borsaitaliana.it/comitato-corporate-governance/codice/2015clean.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 2015.

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, including the amendments introduced in July 2015. The latest update as of 18 December 2015 is available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Governance Documents).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Brembo S.p.A. – Fifth Edition, available on Brembo's website in its latest update (July 2015) (www.brembo.com, Company section, Corporate Governance, Codes and Policies).

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 is available on Brembo's website in its latest update (31 July 2014) (www.brembo.com, Corporate Governance, Governance Documents).

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 further 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 pursuant to Articles 123-*bis* of TUF and 89-*bis* of the Rules for Issuers, approved on 3 March 2016 by the Board of Directors of Brembo and available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Corporate Governance Reports)

By-laws: the By-laws of Brembo S.p.A., available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Governance Documents).

ICRMS: Internal Control and Risk Management System.

TUF: Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance), as amended and extended.

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.

COMPANY HIGHLIGHTS

| (euro million) | 2014 | 2015 | Change |
|---|---------|---------|----------------|
| Sales | 1,803.3 | 2,073.2 | +15.0% |
| EBITDA | 279.8 | 359.9 | +28.6% |
| Profit | 129.1 | 184.0 | +42.5% |
| Net financial position | 270.4 | 160.7 | -109,7 million |
| Market capitalisation as of 31 December | 7,690 | 7,867 | +177 |
| Workforce (headcount) | 1,850 | 2,984 | N/A |

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 recommendations of the Corporate Governance Code, through their incorporation in Brembo's Corporate Governance Code updated on 18 December 2015 by the Board of Directors, which considered the Brembo system to be already in line, in terms of operating practice, with the new recommendations introduced by the Corporate Governance Committee of Borsa Italiana S.p.A. in July 2015.

The Report, approved by the Board of Directors on 3 March 2016, 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/Company/section/Corporate Governance/Corporate](http://www.brembo.com/Company/section/Corporate%20Governance/Corporate)

Governance Reports) and through the authorised data storage system (www.1info.it).

Certain data and/or information have been summarised in tables and graphs to illustrate the key features of Brembo S.p.A.'s corporate governance system. A comparison of these data with data collected from Consob's 2015 Report on the Corporate Governance of Italian Listed Companies, the 3rd Report on the application of the Corporate Governance Code issued by the Governance Committee and the Notes and Studies of ASSONIME 10/2015 on Corporate Governance in Italy, as well as from leading International consultancy firms, shows that Brembo's system is in line with the best trends of Italian listed companies.

1. INFORMATION ON OWNERSHIP STRUCTURE AT 31 DECEMBER 2015

1.1. Structure of share capital

Brembo S.p.A.'s subscribed and fully paid-up share capital amounts to €34,727,914 and is divided into 66,784,450 ordinary shares of a nominal value of €0.52, each bearing voting rights.

SHARE OWNERSHIP AT 31 DECEMBER 2015

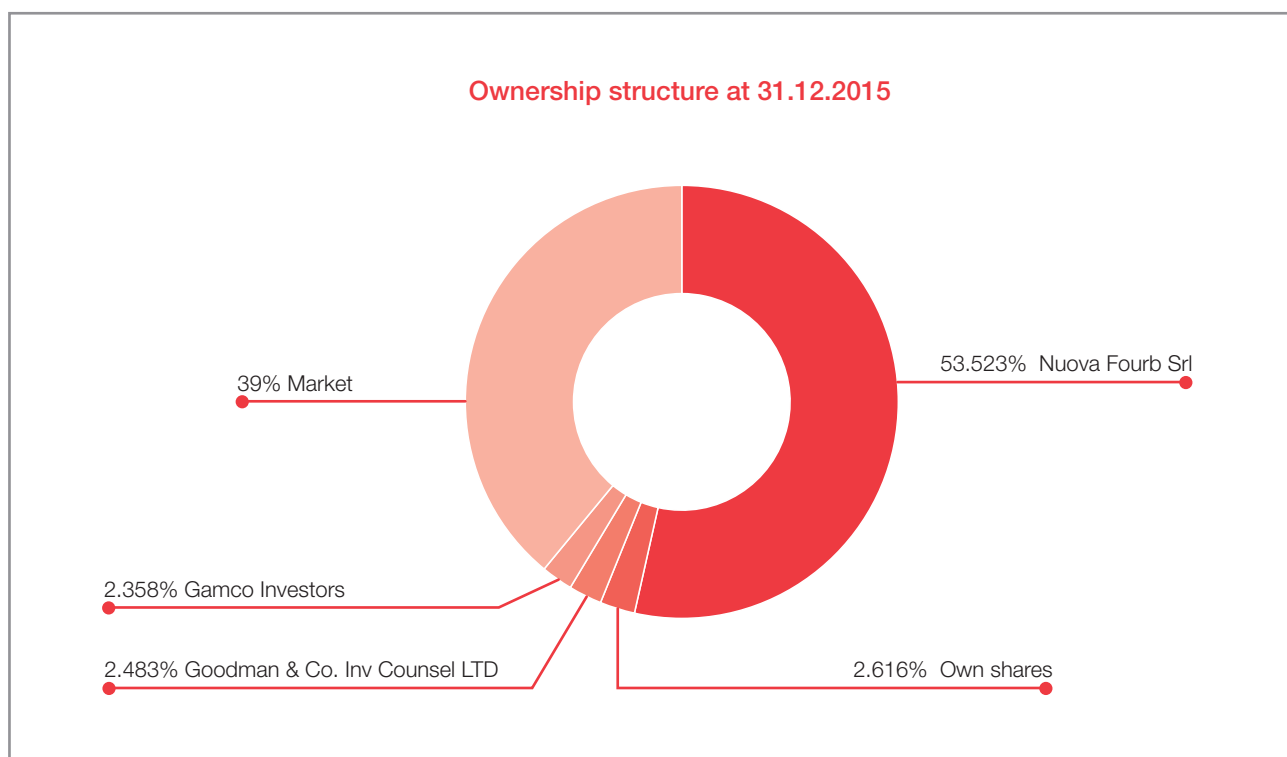
| Type of restriction | Yes/No |
|--|--------|
| Restrictions on the transfer of securities | No |
| Securities carrying special rights | No |
| Employee share ownership scheme | No |
| Restrictions on voting rights | No |
| Shareholders' agreements | No |

1.2. Significant shareholdings

Significant Shareholdings

Figures taken from the Shareholders' Register at 31 December 2015 and included in Consob notices

| Declarant | Direct shareholder | No. of shares | % on share capital with voting rights |
|---|-----------------------------|-------------------|---------------------------------------|
| BOMBASSEI ALBERTO | NUOVA FOURB SRL | 35,744,753 | 53.523 |
| 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. | 340,000 | 0.509 |
| | GAMCO INVESTORS INC. | 10,000 | 0.015 |
| | Total | 1,575,000 | 2.358 |



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 withdraw from and/or terminate and/or modify 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 nominal value of €3,472,791.40 and no more than 6,678,445 shares with a nominal 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 the By-laws was amended accordingly.

1.5. Authorisation to repurchase own shares

After revocation of the previous Resolution dated 29 April 2014, which was not implemented, the General Shareholders' Meeting of Brembo S.p.A. held on 23 April 2015 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 months, at a purchase price ranging between €0.52 and €40 each, using the available reserves and securing such shares by withdrawing from the Extraordinary reserve and partly from Retained earnings of €64,000,000 for a maximum amount of €77,475,897;
- with reference to the disposal of own shares for a maximum term of 18 months, 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 buy-back or disposal transactions have been made.

Own Shares in Portfolio at 31 December 2015

| 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, financial and capital 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*, as of 31 December 2015 includes six independent Directors. The professional expertise and authoritativeness 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(i), of TUF (*"agreements between the company and the Directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases as a result of a public tender offer"*) is contained in the 2016 Remuneration Report in accordance with Article 123-*ter* of TUF, which is available on Brembo's website (www.brembo.com, section Company, Corporate Governance, Remuneration Policies).

* * *

The information required by Article 123-*bis*, paragraph 1(i), 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"*) is illustrated in the section concerning the Board of Directors (Section 3 below).

2. COMPLIANCE WITH THE 2015 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 2015. The endorsement of the Code was implemented by adopting its own Corporate Governance Code, which defines Brembo's corporate governance rules in line with the Code's recommendations issued from time to time by Borsa Italiana.

Brembo's Corporate Governance Code was updated by a Board resolution on 18 December 2015 to adopt the amendments to the Code introduced on 9 July 2015. These changes¹ were priorly examined and discussed in the Lead Independent Director's meeting with the independent Directors on 30 July 2015 and then considered in the questionnaires by the 2015 Board Performance Evaluation. Based on the results of these activities, the Board of Directors considered Brembo's system to be already in line, in terms of operating practice, with the new recommendations introduced in the Corporate Governance Code's principles and application criteria. Therefore, the Board instructed that the text of Brembo's Code be updated.

¹ The deadline set by the Corporate Governance Committee for issuers to adopt the amendments is the end of the year beginning in 2016, except for those in Article 8 (Statutory Auditors), which issuers are, instead, invited to apply as from the first renewal of the Board of Statutory Auditors after the end of the year beginning in 2015.

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.

- **Composition.** 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 Shareholders' Meeting, shall hold office for the period specified in the Shareholders' Meeting appointment resolution, up to a maximum of three years; they shall expire at the date set for the Shareholders' Meeting called to approve the Financial Statements for their last year of office, subject 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
- **List voting.** 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.
- **Voting and Election.** 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

² The By-laws has 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 the Board of Directors' resolution dated 12 November 2012.

