

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

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

Approved by the Board of Directors of Brembo S.p.A. on 6 March 2014

GLOSSARY

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

2011 Code /2011 Corporate Governance Code: the Code of Corporate Governance for Listed Companies, approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confindustria. The recommendations of the 2011 Code have been fully adopted by Brembo during the year 2011.

Civil Code: the Italian Civil Code.

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

CoSO Report: the Committee of Sponsoring Organisations of the Treadway Commission "Internal Control – Integrated Framework".

Financial year: the financial year which the Report refers to, specifically the financial year ended 31 December 2013.

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 2011 Corporate Governance Code. It includes all the documents defining Brembo S.p.A.'s corporate governance rules consistently with the applicable

regulations. The Sixth edition (December 2012) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Brembo's 231 Model: the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Brembo S.p.A. – Fourth Edition (last update: April 2013), which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

Related Party Transactions Procedure: the Related Party Transactions Procedure adopted by Brembo S.p.A. on 12 November 2010, in compliance with Consob Resolution No. 17221 of 12 March 2010, and subsequently amended by Consob Resolution No. 17389 of 23 June 2010; the Procedure (latest update of 18 January 2013) is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

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

SC: Supervisory Committee.

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

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

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

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

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

ICRMS: Internal Control and Risk Management System.

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

Introduction

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

Brembo operates on national and international markets in accordance with best practices, and in compliance with applicable regulations and the principles of Italian governance, which also take into account the Group's listing on the STAR segment of Borsa Italiana.

Leadership from a technical, industrial, product and market standpoint is also increasingly expressed through actions intended to develop global policies involving all Group companies in the areas of compliance, ethics, responsibility, sustainability and transparency. Brembo considers these values to be the foundation of

the precious 'intangible' heritage formed by its brand, its reputation and the set of principles that characterise the way in which a socially responsible company acts. In this regard, a CSR Steering Committee and the role of CSR Officer, entrusted to Cristina Bombassei¹, were instituted in 2013 with the aim of promoting Brembo Group's commitment in Corporate Social Responsibility and coordinating initiatives, projects and activities in the area. They have the following tasks:

- proposing CSR projects and initiatives relating to in accordance with the guidelines set by the Steering Committee;
- ensuring the coordination and consistency of company projects and activities in this field;
- monitoring the various organisational units' action plans in the CSR field;
- monitoring outside best practices and managing relations with stakeholders.

Pursuant to the By-laws, 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.

The Brembo S.p.A. Corporate Governance System is based on a set of rules that reflects the Corporate Governance Code issued by Borsa Italiana S.p.A., in the December 2011 edition.

The Report provides a general description of the corporate governance system adopted by the Group and information on its ownership

¹ Director in charge with overseeing the Internal Control and Risk Management System.

structure, as required by current laws and regulations. The Report was filed with Borsa Italiana in the manner and within the timeframe required by applicable laws and is available on Brembo's website (www.brembo.com - Investors section, Corporate Governance).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 31 December 2013)

Structure of share capital

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

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

Significant shareholdings

Significant shareholdings in the share capital, based on communications received pursuant to Article 120 of TUF and the Shareholders' Register as of 31 December 2013, are listed on the table below.

Securities carrying special rights

No securities have been issued that carry special rights with regard to control of the company.

Employee share ownership scheme: exercise of voting rights

There are no employee share ownership schemes in place.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders' agreements

There are no syndicate agreements or other Shareholders' agreements pursuant to Article 122 of TUF.

Change of control clauses

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

Power to increase the share capital

At the reporting date, no capital increases were authorised pursuant to Article 2443 of the Civil Code, nor were powers granted to issue equity instruments.

Declarant	Direct shareholder	No. of shares	% on share capital with voting rights
BOMBASSEI ALBERTO	NUOVA FOURB SRL	35,744,753	53.522
BREMBO S.P.A.	BREMBO S.P.A.	1,747,000	2.616
GOODMAN & COMPANY			
INVESTMENT COUNSEL LTD	DYNAMIC GLOBAL VALUE FUND	1,391,090	2.083
	DYNAMIC GLOBAL VALUE CLASS	267,000	0.400
	Total	1,658,090	2.483
GAMCO INVESTORS INC.	GABELLI FUNDS LLC	1,225,000	1.834
	GAMCO ASSET MANAGEMENT INC.	330,000	0.494
	GAMCO INVESTORS INC.	10,000	0.015
	TOTAL	1,565,000	2.343

Authorisation to repurchase own shares

The General Shareholders' Meeting of Brembo S.p.A. held on 23 April 2013 approved a plan for the buy-back of own shares under which Brembo can buy up to 2,680,000 of its own shares (6.63% of share capital), in one or more tranches. This authorisation entails:

- validity for a maximum term of 18 months from 23 April for a purchase price per share of a minimum of €0.52 and a maximum of €14.00;
- the methods for determining the minimum consideration in the event of disposal (a price of no less than the official price of Brembo stock during the trading session prior to each individual disposal transaction);
- the following purposes of purchase/sale:
 - i) undertaking investments, also with the aim of supporting the liquidity of Company's stock, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance;
 - ii) giving effect to any share-based incentive plans for the Directors, employees and collaborators of the company and/or its subsidiaries; and
 - iii) pursuing any swap transactions with equity investments as part of industrial projects.

At the same meeting, the Board of Directors granted all the powers necessary to implement the plan. No purchase or sale transactions were carried out in the context of the above-mentioned plan.

At 31 December 2013, the Company held a total of 1,747,000 own shares, representing 2.616% of the share capital, at an average book value of €7.71 per share and for an overall value of €13,475,897.

Direction and coordination

Brembo S.p.A. is not subject to the direction and coordination of any other company or entity pursuant to Article 2497-*bis* of the Italian Civil Code, despite it being controlled by another company. This is because, in accordance

with the provisions of the 2011 Corporate Governance Code, all significant strategic and financial transactions carried out by Brembo S.p.A. and the Group are subject to the collective examination and exclusive approval of the Brembo S.p.A.'s Board of Directors which, *inter alia*, includes five independent Directors pursuant to the 2011 Corporate Governance Code. The professional competence and authority of non-executive and independent Directors are an additional guarantee that all Board's decisions are taken in the sole interest of Brembo S.p.A. without being subject to any direction or interference from third parties representing interests other than those of Brembo S.p.A. and the Group.

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

* * *

The information required by Article 123-*bis*, first paragraph, letter 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*") are contained in the 2014 Remuneration Report in accordance with Article 123-*ter* of TUF, which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

* * *

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

2. COMPLIANCE WITH THE 2011 CORPORATE GOVERNANCE CODE (pursuant to Article 123-bis, paragraph 2, letter a, of TUF)

Brembo endorses and complies with the Corporate Governance Code issued by Borsa Italiana (2011 edition). As per resolution of the Board of Directors dated 17 December 2012, the endorsement of the Code was implemented, *inter alia*, by updating Brembo's Corporate Governance Code and the Committees' Regulations which form an integral part of the Brembo S.p.A. Corporate Governance Manual.

In line with the 2011 Corporate Governance Code, the Code adopted by Brembo S.p.A. consists of nine articles, each of which is in turn sub-divided into Principles and Application Criteria, which represent simple recommendations that Brembo intends to implement in organising and managing its governance. Since these are not obligations, the so-called "comply or explain" approach is adopted, whereby when Brembo decides not to implement these recommendations, it explains the reasons for non-application or partial application through a specific Board resolution.²

3. BOARD OF DIRECTORS

3.1 Appointment and replacement of Company Directors

In line with legislative provisions on the so-called "traditional" management and control system adopted by the company, as well as the regulatory provisions in force, the By-laws govern the appointment of Directors through a "list-based voting" system and in

accordance with the mandatory principle of gender representation³, providing that:

- the Ordinary Shareholders' Meeting appoints the members of the Board of Directors based on candidate lists submitted by the Shareholders, so that one member of the Board is chosen from minority lists;
- Shareholders who, separately or jointly with other Shareholders, represent at least the minimum percentage of shares entitled to voting rights in the ordinary General Shareholders' Meeting envisaged in the regulatory provisions in force, published by Consob on 29 January 2014, of 1% of share capital, are entitled to submit lists;
- each Shareholder, as well as: (i) Shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party; or (ii) Shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF; or (iii) Shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and regulatory framework may submit, either on their own or jointly with other Shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;
- the lists containing a number of candidates equal to or greater than three must include candidates of both genders (men and women); these lists must include a number of candidates of the under-represented gender such as to ensure that the composition of

² Under primary or secondary regulations that are not compatible with the application of certain recommendations, no Board resolution is required to explain the reasons for partial or non-application.

³ The By-laws have been brought in line with the provisions of Law No. 120/2011 (Regulation on equal access to the management and supervisory bodies of listed companies) by Board of Directors' resolution dated 12 November 2012.

the Board of Directors complies with the laws and regulations on gender balance (men and women) from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;

- the lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Shareholders' Meeting at first calling and public disclosure must be made both at its registered offices and on the Company's website, in the manner and form specified under applicable statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Shareholders' Meeting. The filing of voting lists pursuant to the provisions of Article 15-*bis* of the By-laws shall also be valid for General Meetings held at subsequent callings, if any.

3.2 Succession plans

On 6 June 2011, the Board of Directors of Brembo S.p.A. approved the Brembo Group's current organisational structure with the aim of reinforcing the Company's governance model, strengthening the top management team and gradually initiating internal succession mechanisms. Within this proven organisational structure and in accordance with the delegated powers assigned by the Board of Directors, Matteo Tiraboschi holds the position of Executive Deputy Chairman, Andrea Abbati Marescotti that of Chief Executive Officer and Chairman Alberto Bombassei has taken on a more strategic, less operational role.

For each major managerial role, Brembo also established guidelines for the relevant succession plan, summarised in specific

documents shared with the persons concerned and approved by the top management team.

3.3 Composition

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

- a minimum of 5 and a maximum of 11 members (executive and non-executive Directors), who may be re-elected and, unless otherwise resolved by the General Shareholders' Meeting, shall hold office for the period specified in the 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, without prejudice to the causes for termination and forfeiture provided for by law and the By-laws;
- at least one of the members of the Board of Directors, or 2 members if the Board is made up of more than 7 directors, must meet the independence criteria set forth by Article 148, paragraph 3, of TUF;
- the composition of the Board of Directors must reflect gender balance, in accordance with the laws and regulations from time to time in force. The next time a new Company Boards are to be appointed, i.e., at Brembo S.p.A. General Shareholders' Meeting called on 29 April 2014 for the approval of the Financial Statements for the year ended 31 December 2013, one fifth of the seats on the said Boards are to be reserved to persons belonging to the under-represented gender, it being understood that the said reservation quota shall be raised to one third of the said seats at the two subsequent appointments of the Company Boards.

The General Shareholders' Meeting, held on 29 April 2011, confirmed the composition of the Board at 11, and appointed, based on the one sole list submitted by the main shareholder Nuova FourB S.r.l., the current Board of



Curno car plant (Italy).
Assembly of a caliper.

Directors, with the exception of Director Andrea Abbati Marescotti, who was co-opted on 6 June 2011 and confirmed in his position by the General Shareholders' Meeting of 20 April 2012.

The Board of Directors' term of office will expire with the General Shareholders' Meeting called on 29 April 2014 for the approval of the Financial Statements for the year ended 31 December 2013.

At 31 December 2013, the Board of Directors was made up of the following members.

All the appointed Directors meet the requirements of personal integrity, professionalism and

respectability imposed by applicable Italian statutory and regulatory provisions.

The non-executive directors and those who can qualify as independent directors meet the requirements set by the 2011 Corporate Governance Code and by Article 148, paragraph 3 of TUF, 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 2013, 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.

The Board of Directors assessed the Directors' independence upon appointment and

Board of Directors										Audit & Risk Committee		Remuneration & Appointments Committee	
Office held	Name and surname	In office from	In office until	Seniority of service *	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF (%)	Other offices held	****	**	****	**
Chairman	Alberto Bombassei	29.04.11	(1)	21.12.84	x			100%	2				
Executive Deputy Chairman	Matteo Tiraboschi	29.04.11	(1)	24.04.02	x			100%	1				
Chief Executive Officer	Andrea Abbati Marescotti	20.04.12	(1)	06.06.11 (coopt.)	x			100%	-				
Manager	Cristina Bombassei	29.04.11	(1)	16.12.97 (coopt.)	x			86%	1				
Manager	Giovanni Cavallini	29.04.11	(1)	14.11.05 (coopt.)		x	x	100%	3	x	100%	x	100%
Manager	Giancarlo Dallera	29.04.11	(1)	28.04.03		x	x	71%	1	x	100%		
Manager	Giovanna Dossena	29.04.11	(1)	18.11.94 (coopt.)		x		100%	5				
Manager	Umberto Nicodano	29.04.11	(1)	03.05.00		x		86%	5			x	100%
Director (LID)	Pasquale Pistorio	29.04.11	(1)	29.04.08		x	x	86%	-	x	67%		
Manager	Gianfelice Rocca	29.04.11	(1)	29.04.11		x	x	43%	5				
Manager	Pierfrancesco Saviotti	29.04.11	(1)	29.04.08		x	x	14%	5			x	100%

Number of meetings held during the financial year: Board of Directors: 7
 Audit & Risk Committee: 6
 Remuneration & Appointments Committee: 1

NOTES:

(1) Appointed for a term expiring on the date of the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013.

* 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-optation means the date of co-optation by the Board of Directors.

** This column shows the percentage of Board of Directors' meetings and Committee meetings, respectively, attended by Directors (No. of times attended/No. of meetings held during the Director's term of office).

*** This column shows the number of Directorships or Auditorships held in other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies.

**** The "X" in this column means that the Director is a member of the relevant Committee.

subsequently with annual frequency through to the most recent meeting of 6 March 2014, on the basis of the application criteria set forth in the 2011 Corporate Governance Code, privileging substance over form. On the basis of the principle of substance over form, the Board assessed and decided in favour of the continuing independence of Director Giancarlo Dallera on the grounds that, despite having exceeded nine years of service over the past twelve years, he has always demonstrated professionalism, dedication and pro-active, constant participation in meetings of the Board of Directors, Audit & Risk Committee and Supervisory Committee, as well as independent judgement in the performance of his duties. In the same meeting, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors. A 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. 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 most recently, in November 2012, he was awarded the Ernst & Young Entrepreneur of the Year prize. He is a Director of Pirelli & C. S.p.A. and Nuovo Trasporto Viaggiatori S.p.A.

Matteo Tiraboschi

He has been a Director of Brembo since 2002, and in 2011 was appointed Executive Deputy Chairman.

From 2005 to 2011, he was Director of foreign subsidiaries within the Brembo Group, and in 2009 he was also appointed CFO. From 1996 to 2005, he worked as Certified Public Accountant and Certified Auditor.

He graduated in Economics and Business, and worked at a leading auditing firm from 1993 to 1996.

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 Corporate Development Manager since 2003, and since April 2008 she has held the position of Executive Director in charge of overseeing the Internal Control System; this position has been renamed Director in charge of establishing and maintaining the Internal Control & Risk Management System. 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., Kilometrorosso S.p.A. and Fondazione Cariplo Comunità Bergamasca, as well as member of the Steering Committee of Confindustria Bergamo where she is in charge of Education.

Giovanni Cavallini

Director of Brembo S.p.A. since 2005, 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 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. In 2009, he was also appointed Director of Migros Turk TSA, a company listed on the Istanbul stock exchange. In June 2012, he was granted the Italian honorary title of "Cavaliere del Lavoro". Since July 2013 he has been Chairman of ISI (Industrial Stars of Italy), a special-purpose acquisition company listed on the AIM of the Milan Stock Exchange.

Giancarlo Dallerà

Since 2003, Giancarlo Dallerà has been a Director and a member of the Audit & Risk Committee and the Supervisory Committee of the company. He serves as 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.

Giovanna Dossena

Director of the company since 1994. She is Professor of Economics and Business Administration at the University of Bergamo and practises as a Certified Public Accountant. She is the director of the Centre E-Lab - Entrepreneurial Lab at the University of Bergamo, which is engaged in research, training and experimentation on the subject of entrepreneurship with the aim of studying the role of entrepreneurs and entrepreneurship as a tool for economic development. She is the author of several international monographs on these issues and has extensive experience in private equity. She sits on the Board of Directors of Barovier & Toso S.r.l., B-Soft Group S.r.l., Goccia di Carnia S.p.A. and Banca Popolare di Vicenza.

Umberto Nicodano

Director since 2000, he is also a member of the Remuneration & Appointments Committee of the company. He is a Partner in the law firm Bonelli Erede and Pappalardo where he is mainly engaged in M&As. He is President of the Valentino Fashion Group, and a member of the Board of Directors of several other companies, including Industrie Ilpea S.p.A. and Roberto Cavalli S.p.A.

Pasquale Pistorio

Director of the company since 2008, he is a member of the Remunerations & Appointments Committee and serves as Lead Independent Director. After graduating in Electrotechnical Engineering with a specialisation in Electronics from the Polytechnic in Turin in 1963, he received honorary degrees from the Universities of Genoa, Malta, Pavia, Catania, Palermo, Sannio, Milan Bicocca and Bristol. In 1978, he was appointed General Manager of the Motorola's International Semiconductor Division. 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 served as a member of the ICT Task Force set up by the United Nations. He was a Director of FIAT Auto S.p.A. from December 2004 to March 2012, and a Director of Telecom Italia from May 2004 to December 2007 and President of Telecom Italia from April to December 2007. He was Confindustria's Vice President for innovation and research from May 2004 to May 2008. He received the award of "Commendatore al Merito" of the Italian Republic in 1974 and that of "Cavaliere del Lavoro" in 1997. During his influential career, he received several awards and honours, both nationally and internationally (France, Morocco, Singapore, etc.). In addition to its role in Brembo S.p.A., he currently serves as Director in Atos SA (listed company; France), Stats ChipPac (listed company; Singapore), and XiD (private company; Singapore).

Gianfelice Rocca

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 an honorary degree in Management Engineering from the Polytechnic of Milan. In 2010 the President of the Italian Republic, Giorgio Napolitano, awarded him the "2009 Leonardo Prize" for his contribution to the strengthening of the Italian international expansion in the steel, energy and infrastructure industries. He is Chairman of the Techint Group, a global leader operating in these three areas. He also sits on the Boards of Directors of Allianz S.p.A. and Buzzi Unicem S.p.A. Since June 2013, he has been President of Assolombarda. In the 90s, he founded the Istituto Clinico Humanitas in Milan, a general

hospital among the most renowned in Europe: an international centre of research, teaching and case management of Harvard University. 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.

Pierfrancesco Saviotti

Director since 2008, he is also a member of the Remuneration & Appointments Committee of the company. Since 2008 he has also served as Director in Banco Popolare S.p.A. and Nuovo Trasporto Viaggiatori S.p.A. Since 2009, he has been a Director of Moncler S.p.A. (formerly Moncler S.r.l.; listed as of 16 December 2013) and member of the Executive Committee and the Board of Directors of the Italian Banking Association (ABI). In 2000, he was appointed Director of Tod's S.p.A. and Stefanel S.p.A. Previously, he held top management positions in many other companies.

3.4 Maximum number of positions held at other companies

At the time of appointment, and annually thereafter, the Board of Directors verifies the compatibility of positions held by the Directors in other companies.