- the By-laws for the submission of voting lists (for instance, half the 1% of share capital);
- should only one list be submitted, all the members of the Board of Directors 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 reinforcing the Company's governance model in order to strengthen the top management team and gradually initiate 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. In addition, for each top management position, Brembo also drew up Guidelines to identify both short and medium-term successors, as summarised in specific documents approved by top management.

3.3 Composition

The General Shareholders' Meeting held on 29 April 2014 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).

Composition of the Board of Directors and Board Committees at 31 December 2015

| BOARD OF DIRECTORS | | | | | | | | | | | | AUDIT & RISK COMMITTEE | | REMUNERATION & APPOINTMENTS COMMITTEE | | |
|--|--------------------------|---------------|-----------------------------------|----------------|--|-------------------|-------|---------------------------|--------------------|-------------------|---|--|------------------------|--|--------|--|
| 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 2015 meetings ³ | Other offices held ⁴ | Member | Attendance rate at meetings ³ | Member | Attendance rate at meetings ³ |
| Chairman | Alberto Bombassei | 1940 | 21.12.84 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | | | | 100% | – | | | | |
| Executive Deputy Chairman | Matteo Tiraboschi | 1967 | 24.04.02 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | | | | 100% | – | | | | |
| Chief Executive Officer | Andrea Abbati Marescotti | 1964 | 06.06.11 (coopt.) | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | | | | 100% | – | | | | |
| Director | Cristina Bombassei | 1968 | 16.12.97 (coopt.) | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | | | | 100% | 1 | | | | |
| Director | Barbara Borra | 1960 | 29.04.14 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | x | x | 88% | 2 | | x (Pres.) ⁵ | | 100% |
| Director | Giovanni Cavallini | 1950 | 14.11.05 (coopt.) | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | x | x | 88% | 1 | x (Pres.) ⁵ | 83% | x | 100% |
| Director | Giancarlo Dallera | 1946 | 28.04.03 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | x ⁶ | x | 100% | 4 | x ⁶ | 50% | | |
| Director | Bianca Maria Martinelli | 1961 | 29.04.14 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | m | | x | x | x | 88% | 1 | x | 100% | | |
| Director | Umberto Nicodano | 1952 | 03.05.00 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | | | 100% | 6 | | | x | 100% |
| Director (LID) | Pasquale Pistorio | 1936 | 29.04.08 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | x | x | 88% | 1 | | | | |
| Director | Gianfelice Rocca | 1948 | 29.04.11 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | | x | x | x | 63% | 9 | | | | |
| No. of meetings held during the year of reference (2015) | | | | | | BoD: 8 | | Audit & Risk Committee: 6 | | | | Remuneration & Appointments Committee: 2 | | | | |

NOTES

¹ 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.

² This column indicates the list from which each Auditor was appointed ("M" for majority list; "m" for minority list submitted by a group of shareholders representing 2.11% of share capital during the Shareholders' Meeting held on 29 April 2014).

³ This column shows the Directors' attendance rate at the meetings held by the BoD or Board Committees in 2015 (No. of times attended/No. of meetings held during the Director's actual term of office).

⁴ 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.

⁵ In 2015, Giovanni Cavallini was confirmed as independent Director by the Board, which reserved the right to assess during the year the appropriate actions to be taken regarding his position as Chairman of the Audit and Risk Committee since 2015 was his ninth year in office. For 2016 the Board, having consulted the Remuneration & Appointments Committee, decided to evaluate and reconfirm Giovanni Cavallini as independent Director, based on the principle of substance over form: despite having exceeded nine years in office in the last twelve years, he has always exhibited professionalism, commitment and pro-active, constant participation in the meetings of the Board and Committees, as well as independent judgement whilst performing his duties. However, given that he has exceeded the limits of seniority of service specified in Brembo S.p.A.'s Corporate Governance Code, he will cease to be Chairman of the Audit & Risk Committee as from 2016, although he will continue to be a committee member.

⁶ Having heard the opinion from the Remuneration & Appointments Committee, and in keeping with the principle of substance over form, in 2015 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. However, the Board reserved the right to assess during the year the appropriate actions to be taken regarding his position as member of the Audit & Risk Committee since he exceeded his twelfth year in office. In fact, as from 2016, the Director is no longer considered to be independent in accordance with the Corporate Governance Code and so will no longer be part of the Audit & Risk Committee, given that the limits of seniority in service specified in Brembo S.p.A.'s Corporate Governance Code have been exceeded.

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 Article 148, paragraph 3, of TUF, and/or by the Corporate Governance Code, as indicated in the table above. The table also specifies the Directors' respective roles within the company, their attendance rate at the Board of Directors'

meetings held in 2015, 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).

Other details concerning the Board of Directors at 31 December 2015 - changes compared to the previous term of office

| Type of information | Previous term of office 2011-2013 | Current term of office 2014-2016 | FTSE-MIB* |
|---------------------------------------|-----------------------------------|----------------------------------|-----------|
| No. of Directors | 11 | 11 | 12.2 |
| Directors drawn from minority list | 0 | 1 | 2.3 |
| % of executive Directors | 36% | 36% | 23.9% |
| % of non-executive Directors | 63% | 63% | 76.1% |
| % of Independent Directors | 45% | 54% | 47.9% |
| % of the under-represented gender | 18% | 27% | 24.5% |
| Position of Lead Independent Director | YES | YES | 100% |
| Average age of Directors | 61 | 61 | 58.9 |

* Notes and Studies by ASSONIME 10/2015 and/or Final Report 2015 - "Osservatorio sull'Eccellenza dei Sistemi di Governo in Italia" (The European House Ambrosetti)

A short professional profile of each Director is included hereinafter.

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. In October 2015, he was co-opted as Member of the Board of Directors of ISPI — Istituto per gli Studi di Politica Internazionale (Institute for International Political Studies). 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 Transatlantic Award 2014 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 has been registered in the Certified Public Accountants Register of Bergamo (since 1995), as well as in the Auditors Register. He started his career at the Milan offices of a major international auditing firm, where he worked for about 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.

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 the 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 a 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 Borra earned a bachelor's degree in Chemical Engineering at the Turin Polytechnic in 1984, before completing her MBA through INSEAD Fountainebleau 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 Borra currently serves as an independent Director in the Supervisory Board of Ranstad 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. Within the Interpump Group S.p.A. he served as Chief Executive Officer from 1996 to 2005 and as Chairman from 2005 to 2013. From 2009 to July 2015, he served as Director of Migros Turk TSA, a company listed on the Istanbul stock exchange. Since 2011 he has been an Independent Director of the Ansaldo STS Board. In June 2012, he was granted the Italian honorary title of "Cavaliere del Lavoro". From July 2013 to July 2015 he served as Chairman of ISI (Industrial Stars of Italy), a special-purpose acquisition company listed on the AIM market of the Milan stock exchange.

Since July 2015 he has been a Member of the Board of Directors of LU-VE SpA, listed on the AIM market of the Milan stock exchange.

Giancarlo Dallerà

Since 2003, Giancarlo Dallerà has been a Brembo S.p.A.'s Director. He has been a member of the Audit & Risk Committee until 31 December 2015 and of the Supervisory Committee of the company 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

Brembo S.p.A.'s Independent Director and member of the Audit & Risk Committee since 2014. A graduate *cum laude* in Economics at La Sapienza University in Rome, and Certified Public Accountant with an MBA from SDA-Bocconi University, she started her professional career in Società Immobiliare S.a.s. In 1988, she joined the Fininvest Group, covering a variety of posts in the Group's Foreign Department and in the Legal Affairs Department of R.T.I. In 1995, she took part in the start-up of Omnitel — now Vodafone Italia — where she had been Public and Legal Affairs Director and a member of the Executive Committee and Board of Directors since 2003. In 2012, she was tasked with European operations in the area of consumer protection and transparency of information for the Vodafone Group. Since June 2014, she has been in charge of Poste Italiane S.p.A.'s Institutional and Regulatory Affairs Department. In addition, she has been a member of the Board of Directors of Poste Vita S.p.A. and has chaired its Internal Control Committee. She is a Director of the non-profit organisation Fondazione Poste Insieme Onlus.

Umberto Nicodano

Director since 2000, he is also a member of the Remuneration & Appointments Committee of the company. A partner in the law firm BonelliErede since its foundation, he deals primarily with extraordinary

finance transactions and matters of corporate governance and succession. He sits on the Board of Directors and on internal board committees of various companies including Poste Italiane and Valentino, where he is President.

Pasquale Pistorio

Director of the company since 2008, he is a member of the Audit & Risk 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 a Director at FIAT Auto S.p.A. From May 2004 to December 2007, he was a Director of 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 Italian honorary title of "Commendatore al Merito" of the Italian Republic in 1974 and that of "Cavaliere del Lavoro" in 1997. During his career, he received several awards and honours, both nationally and internationally (France, Morocco, Singapore, etc.). In addition to his role in Brembo S.p.A., he currently serves as Director in Atos SA (listed company, France), and XiD (private company, Singapore).

Gianfelice Rocca

He has been a 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., Buzzi Unicem S.p.A. and Bocconi University. Since June 2013, he has been President of Assolombarda. In the 1990s, he founded the Istituto Clinico Humanitas in Milan, one of the most renowned hospital groups in Europe: an international center 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 the positions held by Directors in other companies based on examination and discussion within a board session of the Directors’ individual statements.

In accordance with the Remuneration & Appointments Committee’s opinion and the results of the Board’s Performance Evaluations performed upon the reappointment of company officers (2013 year-end), in the 2014-2016 term the Board of Directors 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 annual assessments based on the analysis and the discussion concerning the statements of each Director, taking into account the following criteria:

- Relevance of the Directorships or Auditorships held in other companies listed on regulated markets (including foreign markets), financial companies, banks, insurance companies or large companies³.
- 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;
- any relationship that may be or appear such as to compromise the independence of judgment of the Director.

³ For the assessment purposes, relevant positions are those held in companies that reported total sales or turnover exceeding €500,000,000.00 (five hundred million euro) in the last financial year.

Directors’ professional background



In 2015, the Board of Directors confirmed, based on the criteria set out above, that the positions held by Directors in other companies were compatible with effectively discharging their duties, pursuant to Article 1.C.2 of Brembo's Corporate Governance Code. The outcome is provided in the table on page 11.

3.5 Induction Programme

Following the re-appointment of Company Officers by the Shareholders' Meeting held on 29 April 2014, in the same year the Company launched an Induction Programme 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.

During 2015, the Induction Programme focused on the Group's short, medium and long-term growth strategy, run through two dedicated sessions, within Board meetings. These sessions saw the direct involvement of the Business Development Manager and the Top Managers involved in the main initiatives.

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. The Board of Directors is also responsible for the functions and tasks defined in Article 1 of the Corporate Governance Code, including: the analysis, sharing and approval of annual budgets and strategic, industrial and financial plans of Brembo S.p.A. and the Group and the related monitoring; definition of the corporate governance system and Group structure; evaluation of the nature and level of risk consistent with Brembo's strategic objectives, also in respect of the medium-long term sustainability of the company's activity; the adequacy of the organisational, administrative and accounting structure of Brembo and the subsidiaries having strategic relevance.

3.6.2 Meetings

The Board of Directors met eight times in 2015 (of which seven based on the corporate calendar disclosed to the public and one in extraordinary session) 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 11. Based on the calendar approved by the Board of Directors on 12 November 2015, a total of seven meetings are planned for 2016. At the date of publication of this Report, two Board meetings have already been held in order to examine and discuss, *inter alia*, items, documents, reports and proposals to be submitted to the General Shareholders' Meeting convened on 21 April 2016.

The Board of Directors' Meetings:

- are called by e-mail with confirmation of receipt, to be sent to all Board members and all the members of the Board of Statutory 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 Acting 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 summary schedules for each item, accompanied by detailed and analytical reports describing the various aspects to be evaluated (in narrative and quantitative terms) in order to take the relevant resolutions on an informed basis. The results of the 2015 Board Performance Evaluation confirmed that the pre-board reporting deadline was duly respected in 2015.

The material was made available solely to Brembo's Directors and Statutory Auditors through a dedicated application that allows Board documentation to be sent and consulted in electronic format, assuring a consistent level of access security. Special training was provided on the use of this application and a

special manual on the application's operation was given to Directors in the meeting on 5 March 2015.

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. More specifically, several Executives actually attended 5 of the meetings held in 2015 to present the Directors and Statutory Auditors with specific business and investment plans regarding their own function.

3.6.3 Activities carried out

During 2015, the Board of Directors exercised its powers and performed its duties as summarised below.

During its meetings of 5 March 2015, 26 March 2015, 23 April 2015, 14 May 2015, 9 July 2015, 30 July 2015, 12 November 2015, and 18 December 2015, the Board of Directors examined, assessed and monitored:

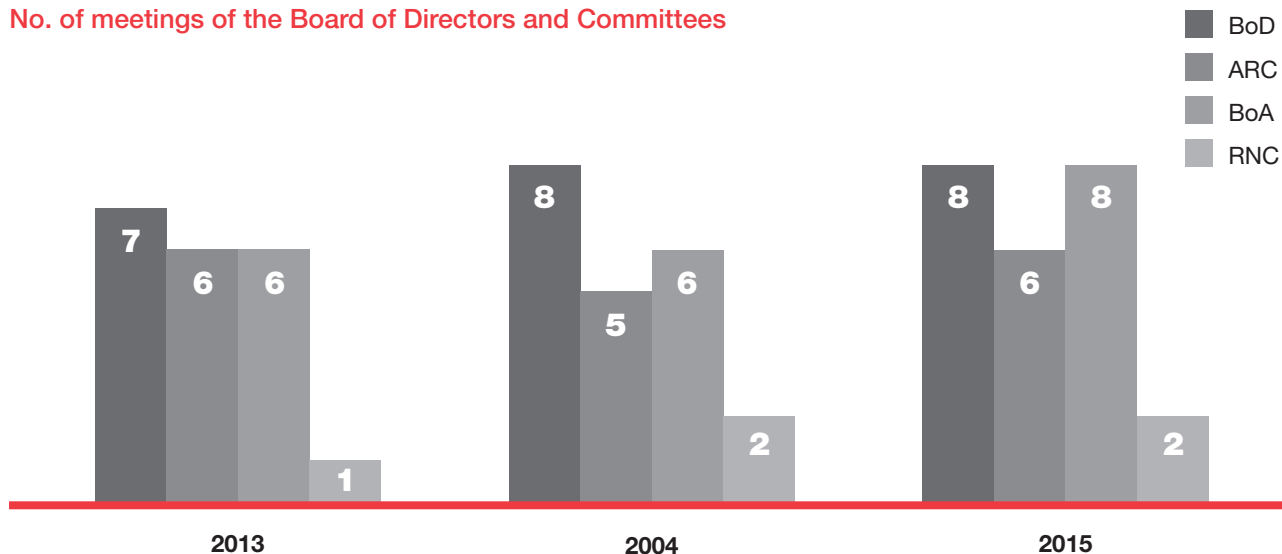
- the performance and foreseeable evolution, includ-

ing 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, constantly 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 2015, after hearing the main Managers in the company's business and management areas, the Directors discussed and unanimously approved the 2015-2017 Strategic Three-Year Plan with a view on 2018, having found that the nature and level of the risk involved is in line with the Plan's objective and sustainable in the medium-/long-term.

No. of meetings of the Board of Directors and Committees



In addition, the Board examined, assessed and approved transactions that, amongst other things, had an impact on the Group's organisational structure, also considering the various risk profiles related thereto and, for specific investment projects, their sustainability over time. For example:

- the signing of an agreement to acquire the majority stake (66%) in ASIMCO Meilian Braking Systems, a Chinese company operating in the braking systems market, which is expected to be finalised in the coming months;
- the sale of the remaining 70% stake in Belt & Buckle s.r.o. from Sabelt S.p.A. to Indiana Mills & Manufacturing Inc., finalised on 1 May 2015;
- the sale of the 65% stake in Sabelt S.p.A. to minority shareholders (Marsiaj family and Paolo d'Ormea), finalised on 1 June 2015;
- the purchase of a minority stake (2.8% of share capital) in E-Novia S.r.l., a Bergamo University/Milan Polytechnic spin-off.

The Board of Directors also passed resolutions to economically and financially support some Group companies through their recapitalisation (Brembo Argentina S.A. and Brembo do Brasil Ltd.) or releasing parent guarantees to issue credit lines in favour of subsidiaries (Brembo México S.A. de C.V., Brembo North America Inc., Brembo Nanjing Brake Systems Co. Ltd., Brembo Nanjing Foundry Ltd. and Qingdao Trading Co. Ltd.).

During the meeting held on 5 March 2015, the Board, having heard the opinions of the Governance Committees, examined and approved the documents and motions to be submitted to the General Shareholders' Meeting to be convened on 23 April 2015. It also prepared and immediately approved the motion concerning the distribution of an extraordinary dividend upon the 20th anniversary of the listing of Brembo S.p.A., paid to shareholders in July 2015.

In the area of remuneration of Directors and Key Management Personnel, based on the Remuneration & Appointments Committee's opinions and motions, on 5 March the Board of Directors examined and approved

- the motion regarding the short-term Incentive Plan MBO 2015 for executive directors, middle-managers and staff up to the seventh level;

- the 2015 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); in particular, when drawing up the 2015 Remuneration Policy, Brembo S.p.A. took account of the principles and application criteria identified in Article 6 (Directors' Remuneration) of the Corporate Governance Code (with reference to the changes introduced in July 2014), to which Brembo S.p.A. adheres, the new aspects of which were illustrated in the meeting of 31 July 2014;
- the 2015 Remuneration Report pursuant to Article 123-ter of TUF (Section I and Section II), which stated that the 2014 policy was consistent with the market references identified, both in terms of overall positioning and pay-mix.

The main aspects of short- and long-term remuneration policies and their consistency are illustrated in the 2015 Remuneration Report, in accordance with Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Remuneration Policies).

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 14 May 2015, 30 July 2015 and 3 March 2016 from the Director responsible for the Internal Control and Risk Management System, the Audit & Risk Committee, the Supervisory Committee and the Internal Audit Director, thus confirming the adequacy of the Internal Control and Risk Management System to the company's characteristics and risk profile, assessing its efficacy and consistency with established corporate objectives. In particular, during the meeting held on 30 July 2015, the Board of Directors approved the new Brembo's Guidelines for the Internal Control and Risk Management System, including also the coordination procedure between the parties involved in the system, reviewed by the Internal Audit Department with the support of the Legal and Corporate Affairs Department and in relation to which the Audit & Risk Committee, having been asked to provide an opinion, expressed favourably.

In its meetings held on 14 May 2015 and 3 March 2016, the Board of Directors met the Internal Audit Director in order to examine:

- the internal audit activities carried out in 2014 and verify the progress of the 2015 Audit Plan, adopting appropriate measures, where necessary;
- the 2016 Budget of the Internal Audit function and the Three-year Audit plan 2016-2018, by approving them, finding the same appropriate to the business and Group size.

In its meeting of 30 July 2015, the Board of Directors examined the results of the 2014 Management Letter issued by the independent auditors 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.