The Board of Directors decided not to define specific numerical criterion, with regard to the maximum number of offices held in other companies, but rather to carry out periodic assessments based on the statements of each Director and based on the following criteria:

- professional competence and independence of judgment expressed by the Directors;
- verification of Directors' commitment, active and constant participation in the meetings

of the Board, 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.

Such assessment was carried out upon appointment and afterwards on an annual basis, until the last General Shareholders' Meeting of 6 March 2014. The outcome is given in the table above.

Induction Programme

The roles, authority, professional qualifications and seniority of service, as well as the experience gained in other Boards of Directors and/or senior management roles of other listed companies are such that training plans and/or induction programs are not a priority.

3.5 Role of the Board of Directors

Tasks

In accordance with the law and pursuant to the By-laws, the Administrative Body is responsible for managing the company, except for the matters reserved to the General Shareholders' Meeting. In line with the recommendations of the 2011 Corporate Governance Code, the Board of Directors is also responsible for the functions and tasks defined in Article 1 of the Corporate Governance Code of Brembo S.p.A., including the analysis and sharing of the annual budgets and the strategic, industrial and financial plans of Brembo S.p.A. and the Group, as well as monitoring their implementation; the establishment of the system of corporate governance and Group structure; the assessment of the nature and level of risk which is consistent with Brembo's strategic objectives.

Meetings

The Board of Directors met seven times in 2013 (of which, five based on the corporate calendar issued to the public and two in

extraordinary sessions) at the company's registered office. The meetings lasted 3 hours, on average. The Directors' rate of attendance during the year is shown in the table on page 78.

Based on the calendar approved by the Board and announced to the public on 25 November 2013, a total of four ordinary meetings are planned for 2014. At the date of publication of this Report, one ordinary meeting has already been held.

Pursuant to the By-laws:

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

As provided for by Article 1.C.5 of Brembo's Corporate Governance Code, except in cases of particular urgency or confidentiality, each Director and Statutory Auditor is informed sufficiently in advance (five days before the meeting) on the items on the Agenda by means of a detailed and analytical report describing the various aspects to be evaluated (in narrative and quantitative terms) in order to take the relevant resolutions on an informed basis; this report is usually accompanied by summary schedules for each item.

To provide the necessary insights on specific issues referred for examination and approval by the Board of Directors, the Board's meetings are attended, in addition to the Secretary, by some



Dodge STR wheel side with Brembo system.

Executives of the company or Group companies, involved in the various projects or items under discussion by the Administrative Body.

During Board meetings and with the support of the Secretary, the Chairman makes sure that the necessary time is devoted to the items on the agenda in order to allow discussion between the members of the Board.

Activities carried out

The Board of Directors has the powers envisaged in the By-laws (Article 16) and the duties envisaged in Article 1.C.1 of the 2011 Corporate Governance Code. During 2013, the Board of Directors exercised its powers and performed its duties as summarised below.

During its meetings of 5 March 2013, 18 March 2013, 23 April 2013, 13 May 2013, 31 July 2013, 12 November 2013 and 17 December 2013, the Board of Directors examined and assessed:

- the general **performance and foreseeable evolution**, including through information received from the Delegated Bodies, when presenting and approving the interim results;
- the adequacy of the organisational structure of the company and the Group's subsidiaries, as well as of its 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 implementation of specific plans relating to transactions with a significant strategic, operating, capital or financial impact for Brembo S.p.A. and all other Group subsidiaries within the scope of consolidation — for a list of subsidiaries the reader is referred to the company's consolidated financial statements — regardless of their strategic relevance as per Article 36, paragraph 2, of the Rules for Issuers. The Board constantly monitors

the degree of progress and authorises the necessary capital and financial support for certain Group companies;

- information concerning the exercise of the delegated powers granted, as well as significant transactions and those in potential conflict of interest, deeming them consistent with the resolutions passed;
- with regard to the **Internal Control and Risk Management System**, the Board constantly monitored the main aspects associated with the System in the context of the various development plans and different processes. Monitoring activities included the periodic reports received during the meetings of 31 July 2013 and 6 March 2014 from the Director responsible for the Internal Control and Risk Management System, from the Audit & Risk Committee and internal audit functions, as well as from the Supervisory Committee, thus confirming the adequacy of the Internal Control and Risk Management System.

In further detail, the Board of Directors:

- during its meeting of 5 March 2013, reviewed the reasoned proposal from the Board of Statutory Auditors for the conferral of a legal auditing engagement for the accounts for years 2013 to 2021, subject to review by the General Shareholders' Meeting on 23 April 2013, and thus awarded the engagement to Reconta Ernst & Young;
- during its meeting of 18 March 2013, with the participation of the main executives in the company's business and management areas, unanimously approved the **2013-2015 Three-Year Strategic Plan**, deeming the nature and level of risk to be compatible with the Plan's objectives;
- during its meeting of 31 July 2013, examined the contents of the 2012 Management Letter and, in light of the considerations expressed by the Audit & Risk Committee and the Board of Statutory Auditors, reiterated the **adequacy of the Internal Control & Risk**



Homer plant,
Michigan (USA).
Disc processing.

Management System to the structure of the Group and the type of business done by the company;

- during its meeting of 17 December 2013, examined and approved:
 - the figures relating to the **2014 Budget**, in addition to assessing the associated risks, deeming them to be compatible with the objectives for the period;
 - the development project for the new Enterprise Risk Management model and the **Group's Risk Management Policy**, described in further detail in section 9 below;
 - the **Audit Plan for 2014 and the Internal Audit 2014 Budget**.

With respect to the Group's organisational and corporate structure, the Board passed resolutions during its sessions of 31 July 2013, 12 November 2013 and 17 December 2013 concerning the following **corporate transactions**:

- the launch of the corporate streamlining process in China, which in 2013 entailed:
 - the acquisition in August 2013 of the entire minority interest (30%) in Brembo Nanjing Brake Systems Co. Ltd. with the aim of obtaining the entirety of share capital;
 - the launch of the process of the acquisition by Brembo S.p.A. of the interest in Brembo Nanjing Brake Systems Co. Ltd. held by Brembo China Brake Systems Co. Ltd., in view of the possible placement of the latter in liquidation.
- the acquisition in September 2013 of the entire minority interest (25%) in Brembo Argentina SA., with the aim of obtaining the entirety of share capital, which is now held as follows: 96% by Brembo S.p.A. and 4% by Brembo do Brasil Ltda.

In the area of the **remuneration of Directors and Key Management Personnel**:

- during its session of 18 March 2013, the Board of Directors, on the basis of the opinions and proposals expressed by the Remuneration & Appointments Committee, examined and approved:
 - the results of the 2010-2012 Incentive Plan for Executive Directors and Top Managers and, having deemed them positive and consistent with the objectives set, resolved to pay out the relative bonuses;
 - the proposed short-term annual incentive plan "MBO 2013";
 - the new 2013-2015 Incentive Plan for Executive Directors and Top Managers, to be entirely paid out in cash. Its beneficiaries – approximately 30-35 managers – hold the following positions: managers reporting directly to the Chairman, Executive Deputy Chairman, Chief Executive Officer, key personnel in Operation and Sales roles, in the Systems Division and the Discs Division, in addition to the Country General Managers and the new Chief Technical Officer;
 - the 2013 General Policies for the remuneration of Executive Directors, other Directors holding special positions and Key Management Personnel included in the Remuneration Report, in accordance with Article 123-ter of TUF (Section I);
 - the proposal to modify the total compensation of the Directors pursuant to Article 21 of the By-laws of Brembo S.p.A., raising it from €2,500,000 to €3,500,000, subject to approval by the 2013 General Shareholders' Meeting;
 - the 2013 Remuneration Report in accordance with Article 123-ter of TUF (Section I and Section II).

The main contents of the above-mentioned items are illustrated in the 2014 Remuneration Report, in accordance with Article 123-ter of the TUF, which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

- During the meeting of 23 April 2013, it allocated the total compensation of the Administrative Body, increased to €3,500,000 by the General Shareholders' Meeting, as follows:
 - it granted the Chairman compensation of €1,300,000 for 2013, an increase of €300,000 compared to €1,000,000 awarded during the previous eight years (from 2005 to 2012);
 - it maintained the other directors' remuneration unchanged;
 - it allocated the remainder to cover any pro-rated effects of the 2013-2015 Three-Year Incentive Plan on the Chairman's remuneration.

In keeping with the aim of strengthening and constantly improving its **Compliance system**, the Board of Directors approved:

- during its meeting of 23 April 2013, the update to the Special Section "Bribery and Solicitation of Bribery" of the 231 Model aimed at complying with the Italian anti-bribery Law No. 190 of 6 November 2012;
- during its meeting of 12 November 2013, the new **Brembo Group's new Anti-bribery Code of Conduct**, drafted on the basis of the more stringent rules of the Bribery Act of 2010 and international best practices. The Code was then circulated to all of the Group's employees with the goal of providing precise behavioural indications, consistent for the entire Group, to which referring in working activity with the aim of preventing illegal conduct in the area of public and private bribery. For further details, refer to section 9.5.

The constant monitoring and update activity performed by the Compliance & Internal Audit functions with reference to compliance with the 231 Model allowed the Board of Directors, at its meeting of 13 May 2013 — having acknowledged the opinion expressed by the Supervisory Committee in its Report of 4 March 2013 — to authorise the Chairman to send

Borsa Italiana the Company's Notice pursuant to Article IA.2.10.2 of the Market Regulation Instructions (completed adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01).

The Board of Directors was also informed of the local compliance processes initiated at the various Group companies with the goal of verifying the compliance of existing processes and the relative control protocols with local legislation governing the liability of entities.

As in the previous years, the Board of Directors carried out the **2013 Board Performance Evaluation** of the size, composition and functioning of the Board and its Committees, instructing the Lead Independent Director, Pasquale Pistorio, to carry it out. The results of this activity were examined during the meeting of Independent Directors on 10 November 2013 and, subsequently, during the Board of Directors' plenary meeting held on the same day. For details on the evaluation process and results, see paragraph 3.9.