Regarding the Corporate Governance Code and Governance System, the Board of Directors:

- in the meeting of 30 July 2015, acknowledged the amendments introduced in July 2015 (on the matter of Corporate Social Responsibility and strengthening of company safeguards concerning legality and transparency, reflecting the developments in the national, European and international framework), verifying their impact on Brembo's Corporate Governance Code, based on discussions during the Lead Independent Director's meeting with the independent Directors on the same day;
- in the meeting of 18 December 2015, adapted Brembo's Corporate Governance Code, incorporating the amendments introduced in July 2015, in the light of considerations arising from the Lead Independent Director's meeting with the independent Directors on 30 July 2015, as well as the results of the specific questions posed in the questionnaires of the 2015 Board Performance Evaluation.

Regarding Legal Compliance (updating of the 231 Model and compliance programmes 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. 231/2001. On its meeting of 14 May 2015, 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. 231/2001).

In particular, in the meetings of 5 March 2015 and 30 July 2015, the Board acknowledged:

- the extension of the list of underlying offences with the inclusion of the new crime of self-laundering as per Article 648-ter (1) of Italian Penal Code, immediately adding the new offence to the "231" list of offences of the General Section of Brembo's Model;
- the extension of the list of underlying offences with the introduction of newly instituted environmental offences, as well as the provision by the Anti-Corruption Law (i) for a general increase in penalties for offences against the Public Administration and for organised crime offences, (ii) for the introduction, amongst the corporate crimes indicated in Article 25-ter, of a new offence, and (iii) for a revision of the crime of false corporate notices with the consequent tightening up of fines envisaged for Entities for such offence, authorising the Chairman to promptly update the list of offences in the General Section of the Model and in the respective Special Sections already existing and relevant in the light of the amendments introduced.

In light of the above-mentioned legislative changes, the company thus decided to carry out a general review of the 231 Model and, in the meeting of 30 July 2015, the Board of Directors approved the Fifth Edition of Brembo's 231 Model, a detailed description of which is given in paragraph 9.5.

Regarding the Corporate Social Responsibility project, in the meeting of 18 December 2015, the Board discussed and approved the Third Edition of the Code of Ethics, which had been examined beforehand also by the Audit & Risk Committee and the Supervisory Committee. The new edition, which is in the course of being disseminated, is the result of a preparation process which led to the production of a tailor-made text for Brembo, which has the following features:

- compliance with the laws of the countries in which Brembo operates;
- coherence with the recent Codes of conduct and policies issued by Brembo;
- a focus on Corporate Social Responsibility;
- strengthening of a global Group culture.

Finally, in the meeting of 12 November 2015, the Board examined the results of the 2015 Board Performance Evaluation coordinated by the Lead Independent Director with the support of the company's Legal & Corporate Department. 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 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. An examination of the significant transactions carried out in 2015 led to the conclusion that they were all consistent with the resolutions taken by the Board of Directors.

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. Based on the organisational model (including with a view to succession planning) approved on 6 June 2011, the Board confirmed the

respective powers granted to the Chairman, Executive Deputy Chairman, Chief Executive Officer and General Manager, as specified below.

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. The Chairman was also 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. In the meeting of 12 November 2015, the Board of Directors passed a resolution to supplement certain powers attributed to the Executive Deputy Chairman in the area of trade union delegated authority, regarding second-tier company bargaining, and intercompany relations, with specific reference to the signing of technical-administrative management contracts and financial contracts.

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 above-mentioned powers are registered with the Company Register.

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, strategic plans and medium-/long-term incentive 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. During 2015, these activities always proved consistent with the Board's resolutions.

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 the 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 paragraph);
- Andrea Abbati Marescotti, CEO and General Manager of the company (whose powers are described in the previous paragraph);
- Cristina Bombassei, Director with responsibilities for the Internal Control and Risk Management System, as well as CSR Officer (whose powers are described in 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 by examining and discussing the individual situation of each Director during a Board meeting.

For 2015:

- Director Umberto Nicodano was deemed a non-independent director;
- the following Directors were deemed independent: Barbara Borra, Bianca Maria Martinelli, Giovanni Cavallini, Giancarlo Dallerà, Pasquale Pistorio, Gianfelice Rocca.

In particular, having heard the opinion from the Remuneration & Appointments Committee, and on the basis of the principle of substance over form, in 2015 the Board assessed 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.

During the same meeting, the Board, as recommended by the Remuneration & Appointments Committee, reserved the right to consider during the year the appropriate actions to be taken regarding the office of Chairman of the Audit & Risk Committee held by Giovanni Cavallini, and the position of member of the Audit & Risk Committee held by Giancarlo Dallerà, based on the provision of the aforementioned Article 3.C.1.(m) of Brembo S.p.A.'s Corporate Governance Code. This further assessment was completed during the Board meeting of 12 November 2015, in which the Board deliberated a new composition of the Audit & Risk Committee, effective 1 January 2016 up to the end of the Board's term of office (General Shareholders' Meeting approving the 2016 Financial Statements), inasmuch as Directors G. Cavallini and G. Dallerà had exceeded the terms of office provided for by Brembo S.p.A.'s Corporate Governance Code.

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

The independent Directors met, coordinated by the Lead Independent Director:

- on 30 July 2015, to examine how the Corporate Governance Code has been applied in Italy and best practices in the area of governance and sustainability, also in light of the amendments made to the Corporate Governance Code in July 2015, and to evaluate how these have been implemented within Brembo;
- on 12 November 2015, to examine the outcome of the 2015 Board Performance Evaluation, the findings of which are set out in paragraph 3.10 of the Report.

A minute was specifically drawn up for each meeting.

3.10 Lead Independent Director

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.

2015 Board Performance Evaluation.

On the request of the Board and with the support of the Legal & Corporate Department, the Lead Independent Director coordinated the 2015 Board Performance Evaluation on the size, composition and functioning of the Board and its Committees. As the Board is midway through its term of office, the evaluation covered the actions taken by the company to improve the critical issues that had emerged during the initial self-assessment, as well as the changes introduced by the Corporate Governance Code in July 2015 and the evaluation of their implementation within Brembo. The next phase will analyse the possible requisites and any proposals on Board composition and size for its 2017-2019 term of office.

The evaluation was carried out requesting all Directors to confirm and/or amend their responses to the questionnaires compiled in 2014, with the aim of verifying any improvements, and respond to additional questions on the topics covered by the latest change to the Corporate Governance Code (updated in July 2015). The results of this activity, received at the end of October 2015, were assessed by the Lead Independent Director, summarised in a special document provided to the Directors and examined during the meeting of the Independent Directors on 12 November 2015 and, subsequently, during the Board of Directors' plenary meeting held on the same day.

| Board Evaluation Process | Executed | Type of assessment | Assessing party |
|-----------------------------------|----------|--------------------|---------------------------|
| 2015 Board Performance Evaluation | Yes | Independent | Lead Independent Director |

In general, the Board was unanimous in expressing 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;
- an improvement was noted in the functioning of meetings particularly regarding Directors' attendance via telephone, also thanks to the use of the application dedicated to Board meetings introduced in 2014;
- the majority of responses which referred, amongst other things, to the 2015 amendments made to the Corporate Governance Code, reflected complete satisfaction as regards the additional questions as well; more specifically it was considered that: Board meetings are conducted in accordance with the Agenda, allowing sufficient time to be spent on discussing each item, and they also enable business operating risks to be evaluated from the standpoint of medium-long term sustainability when strategic decisions are taken.

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 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 accounting results for the period (black-out period).

A complete copy of the Regulations is available on Brembo's website: www.brembo.com, Company section, Governance Documents.

No Internal Dealing transactions were carried out in 2015 and, therefore, no associated disclosure was made⁴.

5. BOARD COMMITTEES

In accordance with the Corporate Governance Code, Brembo established all Committees provided for in the Code. The composition, duties and functioning of all Committees are defined in specific Regulations 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 Committee⁵, appointed on 29 April 2014, 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

⁴ It should be noted that, on 9 February 2016, the CEO A. Marescotti purchased 12,300 company shares.

⁵ 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.

special offices and Key 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 Chairman of the Board of Statutory Auditors or another Statutory Auditor as required by the Chairman; 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 2015, upon notice of calling, the Committee held two meetings, respectively, on 24 February and 19 October 2015 (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 (Legal & Corporate Director or the Corporate & Compliance Manager), the Human Resources & Organisation Director was invited to the meetings to present the subjects falling within his responsibility.

On 24 February 2015, the Remunerations & Appointments Committee examined:

- the short-term annual Incentive Plans, with reference to the end of the "MBO 2014" annual Incentive Plan for Executives Directors, middle-managers and white-collar employees up to the seventh level with a focus on Directors holding special positions (Executive Deputy Chairman and CEO), as well as the proposed "MBO 2015" annual Incentive Plan;
- the 2015 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 2015 Remuneration Report in accordance with Article 123-ter of TUF (Section I and Section II), assessing and confirming the effective implementation of the 2014 remuneration policies;
- the compatibility of other offices held by Directors and Statutory Auditors and the existence of the independence requirement for Directors and Statutory Auditors laid down by the Corporate Governance Code, for purposes of the Board's regular evaluation.

The Committee then submitted the proposals in question to the Board of Directors, which approved them and adopted the relevant recommendations. The Remuneration Report drawn up pursuant to Article 123-ter of TUF provides further information regarding the remuneration policies. The Report is available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Remuneration Policies).