Based on the statements received by the Directors, the Board — having heard also the opinion of the Remuneration & Appointments Committee:

- identified **Directorships or Auditorships** held by the Directors in other companies pursuant to Article 1.C.2 of Brembo's Corporate Governance Code, and deemed them appropriate on the basis of the professionalism and independent judgment demonstrated and a verification of the individual Directors and Statutory Auditors' active and constant participation at the meetings of the Boards and at the various management activities of the company.;
- **periodically verified** that the **requirements of integrity, professionalism and independence** had been met and continued to be met, giving prompt public disclosure thereof; the outcome of this self-assessment activity is disclosed in this Report in the table above.

This check was conducted at the time of their appointment (29 April 2011), thereafter each year, and lastly, at the Board of Directors' meeting of 6 March 2014.

At those same meetings, the Board of Directors assessed the Directors' independence on the basis of the application criteria set forth in the 2011 Corporate Governance Code, while nonetheless privileging substance over form. In particular, in keeping with the principle of substance over form, the Board — having heard the opinion from the Remuneration & Appointments Committee — assessed and concluded in favour of the continuing independence of Director Giancarlo Dallera, who as despite having exceeded nine years of service in the past twelve years, has always shown professionalism, commitment and proactive, constant participation in meetings of the Board of Directors, Audit & Risk Committee and Supervisory Committee, as well as independent judgment in the performance of his duties. In the same meeting, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors. No Directors notified circumstances warranting the submission of a report by them under Article 1.C.4 of Brembo's Corporate Governance Code (Departure from the competition principle).

With regard to the **Related Party Transactions Procedure**, during the year, based on proposals of the Audit & Risk Committee (in its capacity as the Related Party Transactions Committee), the Board of Directors:

- at the meeting of 13 May 2013, updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2012 Financial Statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value Transactions;
- at the meeting of 12 November 2013, resolved not to proceed with a further

amendment of the Procedure in 2013, given the changes made in previous years and in light of the efficacy shown in applied practice, thus regarding the contents of the Recommendation and the wishes expressed by Consob in connection with its initial review of the Procedure as already adopted.

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

In the meeting held on 6 March 2014, the Board prepared the proposals to be submitted to the General Shareholders' Meeting convened on 29 April 2014.

3.6 Delegated Bodies

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

The General Shareholders' Meeting held on 29 April 2011 confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board of Directors, i.e., until the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013.

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

Based on the organisational model (including with a view to succession planning) approved on 6 June 2011, the Board granted the Chairman, Executive Deputy Chairman and the Chief Executive Officer and General Manager the management powers as specified below.

The Chairman, in addition to the legal representation pursuant to the law and the By-laws, was granted the widest powers of direction, coordination and control according to his office, and the powers of ordinary administration, subject to the limitations established by law and some specific limitations concerning real estate leases and leases of companies and/or business units, purchase and sale of real estate, including registered real estate, companies and business units and, generally, any transactions on movable or immovable property, purchase and sale of equity investments in Italy and abroad; the incorporation of new companies in Italy and abroad, having the power to choose the organisational system of the new company, as well as the issuance of letters of patronage, comfort letters, sureties and guarantees (subject to the periodic reporting to the Board of Directors) and taking out mortgage loans, loans or finance leases in the various existing forms.

The Executive Deputy Chairman was granted the authority to legally represent the company and, in addition to the tasks of direction, guidance, communication and control, he was 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. He was also granted powers, subject to specific limitations, for the purchase and sale of real estate, representation in trade union matters, the issuance of letters of patronage, comfort letters, sureties and

guarantees (subject to the periodic reporting to the Board of Directors), as well as the power to take out mortgage loans, loans or finance leases in the different existing forms and to manage the company.

The Chief Executive Officer and General Manager has been given specific powers to manage the company and its business, powers relating to organisation, representation in trade union matters and the mandate pursuant to Article 2381 of the Italian 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).

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.

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

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 No. 262, the Chief Executive Officer and General Manager, as the only



Nanjing integrated industrial hub (China).

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 (solely 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 category 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.).

3.7 Other Executive Directors

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

- Matteo Tiraboschi, Executive Deputy Chairman;
- Andrea Abbati Marescotti, CEO and General Manager of the company; and
- Cristina Bombassei, Director with responsibilities for the Internal Control and Risk Management System, as well as CSR Officer.

3.8 Independent Directors

Brembo's Board of Directors adopted the independence criteria for assessing the Directors' independence contained in the 2011 Corporate Governance Code by introducing in 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.

At the time of appointment (meeting of 29 April 2011) and thereafter on an annual basis, until the last meeting of 6 March 2014, the Board of Directors verified the continued satisfaction of the Directors' independence requirements laid down in the Corporate Governance Code and those set forth in TUF (see also section 3.2) giving due consideration to substantive aspects in addition to formal ones.

In the same meeting, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors.

On the basis of the principle of substance over form, the Board assessed and decided in favour of the continuing independence of Director Giancarlo Dallera on the grounds that, despite having exceeded nine years of service over the past twelve years, he has always demonstrated professionalism, dedication and pro-active, constant participation in meetings of the Board of Directors, Audit & Risk Committee and Supervisory Committee, as well as independent judgement in the performance of his duties.

Therefore, the following Directors are considered to be independent and non executive: Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena ⁴, Pasquale Pistorio, Gianfelice Rocca, Pierfrancesco Saviotti.

Director Umberto Nicodano was deemed as a non-independent director.

The **Independent Directors** meet at least once a year without the other Directors at a meeting coordinated by the Lead Independent Director. Minutes were taken for all the meetings. During the year under review they met twice (the average length of the meetings was approximately 1 hour), on the following dates:

- on 31 July 2013, to assess the position of Brembo in light of the current financial and market situation;
- on 10 November 2013, to examine the 2013 Board Performance Evaluation results and move proposals for the next time the Corporate Boards are appointed, i.e., at the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013.

3.9 Lead Independent Director

Non-executive and independent Director Pasquale Pistorio was appointed as Lead Independent Director and will remain in office until the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013.

The Lead Independent Director carries out his duties according to the Rules approved by the Board of Directors on 17 December 2012 (contained in Brembo's Corporate Governance Manual) that fully implement the recommendations of the 2011 Corporate Governance Code. According to these regulations, the Lead Independent Director:

- is a point of reference and coordinator of the petitions and contributions of Non-executive Directors and, in particular, Independent Directors, within the Board of Directors;
- collaborates 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;
- at least once a year, convenes the Independent Directors to discuss issues deemed of interest in regards to the functioning of the Board of Directors or the company's management;
- carries out any additional duties that may be assigned from time to time by the Board of Directors and the Chairman;
- at the request of the Chairman, carries out the Board Performance Evaluation on the

⁴ Director Giovanna Dossena was deemed independent within the meaning of TUF, and not within that of the Corporate Governance Code, as she has been a Director of the Company for more than 9 years over the past 12 years.



6

the **use** of **aluminium**
calipers
reduces **CO₂** production
by **6 g/km**



operation, size and composition of the Board of Directors and its Committees pursuant to the provisions of the Corporate Governance Code of Brembo S.p.A.

Upon request by the Board of Directors, the Lead Independent Director coordinated the 2013 Board Performance Evaluation of the size, composition and functioning of the Board of Directors itself and its Committees. The evaluation was aimed at highlighting areas of improvement, if any, to be followed by corresponding fine-tuning initiatives, especially in view of the forthcoming renewal of the Board of Directors and the Board of Statutory Auditors.

The 2013 Board Performance Evaluation was carried out by asking all Directors to report any changes of opinion and/or comments in respect of those expressed in last years questionnaires.

The results of this activity, received and processed at the end of November 2013, were summarised in a special document provided to the Directors and were examined during the meeting of the Independent Directors on 10 November 2013 and, subsequently, during the Board of Directors' plenary meeting held on the same day. In both occasions, the positive opinions expressed in the previous editions were unanimously confirmed, thus judging as appropriate the functioning, size and current composition of the Board of Directors and its Committees.

4. HANDLING OF CORPORATE INFORMATION

4.1 Procedure for Handling Inside Information

Brembo has adopted a procedure for handling inside or price sensitive information, which includes the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market and international best practices. The By-laws are available on Brembo's website

(www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

The purpose of this procedure is to define the terms and procedures for the disclosure of Inside Information and at the same 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 them carried out either directly or indirectly by Insiders or persons closely associated with them. In accordance with the applicable laws, the Internal Dealing Regulations require Insiders:

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

A complete copy of the Regulations is available on Brembo's website: www.brembo.com – Investors section.

Two notices were given under the Internal Dealing Regulations in 2013.

5. BOARD COMMITTEES

In accordance with the 2011 Corporate Governance Code, Brembo established all required Committees.⁵ The composition, duties and functioning of all Committees are defined in specific Regulations, which were amended by the Board of Directors on 17 December 2012, fully implementing the principles and criteria of the 2011 Corporate Governance Code. These Regulations are contained in Brembo's Corporate Governance Manual.

6. REMUNERATION & APPOINTMENTS COMMITTEE

At the Board of Director's meeting on 17 December 2012, the Remuneration Committee (appointed by the Board of Directors on 29 April 2011) was assigned the function of the Appointments Committee, changing its name to Remuneration & Appointments Committee. The Committee will remain in office until the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013, and is made up of the following:

- Non-executive Director Umberto Nicodano (Chairman);
- Non-executive and independent Directors, Giovanni Cavallini and Pierfrancesco Saviotti⁶.

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

- ensuring that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer

and General Manager, the executive Directors, the Directors holding special offices and Key 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;
- 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 2013, the Committee met, upon notice of calling, on 5 March 2013; previously, a preliminary and planning session was held to examine issues falling within its competence and make appropriate proposals to the Board of Directors (meetings lasted approximately 2 hours on average). In addition to the Secretary, the Head of Human Resources and Organisation, was invited to the meetings, to present the subjects falling within his responsibility.