In the meeting of 19 October 2015, the Remuneration & Appointments Committee considered the proposal to change the composition of the Audit & Risk Committee, given that the terms of office provided for by Brembo S.p.A.'s Corporate Governance Code had been exceeded by the Committee's Director and Chairman G. Cavallini and Director G. Dallerà. A proposal was drawn up for a new composition which was presented (and approved) by the Board of Directors on 12 November 2015. The new composition is described in paragraph 8 of the Report.

Lastly, the Committee held a meeting on 3 March 2016 to:

- evaluate the closing results of the short-term annual Incentive Plan (MBO 2015) and the Incentive Plan for Executive Directors and Top Managers (LTIP 2013-2015), and their consistency with the short and long-term policies adopted previously;
- evaluate and define the proposals of the new short and long-term remuneration policies, including the new three-year Incentive Plan for Top Managers (LTIP 2016-2018);
- examine the 2016 Remuneration Report for subsequent approval by the Board of Directors.

7. REMUNERATION OF DIRECTORS

Please refer to the Remuneration Report pursuant to Article 123-ter of TUF, which is available on Brembo's website (www.brembo.com, Company section, Remuneration Policies).

8. AUDIT & RISK COMMITTEE

The Audit & Risk Committee, which also performs the function of Related Party Transactions Committee⁶ was appointed on 29 April 2014 and consists of 3 members, indicated below. Given that the terms of office provided for by Brembo S.p.A.'s Corporate Governance Code had been exceeded by Directors G. Cavallini and G. Dallera, the Board of Directors' meeting on 12 November 2015 approved a new composition of the Audit & Risk Committee, effective 1 January 2016 and up to the end of the Board's term of office (General Shareholders' Meeting called to approve the 2016 Financial Statements).

Until 31 December 2015, the Audit & Risk Committee was made up as follows:

| Members | Position |
|-------------------------|-----------------------------------|
| GIOVANNI CAVALLINI | Independent Director - Chairman |
| BIANCA MARIA MARTINELLI | Independent Director ⁷ |
| GIANCARLO DALLERA | Independent Director |

⁶ 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 Rules issued by Borsa Italiana S.p.A., and Article 3 of Brembo S.p.A.'s Corporate Governance Manual.

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

As of 1 January 2016 and until the end of the term of office of the Board of Directors (General Shareholders' Meeting called to approve the 2016 Financial Statements), the Audit & Risk Committee will be made up of:

| Members | Position |
|-------------------------|---|
| PASQUALE PISTORIO | Independent Director and Lead Independent Director - Chairman |
| BIANCA MARIA MARTINELLI | Independent Director ⁸ |
| GIOVANNI CAVALLINI | Independent Director |

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 Chairman 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 Manager in charge of the Company's financial reports, or a person delegated by the said Manager, for matters falling within his remit.
- the Risk Manager;
- the Corporate & Compliance Manager, also serving as Committee permanent secretary.

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 2015, the Audit & Risk Committee held six meetings, duly recorded in the minutes, lasting about 3.5 hours each on average, on the following dates: 26 February, 7 May, 17 June, 22 July, 29 October, 2 December. Moreover, on the date of approval of this Report (25 February 2016), the Audit & Risk Committee held one meeting, during

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

which it discussed the 2015 final reports and passed a favourable opinion for the 2016-2018 three-year Audit Plan and 2016 Budget of the Internal Audit function, finding the same appropriate and accordingly submitting them to the Board of Directors for approval.

Several meetings were also attended by the Administration & Finance Director, the Treasury & Credit Manager, the Purchasing Director, the IT Director, the Legal & Corporate 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 2015 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 2015 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 Administration & Finance Director on significant transactions and transactions entailing a potential conflict of interests within the meaning of the 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 authority 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:
 - updating Top Risks as part of the ERM Project presented in 2014;
 - issue of the Risk Management Procedure;
 - annual renewal of insurance covers;
 - tender to appoint an insurance broker, conducted in accordance with internal procedures and under Purchasing Department supervision, for purposes of an evaluation that takes account of both quantitative and qualitative parameters;
 - the loss that occurred in China on 28 June 2015 relating to the flooding of the Nanjing plant after the riverbank burst 5 kilometres away;
- 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;
 - main 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 17 June 2015, the Audit & Risk Committee also met with the Executive Deputy Chairman, at the presence of Statutory Auditors and Independent Auditors, to examine the content of the Management Letter for financial year 2014 issued by the Independent Auditors, as well as the related conclusions and recommendations, which were then reported to the Board of Directors and the Board of Statutory Auditors. No shortcomings were found in the internal control system relating to financial reporting and no significant uncertainties exist regarding the company's going concern. The meeting then monitored the state of progress of the improvement plans prepared by the management. 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, also by meeting with the company's managers involved in the different projects, on:

- the results of the assessment that involved the Group Central Treasury and gave a positive outcome; Brembo was found to be on a higher level than its peers;
- information on the scheme to revise the System of Delegated Powers, Tasks and Authorities, which has now become a rolling company process, with a focus on the system of delegated powers conferred in the administrative area following reorganisation of the Administration & Finance Department at the end of December 2014;
- the results of the Engagement Survey carried out at the beginning of 2015 and aimed at all Group employees, the goal of which was to measure the engagement level of staff, based on trends and best practice;
- information on the LIFT (Leadership International Fast Track) project, launched on a trial basis in 2014 with the aim of identifying about ten (out of more than 1,000) new graduates with an outstanding curriculum, to be taken on for a period of 12/24 months. All those selected would spend a period in a factory, experience a number of different positions (including one abroad), while being monitored/shadowed by a sponsor and an in-house tutor, with the possibility of a permanent placement being considered at the end of this path;
- the procedures and (positive) results of the sustainability audit performed at the Curno Car Plant at the end of January 2015, on the request of Brembo's customer BMW;
- the results of the Tax Assessment carried out on a number of Group companies and the principles applied worldwide regarding power of signature for bank accounts;
- information on the Brembo Legal Compliance System project, carried out worldwide with the aim of providing Group companies with local compliance programmes, in accordance with legislation on the matter of the entity's administrative/criminal responsibility in individual countries, and hence implementing a system in each company able to

mitigate exposure to penalties on the matter of corporate criminal liability, when this is allowed by local law;

- the update by the Purchasing Department on the matter of Supplier Risk Management and implementation of the authorisation matrix for the main purchase management processes;
- the update on the state of implementation of the AX-ERP System in the Group's foreign companies and the technical migration of AX4 release to AX12R3 release;
- information on the results of the trials of the IT Disaster Recovery Plan and the maturity level of Brembo's IT systems, as well as on the significant protocols for 231 purposes relating to Information Technologies processes;
- the examination of the text of the new edition of the Code of Ethics and related preparation process.

In addition, the meeting of 22 July 2015 examined and positively evaluated the proposals to revise the two significant documents for implementing the Internal Control and Risk Management System:

- Guidelines for the Internal Control and Risk Management System;
- Policies for implementing the Internal Control and Risk Management System.

Document revision was deemed instrumental to incorporate the significant changes taking place in the corporate governance system. At the same time, the Committee examined and expressed a favourable opinion on the revision of certain procedures and instructions of the Internal Audit Department, including: "PG.W.IA-02 Audit Process", "PG.W.IA-03 Follow-up Activities", and "PG.W.IA-04 Control Risk Self Assessment".

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 7 May 2015, examined the com-

pany'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 2014 Financial Statements, and confirmed the amount of €250,000.00 as the "threshold" for determining Low Value Transactions.

- examined and positively assessed the amendments that the company proposed to make to the Related Parties Procedure to bring it in line with the internal organisational changes within the Administration & Finance Department.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Brembo's Internal Control and Risk Management System (hereinafter for brevity, "System" or "ICRMS"):

- complies with the principles set out in Article 7 of the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. published in December 2011 (hereunder "Corporate Governance Code") and, more generally, with the best national and international practice;
- represents the set of rules, procedures and organisational structures that allow the main business risks within the Group to be identified, measured, managed and monitored;
- helps the company to be run in a manner that is sound, correct and consistent with the objectives defined by the Board of Directors, favouring the adoption of informed decisions consistent with the risk profile, as well as dissemination of a proper understanding of risks, legality and corporate values.

| Appropriateness of the Internal Control and Risk Management System | Yes/No |
|--|--------|
| Existence of a document containing guidelines for the Internal Control and Risk Management System | YES |
| Presence of an Executive Director charged with overseeing the Internal Control and Risk Management System | YES |
| Presence of organisational structures responsible for risk management (Risk Management Committee — Risk Manager) | YES |
| Existence of an Audit Function tasked by the Board of Directors with systematically assessing the efficiency and efficacy of the Internal Control and Risk Management System | YES |
| Preparation of specific compliance programmes (Code of Ethics, Model According to Legislative Decree No. 231, Anti-bribery Code of Conduct , Policy of Non-Discrimination and Diversity, Code of Basic Working Conditions) | YES |

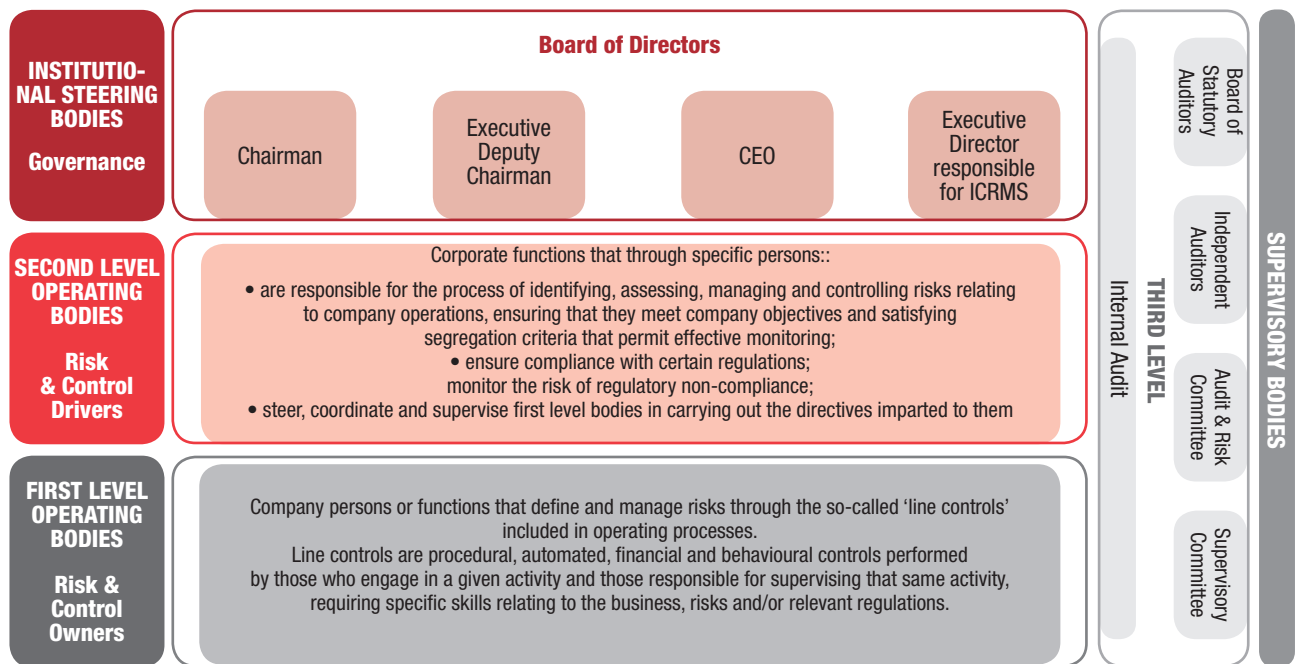
The ICRMS is therefore an essential component of the Corporate Governance System of Brembo S.p.A and the Group's subsidiaries. It was set up to share ethical business principles and values, reflects Brembo's Code of Ethics and seeks to establish over time a fully-fledged culture of corporate controls aimed at ensuring legality, correctness and transparency in all company operations, involving the whole organisation in developing and applying methods to identify, measure, manage and monitor risks.

In operational terms, these principles translate into the achievement of Internal Control and Risk Management System objectives, which consist of:

- helping to ensure the reliability of information;
- ensuring compliance with laws and regulations, as well as the company's By-laws and internal procedures;
- safeguarding company assets;
- facilitating the efficacy and efficiency of company operations and processes.

The System is organised as shown in the organisational chart.

BREMBO'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM



In the meeting of 30 July 2015, the Board of Directors approved the new Guidelines for the Internal Control and Risk Management System (available on the company website at the following link: www.brembo.com, Company, Corporate Governance, Codes & Policies), previously examined and positively assessed by the Audit & Risk Committee together with the new Policies for Implementing Brembo's Internal Control and Risk Management System. The revision of the two significant documents for implementing the Internal Control and Risk Management System, conducted by the Internal Audit Department with the support of the Legal & Corporate Affairs Department, was deemed necessary in order to incorporate the significant changes made to the company's Governance from 2009 (first issue date) to the current date. Set out below are the main changes implemented, particularly regarding the Policies for Implementing the Internal Control and Risk Management System:

- extension of the definitions of Corporate Bodies;
- updating of the contents of the Corporate Governance Manual issued in 2012;
- integration of the new Risk Management System (new function, issue of policies and reorganisation of the function) into the Internal Control System;
- updating of the new Roles and Responsibilities arrangements with a more correct allocation and redefinition of certain functions;
- extension of the description of responsibilities and duties of Country General Managers and corporate Departments in respect of the Group;
- changes introduced by the new reference model (CoSO Framework 2013);
- organisational changes: CSR Officer, reorganisation of the Administration & Finance Department.

All the functions involved have taken part in defining their own role within the ICRMS and relevant documentation.

By issuing the Guidelines, the Board of Directors intended to steer actions relating to the ICRMS so that:

- it would become an integral part of the Group's operations and culture, by initiating suitable information, communication and training processes, as well as adopting remuneration and disciplinary systems designed to foster proper risk management and discourage conduct contrary to control system principles;

- it would react promptly to significant risk situations, arising both within the Group and from changes in the environment in which the Group operates;
- it would become effective and efficient also in communication terms, adopting suitable organisational solutions to ensure that the functions directly involved in the ICRMS have access to the necessary information, for subsequent reporting to top management;
- it would provide for regular controls of the ICRMS' effectiveness and the possibility of activating specific assessment procedures in the event of weaknesses being reported therein;
- it would facilitate the identification and prompt execution of corrective actions.

The Board of Directors is aware that the control processes cannot provide absolute assurances that the company objectives will be achieved and the intrinsic risks of business prevented; however, it believes that the ICRMS may reduce the likelihood and impact of wrong decisions, human error, fraud, violations of laws, regulations and company procedures, as well as unexpected events.

Monitoring of the adequacy and effective operation of the Internal Control and Risk Management System, as well as any revision thereof, is an essential part of the system's structure.

The Internal Control and Risk Management System is therefore subject to regular examination and controls, taking account of developments in the company's operations and reference context. Based on the roles and responsibilities already defined, various control bodies can be identified with responsibility for performing checks and expressing opinions on the Internal Control and Risk Management System.

The overall and final assessment remains with the Board of Directors, which expresses an opinion regularly based on reports produced by the Control and Supervisory Bodies, not only to verify that the system exists and is being implemented within the Group, but also to carry out a regular detailed examination of its fitness and effective and concrete operation.

Such an assessment could therefore indicate the need to draw up further policies, processes and rules of conduct allowing the Group to adequately react to

new or mismanaged risk situations. Such improvement measures, which are the responsibility of the respective management area, have to be coordinated by the Internal Control and Risk Management System Director.

The Board of Directors has already identified the key roles and responsibilities in the Internal Control and Risk Management System, through the approval of various company documents to which reference is made. In brief, the ICRMS involves, based on the respective duties, the administrative Bodies (Board of Directors, Audit & Risk Committee, Executive Directors, and particularly ICRMSD), the Board of Statutory Auditors, Independent Auditors, Supervisory Committee, Internal Audit function and the other company roles and functions with specific tasks regarding internal control and risk management, organised in relation to business size, complexity and risk profile. In addition, management is responsible for the effective implementation of the Internal Control and Risk Management System for the areas within their respective remit, through the collaboration and active contribution of all those who work in and with Brembo, at each level in their working activity, helping to create not only economic but also ethical value for the company.

The key roles to mention are:

- the Executive Directors, charged with defining further policies for effective implementation of these guidelines, referring to models of best practice; these policies will be approved by Top Managers and reported to the Audit & Risk Committee.
- the Audit & Risk Committee, tasked with supporting the Board of Directors on internal control and risk management issues;
- the Executive Director with responsibility for the Internal Control and Risk Management System, tasked with identifying the main corporate risks by executing risk management guidelines and verifying their adequacy;
- the Managerial Risk Committee, responsible for identifying and weighing the macro-risks and working with the system parties to mitigate them;
- the Risk Manager, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified, adequately measured, managed, monitored, and

integrated within a corporate governance system consistent with the strategic objectives.

The Internal Audit function evaluates the effectiveness and efficiency of the overall Internal Control and Risk Management System on a regular basis and reports the results to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer, the Board of Statutory Auditors, the Audit & Risk Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001. On an annual basis, it also reports to the Board of Directors.

Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical region in which Brembo operates. The meetings also focus on determining the actions required to mitigate any risks. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the risk management policy and procedure, in the Organisation, Management and Control Model (as per Italian Legislative Decree No. 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-bis of TUF), to which the reader is referred.

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.

In order to ensure an appropriate methodological approach, Brembo has approved an Enterprise Risk Management policy (ISO31000) as the key policy document and a risk management procedure supporting the risk management process, able to provide man-

agement with the necessary tools for identifying, assessing, weighting and handling the same risks. This methodology provides:

- the Brembo risk model that classifies risks into the following macro families: external risks, strategic risks, financial risks and operating risks;
- the metric to be used in risk assessment, both quantitative (EBIT/Cash Flow) and qualitative (Operating/Reputational), and the likelihood of occurrence;
- the format containing the data required to identify, evaluate, weight and manage the risks, which will form Brembo's risk register.

The Enterprise Risk Management process relating to the strategic objectives is carried out annually, as is monitoring of the risk management activities.

The Internal Control System is involved in the broader Risk Management System, through the control activities designed to mitigate business risks. Brembo's Internal Control System refers to the CoSO Framework, which represents best international practice for company Internal Control Systems. The CoSO Report hence represents the reference model for:

- implementing the Control System;
- assessing the efficacy of the Control System.

It also underpins Brembo's Organisational, Management and Control Model, pursuant to Legislative Decree No. 231/2001, and the Brembo Group's Reference Scheme for preparing the corporate accounting documents, pursuant to Law No. 262/2005.

Brembo adopted the new 2013 CoSO framework (Committee of Sponsoring Organizations) as of 2015.

9.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 30 July 2015 and 25 February 2016, 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, to prevent the risks identified. Furthermore, the accounting principles and procedures are properly applied for the purposes of preparing the periodic financial reports.

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;
- the Internal Audit Function constantly monitors improvement plans and discharges its assurance tasks on a structured basis in accordance with plans implemented worldwide;
- the progress achieved through the Enterprise Risk Management (ERM) model launched in 2014 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 of the Company's financial reports 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 to 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 as well 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.