At its meeting of 5 March 2013, the Committee examined and approved opinions and proposals to be submitted to the Board of Directors:

- the closure of the 2010-2012 Incentive Plan for Executive Directors and Top Managers, confirming the full correspondence of the proposed calculation and payout/bonus

⁵ Brembo complied with the recommendation to set up the Appointments Committee in 2012, assigning this function to the Remuneration Committee (which was renamed on 29 April 2011), accordingly changing its name into Remuneration & Appointments Committee.

⁶ Member of the Committee with adequate expertise and experience in financial matters.



Homer plant,
Michigan (USA).
Disc processing.

- opportunity mechanisms with the provisions of the Plan and relevant Regulation;
- the short-term incentives policies “MBO 2013” for Key Management Personnel (Executive Deputy Chairman and Chief Executive Officer) and the management;
 - the proposal for a Three-Year (2013-2015) Incentive Plan for Executive Directors and Top Managers and the relative Regulation, with pay-outs in cash only, expressing a favourable opinion of the proposal;
 - the proposal to adjust the overall compensation of the Administrative Body and members of the Committees of Brembo S.p.A. and the allocation of such compensation for Executive Directors, deeming it to be suited to the Group’s changed characteristics, including in terms of its size and organisation, at both a national and international level, partly on the basis of analyses conducted by independent experts; this proposal was then approved by the General Shareholders’ Meeting of 23 April 2013;
 - the 2012 General Policies for the remuneration of Executive Directors, other Directors holding special positions and Key Management Personnel included in the 2013 Remuneration Report, in accordance with Article 123-ter of TUF.

The Committee then submitted the proposals in question to the Board of Directors, which approved them and adopted the relevant recommendations.

Further information regarding remuneration policies is provided in the Remuneration Report in accordance with Article 123-ter of TUF, which is available on Brembo website (www.brembo.com, Investors section, Corporate Governance, Remuneration Policies).

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, Investors section, Corporate Governance, Remuneration Policies).

8. AUDIT & RISK COMMITTEE

The Audit & Risk Committee (appointed on 29 April 2011) consists of 3 non-executive, independent Directors — Giovanni Cavallini (Chairman), Pasquale Pistorio, Giancarlo Dallera — and shall remain in office until the General Shareholders’ Meeting held to approve the Financial Statements for the year ended 31 December 2013.

This committee performs the function of Related Party Transactions Committee pursuant to the Related Party Transactions Procedure.

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 Legal & Corporate Director;
- the Risk Manager.

Other persons may attend the Committee meetings, who have been specifically invited and are part of the company’s management and/or the Risk Management or compliance structures, in relation to specific internal control and risk management needs or specific items on the Agenda.

In 2013, the Audit & Risk Committee held six meetings, duly recorded in the minutes, lasting about 3 hours each on average, on the following dates: 21 January 2013, 4 March 2013, 9 May

2013, 23 July 2013, 24 October 2013, and 10 December 2013.

In 2014, 1 meeting was held on 26 February 2014, in which the final reports of 2013 were presented.

The Manager in charge of the company's financial reports, or a person delegated by him, the Quality & Environment Manager, the Purchasing Manager, the IT Manager and the Human Resources & Organisation Manager also attended the meetings for the discussion of specific items on the agenda.

In the context of the duties assigned to it, the Audit & Risk Committee:

- assisted the Board of Directors in carrying out the internal control duties assigned to it;
- assessed and expressed its opinion on the proper use of the accounting standards and their consistency within the Group for 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;
- expressed opinions on specific issues regarding the identification of key business risks, and the design, implementation and management of the Internal Control and Risk Management System and examined the report submitted at the meeting for the approval of the 2013 Financial Statements by the Director in charge of overseeing the Internal Control and Risk Management System and the Internal Audit Director;
- oversaw the effectiveness of the audit process;
- was constantly informed of the state of progress of the Audit Plan and the outcome of the activities performed by that function;
- received updates on the Risk Report and expressed opinions concerning the project launched during the year for the development of a more advanced and structured model

from the standpoint of the assessment of risks;

- expressed a favourable opinion concerning the proposed Risk Management Policy, set according to the previously approved guidelines;
- through reports presented by the Chairman of the Committee, informed the Board of Directors of the activities carried out and the adequacy of the Internal Control and Risk Management System in 2013.

In its function as a support to the Board, the Audit & Risk Committee also held a meeting with the Executive Deputy Chairman, in the presence of the Statutory Auditors, to examine the content of the Management Letter for financial year 2012 issued by the auditing firm PricewaterhouseCoopers S.p.A. in July 2013, subsequently reporting its conclusions and recommendations to the Board of Directors.

In its meetings, the Committee was constantly kept informed by the Internal Audit Director about the following topics:

- 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.

The Committee also approved the mandate of the Internal Audit function, in addition to examining and positively assessing the function's 2014 Audit Plan and 2014 Budget, which were then submitted for approval to the Board of Directors.

The Committee periodically received reports from the Administration, Finance and Control Director (CFO) on significant transactions and transactions in potential conflict of interest as defined in current company rules, as well as on the state of progress of activities carried out in accordance with the provisions of Law No. 262/05 and its extension to Group companies. The transactions undertaken were found to be consistent with the powers delegated by the Board of Directors and the activities performed for the purposes of Law No. 262/05, as well as suited to the structure of Brembo S.p.A. and the Group. 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, meeting with the company's management involved in the different projects on specific topics such as:

- organisational changes, internal company authorisation flows and the system of delegated powers and authority aimed at ensuring the total organic unity of the various management processes and ensuring an adequate level of segregation of duties;
- the state of progress of risk management activities;
- safety and environmental management system;
- the process of standardising the legal instruments used in the supply chain. This included Brembo's new General Purchasing Conditions, launched with the aim of providing an effective response to customers' expectations both in terms of sustainability and compliance and safeguarding Brembo's interests at the worldwide level with regards to suppliers of "direct materials and services";
- a management process implemented by the Purchasing Department to safeguard Brembo against supply risks;
- projects related to the implementation of the IT Disaster Recovery Plan and AX System;
- laws on the administrative liability of entities at a worldwide level.

In its capacity as Related Party Transactions Committee, the Audit & Risk Committee examined the company's proposals and issued a favourable opinion on the following topics:

- at its meeting of 21 January 2013, it assessed the intercompany financing to Innova Tecnologie (a related party of Brembo S.p.A.), because this transaction is not exempt from the Procedure in that Innova Tecnologie is an associate company the activities of which, as defined in its company objects clause, are not akin to those of Brembo S.p.A. Having assessed the Company's interests in undertaking the transaction and the soundness and substantial fairness of the pertinent conditions, in line with market conditions (also considering the related party relationship between Brembo and Innova Tecnologie) and having examined the possible risks, the Committee expressed a favourable opinion on the performance of the financing transaction in accordance with current company procedures;
- at the meeting of 9 May 2013, it updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2013 Financial Statements, and confirmed the amount of €250,000.00 as the "threshold" for determining Low Value Transactions;
- at its meeting of 24 October 2013, it assessed the proposal not to proceed with a further amendment of the Procedure in 2013, given the changes made in previous years and in light of the efficacy shown in applied practice (and thus regarding the contents of the Recommendation and the wishes expressed by Consob in connection with its initial review of the Procedure as already adopted).

The Committee also 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.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

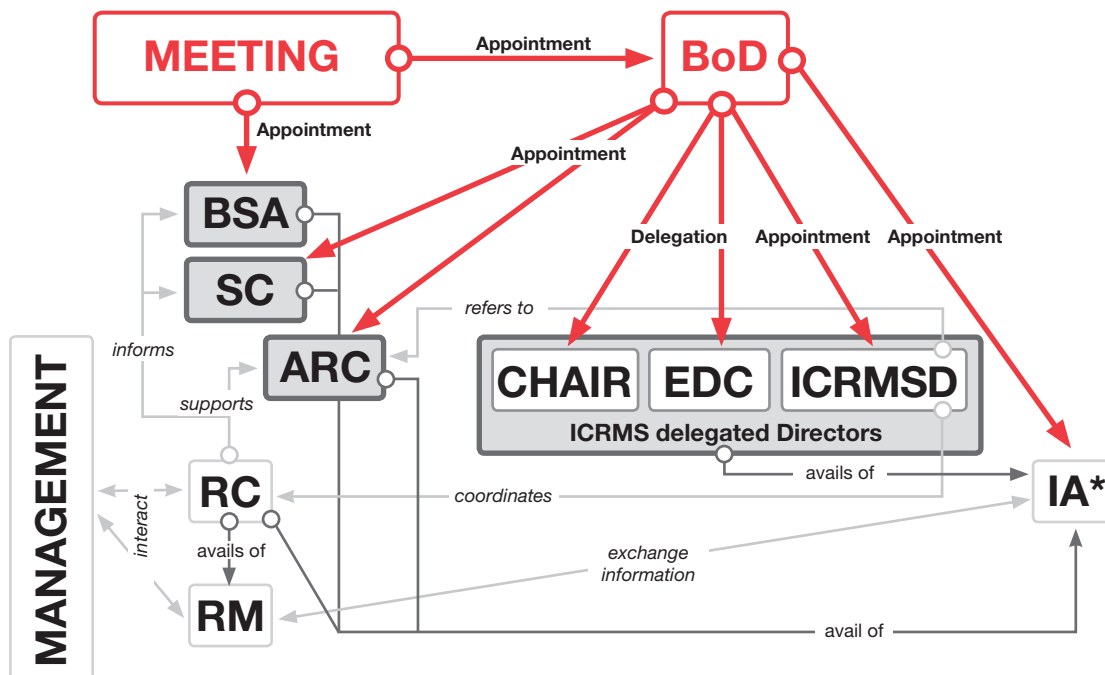
Pursuant to Article 7 of the 2011 Corporate Governance Code, the Internal Control and Risk Management System (hereinafter for brevity the "System") is structured as shown in the following diagram:

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

- a. the Chairman, who is responsible for defining the general guidelines of compliance and Internal Control System within the broader powers of direction, coordination and control granted to him in relation to his office;
- b. the Executive Deputy Chairman, who is tasked with ensuring the implementation and constant updating of Brembo's 231 Model, as well as the compliance with regulations

in foreign countries where the investee companies operate, also developing all necessary training and awareness-building activities necessary thereto to create a compliance culture in Italy and in all investee companies;

- c. the Chief Executive Officer and General Manager, who, within the powers granted to him, is tasked with implementing and enforcing, at all levels in Italy and abroad, the provisions set forth by the Law, the By-laws, the internal procedures and the Self-regulation and Corporate Governance Manuals, the Code of Ethics and, more generally, the compliance system in force in the company and its investee companies; in this regard, specific reference is made to the provisions of Legislative Decree No. 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations;
- d. the Executive Director charged with supervising the Internal Control and Risk Management System (abbreviated as the "ICRMSD"), who is responsible for identifying the main



LEGEND

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

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

- risks and periodically verifying the adequacy of the System, in execution of the guidelines set by the Board of Directors;
- e. the Audit & Risk Committee, which is tasked with supporting the Board of Directors' decisions and evaluations on issues relating to internal control and risk management in line with the provisions of Article 7.C.2 of the 2011 Corporate Governance Code;
 - f. the Managerial Risks Committee, which is tasked with identifying and weighting macro-risks, as well as aiding all parties in the System in mitigating and managing risks;
 - g. the Risk Manager, who is responsible for supervising and coordinating the risk management process, while supporting the Managerial Risks Committee; the Risk Manager reports directly to the Executive Deputy Chairman;
 - h. the Internal Audit function, which reports hierarchically to the Board of Directors.

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

In accordance with the provisions of Article 7.C.1 of the 2011 Corporate Governance Code, the Board of Directors:

- defined the general guidelines of the Internal Control System, so that the main risks pertaining to Brembo S.p.A. and Group companies are properly identified, as well as adequately measured, managed and monitored. It also sets criteria to ensure that such risks are compatible with sound and proper management of the company;
- approved the Risk Management Policy (ISO 31000) on the basis of the previously defined guidelines, with the aim of establishing guidance and general direction for the organisation with regard to risks, risk management

and process harmonisation, so as to:

- increase the probability of achieving company objectives;
- improve the identification of opportunities and threats;
- improve Governance;
- provide a reliable basis for decision-making and strategic planning;
- improve loss prevention and incident management;
- improve organisational resilience;
- improve compulsory and voluntary reporting;
- minimise losses;
- carried out an annual appraisal that the Internal Control and Risk Management System is adequate and effective and operates efficiently.

The Risk Management Policy applies to Brembo S.p.A. and its subsidiaries, and is addressed in particular to administrative 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.

During the year, a process was launched with the aim of developing the currently implemented Enterprise Risk Management (ERM) model in order to establish a pro-active risk governance model suitable to providing the Board of Directors and management with an optimised tool in support of the decision-making process, with the adoption of additional tools capable of anticipating, mitigating or managing significant exposures.

9.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 23 July 2013 and 6 March 2014, the Chairman of the Audit & Risk Committee informed the Board of Directors of the activities carried out by the Committee and expressed a favourable opinion as to the adequacy of the Internal Control and Risk Management System, leaving the final opinion to the Board of Directors.

Taking into account 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 overseeing the Internal Control and Risk Management System and the Manager in charge of the company's financial reports, who also holds the position of CFO, the Board of Directors shared the opinion expressed by the Chairman of the Audit & Risk Committee and acknowledged that the Internal Control and Risk Management System is substantially appropriate for the Group structure and its type of business and that, for the purposes of preparing the periodic financial reports, the accounting principles and procedures are properly applied.

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

- assurance and monitoring of the improvement plans continue in a structured, constant manner, as indicated in the Audit Plan presented by the Head of the Internal Audit function;
- a project aimed at developing the Enterprise Risk Management model is underway with the goal of providing the Board of Directors and management with a tool in support of the decision-making process and additional

tools capable of anticipating, mitigating or managing exposures to significant risks;

- work continued on the process of consolidating monitoring and control mechanisms for the application phase of the measures and tools implemented to define the Group's guidance and management rules;
- the procurement process is constantly monitored in order to prevent the risks associated with single supplier situations and suppliers with financial difficulties. Similarly, great attention is being paid to processes aimed at ensuring that the Brembo worldwide Safety and Environment system complies with applicable rules, international standards and best practices;
- supervisory activities are made possible thanks to the commitment and reports of internal control functions, and in particular the Internal Audit function;
- work to design Brembo's Internal Control and Risk Management System continues with participation in institutional meetings, calling attention to the guidelines ratified during meetings of the Board of Directors.

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 Internal Audit function, which, together with the Compliance Officer, prepares an annual Test Plan for the aforementioned control measures. Based on the Test Plan results, the Manager in charge of the Company's financial reports and the Compliance Officer evaluate the need for corrective actions and develop a corrective plan.

The 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.

The Corrective Plan is delivered to the Process Contact Persons, who, within the established deadlines, are required to take steps to either implement new control measures or mitigate the risks resulting from the lack thereof.

When this process is complete, 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 Contact Persons and promptly reported to the Manager in charge of the Company's financial reports (through the Compliance Officer).

The Process Contact Persons are responsible for identifying all events within their processes 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 to that effect.

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

Every six months, the Manager in charge of the Company's financial reports (supported by the Compliance Officer) requests that the subsidiaries' Administration Departments conduct a self-assessment to identify risk areas and the key control measures that address them.

9.3 Executive Director charged with overseeing the Internal Control and Risk Management System

The Director Cristina Bombassei, appointed on 29 April 2011 as "Executive Director in charge of overseeing the ICS" (ICSED), was confirmed on 17 December 2012 in her role as "Executive Director in charge of the Internal Control and Risk Management System" by the Board of Directors which also assigned her the tasks provided for by Article 7.C.4 of the 2011 Corporate Governance Code.

This Director submitted its annual report to the Board of Directors at the meeting held on 6 March 2014.

9.4 Internal Audit Director

Pursuant to the 2011 Corporate Governance Code, Alessandra Ramorino, already appointed Internal Auditor, by proposal of the Audit & Risk Committee and the Executive Director responsible for the Internal Control and Risk



Nanjing car plant (China).

Management System, was confirmed in the position of Internal Audit Director on 17 December 2012 by the Board of Directors, which also approved the associated organisational structure, deeming it to be adequate to the performance of the duties envisaged in Article 7.C.5 of the Corporate Governance Code. On 5 March 2013, the Board of Directors also approved the revision of the function's mandate, in a manner consistent with the recommendations of the 2011 Code.

The Internal Audit Director (hereinafter the "IA Director" in short) reports hierarchically to the Board of Directors through the Chairman, and in operational terms to the Executive Deputy Chairman, and interacts with the Audit & Risk Committee, the ICRMSD and Board of Statutory Auditors, in such a way as to ensure constant efficacy and the requisite independence in the performance of the duties associated with the position, in a manner consistent with the company's governance system and the 2011 Corporate Governance Code, while drawing inspiration from international best practice.

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

The mission of Brembo's Internal Audit is to ensure the performance of independent, objective assurance and financial advice activities aimed at improving the organisation's

efficacy and efficiency. Internal Audit is tasked with assisting the Brembo Group with achieving its objectives through a systematic professional approach oriented towards providing value-added services in all areas within its purview, to achieve ongoing improvement.

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

- an understanding of the risks and an 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 especial 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 Internal Audit have 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.



Mapello aluminium foundry (Italy).

During 2013, 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: risk assessments, using the Control Risk Self Assessment method, organisational audits of Group companies, audits of compliance with Law No. 262/05 and Legislative Decree No. 231/01, operating audits on specific areas of activity and ethics audits based on specific reports received.

As part of the Audit Plan, the Internal Audit Director verified the accounting systems with a view to improving the reliability of information systems.

In accordance with Legislative Decree No. 231/01 and particularly with regard to methodological improvements, Internal Audit supported Company personnel in charge of the risk-assessment project for activities that might lead to the offences cited in Law No. 231.

In 2013, Internal Audit continued its monitoring of management of the main 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 Internal Audit Director is not responsible for any operational areas; she had direct access to the information required to perform her duties, reported on her work at each meeting of the Audit & Risk Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 26 February 2014, the Audit & Risk Committee was provided with appropriate information on the results of Internal Audit Director's activities for 2013, 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 2013, 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 Department. Internal Audit Director's Report was examined by the Board of Directors during its meeting of 6 March 2014.

9.5 Organisational Model Pursuant to Legislative Decree No. 231/01, New Anti-Bribery and Compliance Code of Conduct

By adopting 231 Model, Brembo intends to:

- fulfil all the legal requirements and adopt the principles that inspired the Legislative Decree by formalising a structured and organic system, which already exists within the company, is responsible for control procedures and activities (preventive and *ex post facto*) and is designed to prevent and monitor the risk that Offences will be committed, through the identification of Sensitive Activities;
- constitute an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

The 231 Model is made up of:

- a General Section illustrating the company's profile, the regulations of reference, underlying principles and elements making up the model (corporate governance system, internal control system, principles governing the system of delegated powers, code of ethics), the function of the Model, the ways in which the Model is constructed and structured, the recipients of the Model, relations with Group companies, the Supervisory Board Rules, as well as the disciplinary system and the measures to be implemented in terms of training, circulation, amendment and updating;
- the Special Sections and relevant Sensitive Activity Analysis Sheets (the latter of which are intended for the Company's exclusive

- internal use) focusing on specific types of Offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the company;
- the Code of Ethics, set forth in full in Attachment A, which must be deemed to form an integral part of the Model, given that it lays down the general principles and values that must inspire and inform the professional conduct of any and all the persons serving or acting on behalf of Brembo in any capacity whatsoever;
 - the Brembo Compliance Guidelines (in Attachment B — intended for the Company's exclusive internal use), 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 and immediacy of the contents of the various Special Sections for the recipients of the Brembo Model.