During 2015, in accordance with the guidelines on the ICRMS adopted by the Board of Directors, the ICRMSD, and with the prior favourable opinion of the Audit & Risk Committee, issued the new edition of "Policies for implementing the Internal Control and Risk Management System" updated in July 2015.

The new Policies identify the overall and integrated design of Brembo's Internal Control and Risk Management System, considering the evolution of Brembo's organisational structure, changes in the legislative and regulatory scenario, as well as in best international practice.

The Executive in charge of the Internal Control and Risk Management System submitted the annual report to the Board of Directors at the meeting held on 3 March 2016.

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 30 April 2015, 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") 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 Director responsible for the Internal Control and Risk Management System (ICRMSD) and the 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 laws. 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 also 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 2015, 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 231/2001, 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. 231/2001, 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 2015, 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 25 February 2016, the Audit & Risk Committee was provided with appropriate information on the results of IA Director's activities for 2015, 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 2015, 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. 231/2001

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 rely on 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.

During its meeting held on 30 July 2015, Brembo's Board of Directors approved the new version of the Model, now in its fifth edition, with the main amendments to the General Section focusing on:

- the update of the list of underlying offences with the inclusion of new offences in light of the following regulatory and statutory provisions:
 - Law No. 68 of 22 May 2015, which introduced in the Italian Penal Code environment offences, and consequently, extending the list of offences targeted by Article 25-undecies with the following criminal offences: environmental pollution, environmental disaster, negligent offences against the environment, illicit traffic and disposal of highly radioactive materials;
 - Law No. 69 of 27 May 2015 (so-called “Anti-corruption Law”) which generally increased the severity of criminal penalties for offences against the Public Administration (Article 25) and for organised crime offences (Article 24-ter) and introduced, amongst the corporate offences targeted by Article 25-ter, a new criminal offence, whilst also revising the offence of the false corporate notices and increasing the fines imposable on Entities for such offences;
- bringing the provisions in line with Confindustria's 2014 Guidelines;
- fine-tuning the description of Brembo S.p.A.'s organisational functions involved in updating and monitoring implementation of the 231 Model;
- inclusion and description of Brembo's Corporate & Compliance Tools set of oversight structures, procedures and documents designed to ensure the effectiveness of the prior control system implemented by Brembo including to ensure compliance with Legislative Decree No. 231/2001 and applicable to the Group's Italian and foreign companies);
- clarification of compliance issues within the Group (i.e. description of the local compliance programmes to be implemented by all Italian and foreign

Group companies and the relevant organizational functions, to adopt the appropriate measures to preventing the incurrence of vicarious corporate liability at either local level or any such liability for the parent company).

With reference to the Special Sections of the 231 Model, the company felt that existing measures were appropriate to prevent the newly introduced underlying offences, with the result that no new Special Sections were added, although the existing Special Section focusing on illegal money receiving and laundering offences was extended in light of the outcome of the risk assessment undertaken on sensitive processes at risk to the commission of the new underlying offence of “self-laundering” punishable under article 648-ter, paragraph 1, of the Italian Penal Code, pursuant to Article 25-octies of Legislative Decree No. 231/2001, as introduced through Law No. 186 of 15 December 2014.

The Fifth Edition of Brembo’s 231 Organisational, Management and Control Model, available on Brembo’s internet website (www.brembo.com, Company section, Corporate Governance, Codes & Policies), is made up of:

- a General Section illustrating the company’s profile and the regulatory framework of reference, as well as the Model’s underlying principles and components, now known as “Brembo’s Corporate and Compliance Tools”, functions, construction methods, structure and recipients, relationships with Group companies, dealings with business partners, the disciplinary system, training and outreach initiatives, procedures for amending and updating the Model, and specifically referencing the whistleblowing procedure;
- 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 following documents, oversight structures and procedures form integral part of the Model:

- the **Code of Ethics**, laying 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, also for the benefit of all stakeholders even with reference to intentional crimes and negligent manslaughter or personal injury committed in violation of accident-prevention and occupational health and safety regulations;

- the **Brembo Compliance Guidelines**, approved by the Board of Directors, 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 of content of the various Special Sections for the recipients of the Brembo Model;

- the **Antibribery Code of Conduct**, approved by the Board of Directors in November 2013, which ensures the principles of transparency and clarity with respect to permitted conduct and compliance with antibribery regulations in force in all places in which Brembo and all persons acting on its behalf in any capacity whatsoever operate. The Code also sets out Brembo’s policy regarding the acceptance and offering of gifts, hospitality and entertainment (i.e., the free provision of goods and services, for promotional or public relations purposes), defining each party’s responsibilities in order to ensure the observance of the highest standards of integrity and avoid any suspicion of inappropriate motivation underlying the offer or acceptance of a gift or act of hospitality, or an undue influence exercised on the recipient or by the recipient who accepts such an offer;

- the **Brembo’s Code of Basic Working Conditions** that codifies the principles underlying Brembo’s relationships with its employees, intended exclusively for Internal use within the Company and by persons who for any reason or cause whatsoever operate on Brembo’s behalf, such as business partners.

- the **Brembo Policy of Non-discrimination and diversity**;

- Brembo’s **Operating Procedures, Instructions and related Internal Authorisation Matrixes**, available for consultation on the Company’s webportal, and duly referenced in the Sensitive Activity Sheets, in that they serve the preventive purposes contemplated

in the Decree; other management systems and/or procedures applicable in specified corporate areas, in compliance with specific regulatory requirements, but also serving the preventive goals contemplated in the Decree.

With reference to the activities undertaken with regard to the 231 Model in 2015, it should be mentioned that:

1. during its meeting held on 5 March 2015, after the list of underlying offences was extended to include the new offence of self-laundering punishable under article 648-ter, paragraph 1, of the Italian Penal Code, the Board of Directors resolved to place the said offence within the scope of the General Section of Brembo's 231 Model, specifying that existing preventing measures already in place within the Company in respect of sensitive processes at risk to the commission of the offences of money receiving and laundering are effective at also preventing the commission of the new offence, and, moreover, that the company had measures already in place designed to prevent/contain risks of non-compliance, within the meaning of Law No. 262/2005 focusing on administrative-accounting and tax-related corporate procedures that could potentially be considered sensitive also in terms of exposure to the commission of the offence of self-laundering.
2. On 14 May 2015, 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. 231/2001).
3. During its meeting held on 30 July 2015, after acknowledging the inclusion of:
 - newly instituted environmental offences such as environmental pollution, environmental disaster, negligent offences against the environment, illicit traffic and disposal of highly radioactive materials;
 - a newly instituted corporate offence, classified as "less serious offences" as well as the harshening of penalties for offences against the Public Administration and organised crime offences, the Board of Directors resolved to proceed

as follows, in respect of each type of offence mentioned above:

- extension of the list of offences specifically targeted under the General Section, to include the newly instituted environmental offences, whilst considering their impact on Brembo's 231 Model to be minimal, given that the sensitive processes potentially at risk to the commission of the new offences have already been subjected to risk assessment and existing environmental oversight are constantly monitored and updated;
- mere updating of the list of Offences against the Public Administration, Organised Crime Offences and Corporate Offences targeted under the relevant Special Sections, given that the related sensitive processes have already been subjected to risk assessment and corresponding preventive measures are constantly monitored and updated.

Prior to formalisation, the above course of action was notified to the Supervisory Committee, following consultation with the Internal Risk Committee that convened on 21 July 2015, with a view to assessing the extent to which the new offences could, in theory, be committed within the company.

4. Throughout 2015, Brembo continued to update its 231 Model 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.
5. 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.

6. 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.

The Supervisory Committee was appointed in the General Shareholders' Meeting on 29 April 2014 called upon to renew company officer appointments and will continue to serve until the end of the term of office of the Board of Directors. Its term of office will hence end on the date of approval of 2016 Financial Statements. It consists of six members:

| Members | Position |
|---------------------|-------------------------------|
| RAFFAELLA PAGANI | Acting Auditor - Chairwoman |
| MILENA T. MOTTA | Acting Auditor |
| SERGIO PIVATO | Acting Auditor |
| ALESSANDRA RAMORINO | Internal Audit Director |
| MARCO BIANCHI | External member ⁹ |
| MARIO TAGLIAFERRI | External member ¹⁰ |

The mixed composition and panel layout of the Committee is aimed at ensuring its autonomy, independence, 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 professionalism and technical know-how.

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

⁹ Private practice lawyer - Studio Castaldi Mourre & Partners, Milan; he does not hold other offices within the company's Corporate Bodies.

¹⁰ Certified Public Accountant and Certified Auditor, Private practice, Studio Lexis – Dottori Commercialisti associati in Crema; he does not hold other offices within the company's Corporate Bodies.

Legislative Decree No. 231/2001. On the basis of the Supervisory Committee Regulation, this Committee is chaired by the Chairwoman of the Board of Statutory Auditors (Raffaella Pagani).

As regards the specific activities within its remit, the Supervisory Committee met on 26 February, 7 May, 22 July, 29 October, and 2 December 2015. The Chairwoman of the Committee also attended the Audit & Risk Committee meetings for the matters within her responsibility and interest. On 25 February 2016, a meeting was held to discuss the final periodic reports for 2015. In addition, the Chairwoman of the Supervisory Committee consulted independently with the Internal Audit Department to examine certain risk assessment analyses made by 231 team, as well as to analyse the investigations carried out as a result of a number of reports.

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. In order to check that the Model was implemented effectively, audit activities were carried out with the support of the Internal Audit function, based on the Supervisory Committee's action plan. Oversight of the Model was 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. 231/2001.