The Anti-Bribery Code of Conduct (hereinafter "the Code"), approved by Board resolution of 12 November 2013 and distributed to all of the Group's employees, has been added to the above-mentioned documents. In accordance with the principles enunciated in the Code of Ethics and international best practices, the Code was drafted with the aim of safeguarding the principles of transparency, providing clarity on permissible behaviour and compliance with the relevant anti-bribery legislation wherever Brembo conducts its business, while guaranteeing observance of the highest standards of integrity. 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.

During 2013, Brembo continued to analyse and update its organisation, management and control instruments to bring them into compliance with the provisions of Legislative Decree No. 231/2001, as amended, including through the 231 Contact Persons' activity, with the aim of constantly ensuring the efficacy and adequacy of 231 Model.

Internal authorisation flows were reinforced in the areas of the sales and consulting management process, and commercial powers and authorities were revised accordingly, as were those relating to the award of consulting contracts. During the year, the planned training activities regarding the 231 Model continued and were concluded, through online training dedicated to all employees. Classroom follow-up sessions were held on certain control protocols with the persons directly involved in specific sensitive processes, and training sessions dedicated to compliance with 231 Model were also held at the Group's Italian and foreign companies.

In late 2013, a compliance programme was launched with the aim of verifying the state of compliance with local legislation by the Group's main companies through risk assessment and gap analysis activities.

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

Brembo's Supervisory Committee is a collegial body of at least three members, one of whom is the IA Director, while the other two must meet the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action imposed by Legislative Decree No. 231/01. Following the appointment of the Administrative Body by the General Shareholders' Meeting of 29 April 2011, on that



Pune motorbike plant (India).

same day the Board of Directors appointed the new Supervisory Committee consisting of the following three members:

- Marco Bianchi, Chairman and independent member;
- Giancarlo Dallera, Independent Director pursuant to Article 3 of the Brembo's Corporate Governance Manual and former member of the Supervisory Committee in the previous term;
- Alessandra Ramorino, in Charge of Internal Control and Internal Audit Director of Brembo and former member of the Supervisory Committee in the previous term.

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

The company decided not to exercise the option of assigning the Supervisory Committee functions to the Board of Statutory Auditors and to preserve the current three-body structure (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors) until the expiration of the current office, i.e., the Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2013. The company will re-examine the situation when appointing the new Corporate Bodies, on the basis of the trends and best practices prevailing at that time.

On 13 May 2013, on the basis of the opinion expressed by the Supervisory Committee concerning 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 Market Regulation Instructions (full adoption of the Model pursuant to Article 6 of Legislative Decree No. 231/01).

As regards the specific activities within its remit, the Supervisory Committee met on 9 May 2013, 23 July 2013, 24 October 2013,

and 10 December 2013. The Chairman of the Committee also attended the Audit & Risk Committee meetings for the matters within his responsibility and interest.

In 2014, one meeting was held on 26 February 2014, in which the final reports of 2013 were presented.

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

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

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

Oversight of the Model entailed an analysis of:

- the reports received by the Supervisory Committee;
- an analysis of the flow of information contained in the Supervisory Committee's half-yearly report by the internal functions of Brembo S.p.A. and relevant personnel for Group companies;
- findings reached through meetings with the managers of sensitive areas and/or functions

within the meaning of Legislative Decree No. 231/01.

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

9.6 Independent Auditors

The contract to provide legal auditing of the accounts was awarded by the General Shareholders' Meeting held on 23 April 2013 to Reconta Ernst & Young S.p.A. for financial years 2013 to 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 the respective controls performed.

9.7 Manager in charge of the Company's financial reports

Pursuant to Article 27-*bis* of the By-laws and in light of the non-binding opinion of the Board of Statutory Auditors, on 29 April 2011 the Board of Directors appointed Matteo Tiraboschi as Manager in charge of the Company's financial reports⁷, granting him the relevant powers. He also holds the position of Executive Deputy Chairman of Brembo S.p.A. and Group CFO.

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 relative control system, safeguarding against the risks inherent in the process of preparing financial information. The engagement is for a period of three years, will expire in conjunction with the General Shareholders' Meeting to approve the financial statements at 31 December 2013 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 structure of the Internal Control and Risk Management System approved by the Board on 17 December 2012 was revised with the aim of ensuring coordination between the various parties and functions involved in the System, as stated in the diagram of paragraph 9 above.

In particular, coordination is the responsibility of the ICRMSD, who:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submits them periodically for review to the Board of Directors;
- puts into practice the guidelines established by the Board of Directors, supervising the

⁷ Matteo Tiraboschi has held this position since 2009.

A person wearing a red jacket is walking through a snowy forest. The scene is filled with falling snow, creating a soft, white atmosphere. In the background, there are several tall, thin trees. Overlaid on the image is a large, semi-transparent '1M' in a bold, sans-serif font.

1M

almost **1 million km**
travelled on **road tests**
in **one year**



planning, implementation and management of the Internal Control and Risk Management System, and constantly verifies its adequacy and efficacy;

- adjusts the System to the dynamics of operating conditions and the legislative and regulatory scenario;
- may ask Internal Audit 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 & Risk Committee and Chairman of the Board of Statutory Auditors thereof concurrently;
- timely reports to the Audit & Risk Committee (or to the Board of Directors) regarding problems and critical issues brought to light in the performance of his or her activities or of which he or she has otherwise become aware, so that the Committee (or the Board) may take the appropriate initiatives.

The ICRMSD coordinates the Risk Committee and relies upon the support of the Risk Manager (process owner) and Internal Audit as the guarantor 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.

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 (hereinafter the "RPT Procedure"), in light of the unanimous and favourable opinion of the Audit & Risk Committee (formerly Audit Committee) appointed for that purpose, being composed of three Independent Directors.

The purpose of the RPT Procedure, as also specified in the Code of Ethics, is to ensure the transparency and the substantive and procedural propriety of Related Party Transactions that are not concluded at arm's length, with a view to safeguarding the company's higher interests. As a general rule, the said transactions may be concluded only when strictly necessary in the company's interest, without prejudice to the foregoing provisions.

The RPT Procedure governs the following aspects, among others:

- it assigns the function of Related Party Transactions Committee to the Audit & Risk Committee, as it comprises three independent non-executive directors;
- it does not extend the scope of the RTP Procedure to parties other than those set forth in Annex 1 to the Consob Regulations (which referred to IAS 24 at the date of publication of the Regulations);
- it sets the "threshold" for Low Value Transactions outside the scope of the new Procedure at €250,000.00, to be revised annually, inasmuch as it was decided that transactions below said threshold cannot constitute a risk for the company;
- it sets the amounts of the thresholds for the significance indices for Highly Significant Transactions on the basis of the previous year's Financial Statement figures and states

that they are to be revised annually according to each year's results;

- it excludes resolutions (other than resolutions passed pursuant to Article 2389, paragraph 3, of the Civil Code) concerning the remuneration of Directors with special tasks and Key Management Personnel from the scope of the new procedure, inasmuch as such resolutions also involve the Remuneration & Appointments Committee, which consists solely of non-executive Directors and a majority of independent Directors;
- it exercises the option to exempt ordinary transactions and intra-Group transactions (limited to intra-Group operations or operations among subsidiaries or associates which, as specified in their respective corporate object, perform activities akin to those of Brembo S.p.A.);
- it lays down the rules for assessing of Moderately and Highly Significant Transactions, carried out either directly by Brembo or through its subsidiaries;
- it identifies the organisational structures and information flows deemed appropriate to ensure that the competent Bodies are provided all useful information to evaluate such transactions in a timely manner.

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

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

During the year, based on proposals by the Audit & Risk Committee (serving as the Related

Party Transactions Committee), the Board of Directors:

- at the meeting of 13 May 2013 updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2012 Financial Statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value Transactions;
- during its meeting of 12 November 2013, unanimously resolved not to proceed with amendments to the Related Parties Procedure of Brembo S.p.A., in light of the efficacy shown in applied practice and because it had already been revised in previous years, on the belief that the contents of the Recommendation and the wishes expressed by Consob regarding the first revision of the procedure had already been adopted.

In addition, in its capacity as Related Party Transactions Committee, the Audit & Risk Committee met on 21 January 2013 to conduct a prior review of the intercompany financing transaction involving Innova Tecnologie (a related party to Brembo S.p.A.). This transaction is not exempt from the Procedure because Innova Tecnologie is an associate company the activities of which, as defined in its company object, are not akin to those of Brembo S.p.A.

After assessing the company's interests in undertaking the transaction, as well as the soundness and substantial fairness of the conditions of the transaction, deemed in line with market conditions (also considering the related party relationship between Brembo and Innova Tecnologie), and reviewing the possible risks, the Committee expressed a favourable opinion of the performance of the transaction in accordance with current company procedures.

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



Nanjing disc plant (China).