As part of the assessment and analysis of the Model's soundness and functionality requisites, the Supervisory Committee examined and analysed the proposal to revise the 231 Model and, hence, the text of the Fifth Edition proposed by the company, offering suggestions and improvements.

During the year, no violations of laws subject to the penalties provided for in Legislative Decree No. 231/2001 were reported.

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 audits 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 reports¹¹, 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

¹¹ Matteo Tiraboschi has held this office since 2009.

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 Director in charge of the Internal Control and Risk Management System 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, 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, it coordinates the Managerial Risk Committee and relies upon the support of the Risk Manager 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 is available on Brembo's website (www.brembo.com, Company section, Corporate Governance, Governance Documents).

The purpose of the 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 Procedure indicates the rules for evaluating the moderately and highly significant transactions undertaken directly by Brembo or through subsidiaries and establishes the organisational safeguards and information streams deemed fit to ensuring that the competent bodies enjoy complete, timely access to all information useful in evaluating such transactions.

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.

At the end of 2015, with a positive opinion from the Committee, the Company updated several paragraphs of the Related Party Transactions Procedure to bring it into line with the organisational changes to its Administration and Finance Department.

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

Main aspects of the Procedure for Related Party Transactions

| | |
|--|---|
| Related Party Transactions Committee | This function is performed by the Audit & Risk Committee, as it consists of three non-executive and independent Directors. |
| Scope of Application | <p>Parties set forth in Attachment 1 to the Consob Regulations (which referred to IAS 24 at the date of publication of Regulations):</p> <ul style="list-style-type: none"> • Brembo S.p.A.'s Directors, both executive or non-executive; • Acting Auditors; • Key management personnel (in the case of Brembo S.p.A.: Chairman, Executive Deputy Chairman and Manager in charge of the Company's financial reports, CEO and General Manager of Brembo S.p.A.); • close members of the family of Directors and Acting Auditors, who may be expected to influence, or be influenced by, that individual in their dealings with Brembo; • Entities in which one of the individuals or entities mentioned above exercises sole or joint control or significant influence, or in which the said individual or entity directly or indirectly holds a significant stake bearing no less than 20% of the voting rights. |
| Low Value Transaction Threshold | €250,000, subject to annual review; this threshold was approved by the Board of Directors on 14 May 2015, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the Company. |
| Moderately Significant Transaction thresholds | Transactions whose value ranges from €250,000 and the Highly Significant Transaction threshold. |
| Highly Significant Tresholds/Indices | Identified on the basis of the last Financial Statements, subject to annual review in accordance with the financial statements results approved by the Shareholders' Meeting (lastly updated by the Board of Directors on 14 May 2015 based on 2014 Financial Statements data) |
| Exclusions / Exemptions | <p>Resolutions (other than those passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors and Members of Committees with special tasks, as well as Key Management Personnel, inasmuch as such resolutions also involve the Remuneration & Appointments Committee, which consists solely of Non-executive Directors and a majority of Independent Directors. For instance:</p> <ul style="list-style-type: none"> • Remuneration of BoD and Board of Statutory Auditors • Remuneration of Key Management Personnel • Remuneration Policies • Stock option plans <p>Low Value Transactions Ordinary transactions (as per Consob's definition) Intercompany transactions, including exclusively intra-Group transactions or transactions with or among subsidiaries and associates which carry out activities — as per their respective company's objects — similar to those of Brembo S.p.A.</p> |

11. APPOINTMENT OF STATUTORY AUDITORS

- **Composition.** 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 Shareholders' Meeting.
- **List voting.** The lists for the appointment of Statutory Auditors:
 - 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;
 - 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 Meeting at first calling and public disclosure must be made both at the Company's registered offices, on its website, and 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.
- **Election.** For the purposes of election of the Board of Statutory Auditors, the majority list elects two Acting Auditors and one Alternate Auditor; consequently, the first two candidates for Acting Auditor and the first candidate for Alternate Auditor presented on that list are elected. The following are elected from the list with the second-highest number of votes, considering the sequential order in which the candidates are indicated on the list: (a) the first candidate for Acting Auditor, who will also be elected Chairman of the Board of Statutory Auditors, and (b) the first candidate for Alternate Auditor, where available, failing which, the first candidate for Alternate Auditor on the next list by number of votes will be elected to that position.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The General Shareholders' Meeting held on 29 April 2014 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 following Statutory Auditors were elected from the minority list:

- the first candidate for Acting Auditor, Raffaella 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.

BOARD OF STATUTORY AUDITORS - COMPOSITION AT 31 DECEMBER 2015

| 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 in 2015 ³ | Attendance to Board of Directors' meetings in 2015 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% | 100% | 17 weight 4.8 |
| Acting Auditor | Milena Teresa Motta | 1959 | 29.04.2014 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | 88% | 100% | 1 weight 1 |
| Acting Auditor | Sergio Pivato | 1945 | 29.04.2008 | 29.04.2014 | Approval of Financial Statements at 31.12.2016 | M | x | 63% | 88% | 4 weight 1.80 |
| 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 | - | - | - |

NOTES

¹ 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 Bembo S.p.A.'s Board of Statutory Auditors.

² This column indicates the list from which each Auditor was appointed ("M" for majority list; "m" for minority list, submitted by a group of shareholders representing 2.11% of share capital).

³ This column shows the percentage of Board of Statutory Auditors' meetings attended by Statutory Auditors in 2015 (No. of meetings attended/No. of meetings held by the Board during the Auditor's actual term of office).

⁴ This column shows the percentage of Board of Directors' meetings attended by Statutory Auditors in 2015 (No. of meetings attended/No. of meetings held by the Board during the Statutory Auditor's actual term of office).

⁵ This column shows the number of other 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, in addition to the weight calculated on the basis of Article 144-duodecies of these Rules. 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 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 Amplifon S.p.A., Sanofi S.p.A., and 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., Arexpo 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 Trevi Finanziaria Industriale S.p.A., a company listed on the Milan Stock Exchange. Previously, she served on the Boards of Directors of Atlantia S.p.A. and di Damiani S.p.A., as well as innovative 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, LIUC University, 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 a 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.

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 by analysing and assessing the respective 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 2015, 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 2015 is given in the table on the previous page.

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 and the material operation of the organisational, administrative and accounting structures adopted by the Company, 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 2015, the Board of Statutory Auditors:

- performed 8 assessment meetings and attended all the General Shareholders' Meetings and the meetings of the Board of Directors (8 Board of Directors' meetings and 1 General Shareholders' Meeting); in addition, in the person of its Chairwoman, it at-

tended the meetings of the Audit & Risk Committee (6 meetings) and Remuneration & Appointments Committee (2 meetings); the meetings of the Board of Statutory Auditors lasted about 3 hours on average;

- constantly received from Directors exhaustive and detailed information on business performance and outlook, operations carried out and the most significant economic, financial and equity transactions performed by the Parent Company or its subsidiaries, as well as the status of activities and strategic projects underway.

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 and promptly exchange information material to the performance of their respective duties. 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.

For further information on the activities performed by the Board of Statutory Auditors, reference should be made to the Statutory Auditors' Report included in the Annual Report.

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 section on its website (www.brembo.com, Investors section, For Shareholders) 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, Codes and procedures, etc.

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 Shareholders is published on Brembo's website (www.brembo.com, Investors) so as to provide them with the data required to make informed voting decisions.

For the disclosure and filing of regulated information, Brembo S.p.A. has availed of the system 1INFO (www.1info.it), managed by Computershare S.p.A. with registered office in Milan, at via Lorenzo Mascheroni 19, and authorised by Consob.

14. GENERAL SHAREHOLDERS' MEETINGS

The By-laws govern the calling and conduct of the General Shareholders' Meetings as illustrated here below.

- **Calling of General Shareholders' Meetings.** Under Article 10, the By-laws establish that the General Shareholders' 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 and an indication of the dates of meetings at callings subsequent to the first, if any. The notice of calling shall be published on the Company's website and in compliance with and within the terms set forth by laws and regulations in force at that time.

The Ordinary Shareholders' Meeting must be called

by the governing body at least once a year within 120 days following the end of the Company's financial year, or within 180 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.

- **Addition of items to the Agenda.** Article 10-*bis* establishes that Shareholders individually or collectively representing at least one fortieth of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the Agenda for the General Shareholders' Meeting, indicating the proposed additional items of business in the application¹²;

- **Participation in and representation at the General Shareholders' Meeting.** Pursuant to Article 11, the voteholders may participate in the meeting and cast their 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, in compliance with the provisions set out in the notice of calling. Proxies may be issued only for a specific General Shareholders' Meeting and shall be valid even for subsequent callings of such General Meeting, pursuant to applicable statutory provisions. The Chairman of the General Shareholders' Meeting shall declare the validity of proxies, and in general, the right to participate in the Meeting. Voteholders may pose

¹² Pursuant to Article 126-*bis* of TUF (as amended by Legislative Decree No. 91 of 18 June 2012), within ten days 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 one fortieth 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.

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.

- **Documentation of Shareholders' Meetings.** All documentation related to General Shareholders' Meetings, including reports focusing on the items placed on the Agenda and motions raised in respect of the said items, is made available for public consultation at the Company's registered office and on the corporate website, as well as through the authorised data storage facility 1info.it, within the terms established by current applicable regulations. 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 provided with the Group's economic and financial highlights and market performance, analysing also the trends in the markets in which the Group operates, the state of completion of main investment projects and the business outlook.

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, Section Investors, For Shareholders, Shareholders Meeting.

The General Shareholders' Meeting held on 23 April 2015 was attended by nine Directors out of 11 (2 absent with justification) and all the members of the Board of Statutory Auditors currently in office.

15. CHANGES SINCE THE END OF 2015

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