11. APPOINTMENT OF STATUTORY AUDITORS

In accordance with the provisions of Article 22 of the By-laws, as well as existing provisions of law and the implementing rules issued by Consob:

- the Board of Statutory Auditors 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 Statutory Auditors shall be chosen from persons who qualify as independent under the provisions of the 2011 Corporate Governance Code;
- auditors are appointed for a term of three years and are eligible for re-appointment; their emoluments are determined by the General Shareholders' Meeting;
- the lists for the appointment of Statutory Auditors:
 - (i) must include at least one candidate for the office of Acting Statutory Auditor and, in any case, a number of candidates not exceeding the Statutory Auditors to be elected, progressively numbered; each person may be a candidate in one list only, under penalty of ineligibility;
 - (ii) the lists containing a number of candidates equal to or greater than 3, considering both sections, must include a number of candidates in the standing Statutory Auditors' section such as to ensure that the composition of the Board of Statutory Auditors, in respect of its acting members, complies with the laws and regulations on gender balance 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;
- 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 envisaged in the regulatory provisions in force, published by Consob on 29 January 2014, of 1% of share capital, are entitled to present lists. Each shareholder, as well as:
 - (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 may submit, either on their own or jointly with other shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list;
- the lists of candidates, duly signed by the Shareholders submitting the same, or the Shareholder delegated to make the submission, together with all the other related documents as required under 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 on the Company's website and at its registered offices, in the manner and form specified under statutory and regulatory provisions, at least 21 calendar days prior to the scheduled date of the General Meeting.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The General Shareholders' Meeting held on 29 April 2011 appointed the current Board of Statutory Auditors for the 2011-2013 period, based on the one sole list presented by the majority Shareholder New FourB S.r.l., and also confirmed Sergio Pivato as Chairman of the Board of Statutory Auditors. The Board of Statutory Auditors' term of office will expire with the General Shareholders' Meeting called on 29 April 2014 to approve the Financial Statements for the year ended 31 December 2013.

The following is a profile of the Chairman and the Acting Auditors.

Sergio Pivato

Chairman of the Board of Statutory Auditors of Brembo S.p.A. since 2008. He has been a Certified Public Accountant since 1977 and

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

Enrico Maria Colombo

Member of the company's Board of Statutory Auditors since 2008. He graduated with honours in Economics and Business Administration in 1983 at the Bocconi University of Milan, has been a member of the Certified Public Accountants Register of Milan since 1986, as well as the Auditors Register. He carries out his professional activity as partner at the firm Studio per il Controllo Contabile Analisi and the law firm Studio Legale e Tributario Biscozzi Nobili. He is Chairman of the Board of Statutory Auditors of several listed companies.

Board of Statutory Auditors

Office held	Name and surname	In office from	In office until	Length of term*	Indep. as per Corporate Governance Code	%of attendance**	Other offices held***
Chairman	Sergio Pivato	29.04.2011	(1)	29.04.2008	x	86%	No. 5 weight 2.80
Acting Auditor	Enrico Colombo	29.04.2011	(1)	29.04.2008	x	86%	No. 11 weight 4.02
Acting Auditor	Mario Tagliaferri	29.04.2011	(1)	29.04.2011	x	100%	No. 14 weight 3.25****

Number of meetings of the Board of Statutory Auditors held during the financial year: 7

Quorum required to present lists for the most recent appointments: 1%

NOTES

(1) Appointed for a term expiring on the date of approval of the Financial Statements for the year ended 31 December 2013.

* This column shows the date on which the Statutory Auditor was appointed Chairman of the Board of Statutory Auditors or Acting Auditor of Brembo for the first time.

** This column shows the attendance rates at meetings of the Statutory Auditors to the Board of Statutory Auditors, which in 2012 were seven (number of meetings attended/number of meetings held during the term of office of the Statutory Auditor).

*** This column shows the number of Directorships or Auditorships held by the Statutory Auditor within the meaning of Article 148-bis of TUF. The full list of Directorships and Auditorships held is published on the Consob website pursuant to Article 144-quinquiesdecies of the Rules for Issuers.

**** Pursuant to Article 144-terdecies, paragraph 2, of the Rules for Issuers, it should be noted that the maximum number of positions held shall not apply to Auditor Mario Tagliaferri, as he is member of the Supervisory Body within one issuer only.

Mario Tagliaferri

Mario Tagliaferri has been a member of the company's Board of Statutory Auditors since 2011. He graduated in 1987 in Economics and Business from the University Institute of Bergamo. In 1990 he registered in the Certified Public Accountants Register and in 1995 in the Certified Auditors Register. He is currently President of the Association of Certified Public Accountants and Accounting Experts of Crema and practices as a Certified Accountant and Auditor, as a partner in the firm LEXIS — Dottori Commercialisti Associati in Crema, mainly providing tax and corporate advisory services.

He is Chairman of the Board of Statutory

Auditors of several companies, including listed companies. He collaborated in the writing of several publications on tax and corporate matters.

The remuneration of the Board of Statutory Auditors was established by the General Shareholders' Meeting on 29 April 2011 in the gross amount of €196,000 per annum, to be distributed among all the members.

All members of the Board of Statutory Auditors satisfy the integrity, professionalism and independence requirements laid down by law and Brembo's Corporate Governance Code, which has adopted the independence requirements set forth in the 2011 Corporate Governance

Brembo Racing.
Rally and GT pedal box
with Remote Adjuster.



Code. This check was conducted on the basis of statements made by the Statutory Auditors at the time of their appointment (29 April 2011), and thereafter each year, up to the last check performed at the Board of Directors meeting of 6 March 2014.

Upon the appointment of the Board of Auditors (29 April 2011) and subsequently every year up to the last Board of Directors' meeting of 6 March 2014, the Company determined that the ceiling on concurrent appointments had not been exceeded in respect of any member of its Board of Statutory Auditors, on the basis of the declarations made by each of the said members in such regard pursuant to Annex 5-*bis* to the Rules for Issuers. The outcome of the check is given in the table above.

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

The company decided not to exercise the option of assigning the Supervisory Committee functions to the Board of Statutory Auditors and to preserve the current three-body structure (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors), until the expiration of the current term of office; the company will re-examine the situation when appointing the new corporate bodies, i.e., the Shareholders' Meeting called on 29 April 2014 to approve the Financial Statement for the year ended 31 December 2013.

As part of its activities, the Statutory Auditors may call upon the Internal Audit function to

audit specific operating areas or company transactions.

In 2013, the Board of Statutory Auditors held seven meetings and most members of the Board of Statutory Auditors participated in all meetings of the Board of Directors. The meetings of the Board of Statutory Auditors lasted about 2 hours on average.

In performing its functions, the Board of Statutory Auditors regularly met with the Manager in charge of the Company's financial reports, the Company's Independent Auditors and the Internal Audit Director.

The Board of Statutory Auditors and the Audit & Risk Committee shall constantly exchange information material to the performance of their respective duties in a timely manner. The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the aforementioned Chairman, also attended all the meetings of the Audit & Risk Committee, the Supervisory Body and the Remuneration & Appointments Committee.

13. RELATIONS WITH SHAREHOLDERS

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

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

In order to provide the market with exhaustive and constantly updated financial information, the company publishes a specific Italian-English Investor Relations section on its website (www.brembo.com – Investors section) with

useful information for stakeholders, including: press releases, Financial Statements and interim reports, presentations to the financial community, stock price trends, By-laws, regulation of Shareholders' Meetings, information regarding Corporate Governance and compliance with relevant Codes and procedures, etc.

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

The Investor Relations function is headed by Matteo Tiraboschi, the Group's Executive Deputy Chairman and CFO.

All Investors' requests may be sent to Brembo via the following channels: email ir@brembo.it; phone +39.035.60.52.145; fax +39.035.60.52.518.

14. GENERAL SHAREHOLDERS' MEETINGS

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

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

of the following daily newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *Milano Finanza*, and *Italia Oggi*.

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

- under Article 10-*bis* (Addition of Items to the Agenda), that shareholders individually or collectively representing at least 1/40th of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items onto the agenda for the General Shareholders' Meeting, indicating the proposed additional items of business in the application;⁸
- under Article 11 (Participation in and Representation at General Shareholders' Meetings), that voteholders may participate in the meeting and cast votes provided that the Company has received an appropriate notice certifying their standing, issued by the intermediary participating in the centralised financial instrument management system, by the third trading day prior to the date for which the Shareholders' Meeting is scheduled (or within other term as provided for under applicable law).

⁸ 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 1/40th of the share capital may apply for additional items to be placed on the agenda or submit motions to be raised on items already on the agenda.

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

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

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

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

The information that the Board of Directors is required to provide to the Shareholders' Meeting must be of such nature as to provide the latter with an in-depth understanding of all matters relevant to making informed decisions in respect of the items submitted for Shareholders' approval.

During the Meeting, Shareholders are provided with the documents regarding items on the Agenda (the relevant Board of Directors' recommendations, as disclosed to the public and forwarded to Borsa Italiana and Consob, pursuant to applicable laws and regulations) and the Annual Financial Statements. As a general rule, attending Shareholders are also provided

with a summary of the Company's stock price trends.

The General Shareholders' Meeting held on 23 April 2013 was attended by 7 Directors out of 11 (4 absent with justification) and 2 members of the Board of Statutory Auditors (1 absent with justification).

The General Shareholders' Meeting Regulation designed to regulate the proper and efficient functioning of the General Shareholders' Meetings was modified by the General Meeting on 29 April 2011, primarily for the purposes of aligning its contents to the changes introduced by Legislative Decree No. 27 of 27 January 2010, "Implementing Directive 2007/36/EC on the exercise of certain shareholders' rights in listed companies" ("Legislative Decree No. 27/2010") and encouraging the active participation of the company's shareholders). The Shareholders' Meetings Regulations are available on the corporate website www.brembo.com - Investor section, Corporate Governance, in the Brembo's Corporate Governance Manual.

It must be pointed out that:

- in July 2013, market capitalisation exceeded €1 billion and on 22 October 2013 the stock reached its high for the year at €20.79 euro;
- on 25 October 2013, the main Shareholder, Nuova Fourb S.r.l., successfully completed the placement of a total of 2,000,000 Brembo S.p.A.'s ordinary shares, equal to 2.99% of share capital, thus reducing its shareholding from 56.52% to 53.53%.

15. CHANGES SINCE THE END OF 2013

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