

# CORPORATE GOVERNANCE

(Approved by the Board of Directors on 19 March 2009)

## Principles, Sources and Company Macrostructure

### Principles

Brembo's System of Corporate Governance was implemented also in financial year 2008, fully complying with the provisions of the "Corporate Governance of Listed Companies" and the requirements for companies listed on the STAR segment.

Brembo bases its conduct on rigorous principles, ethics, compliance with rules, responsibility and transparency. This provides a basis for the company's intangible capital, which consists of its brand, its reputation and the set of values shared by employees and collaborators that guides the actions of a socially responsible company.

With this objective, Brembo has implemented its Corporate Governance model, bringing it in line with the Corporate Governance Manual of Borsa Italiana S.p.A. (March 2006 edition), highlighting ethical aspects and voluntarily adopting the principles of corporate social responsibility.

The Corporate Governance Report, which has been published in Brembo's website ([www.brembo.com](http://www.brembo.com), in the Investor Relations section), was submitted to Borsa Italiana (the Italian Stock Exchange) within the terms established by law.

### Internal Sources

Beside the applicable industry regulations, Brembo's internal sources include:

**1) Corporate Governance Manual** (which acknowledges the Code of Corporate Governance of Borsa Italiana S.p.A., March 2006 Edition, and integrates Brembo's Corporate Governance Code) approved in its fifth edition by the Board

of Directors on 26 March 2008 (the document is available for consultation on the website: [www.brembo.com](http://www.brembo.com) - Investor Relations section - Corporate Governance). The following documents are an integral part of Brembo's Corporate Governance Manual:

- a) The current version of the Company *By-laws*, approved by the Extraordinary Shareholders' Meeting of 27 April 2007;
- b) *Rules for the Remuneration Committee*, approved by the Remuneration Committee on 27 April 2007;
- c) *Rules for the Audit Committee* updated 23 March 2007;
- d) *Rules for the Lead Independent Director* approved on 27 September 2007;
- e) *Instructions for the Management of Significant Transactions and Transactions in Conflict of Interest*, approved by the Board of Directors on 14 October 2002, in their first edition, as instructions for the management of transactions with related parties; first extension by resolution of the Board of Directors of 31 July 2006; second extension by resolution of the Board of Directors of 23 March 2007;
- f) *Regulations of the Shareholders' Meetings*, approved by the Ordinary Shareholders' Meeting held on 3 May 2000.

**2. Instructions governing the Board of Directors of Brembo S.p.A.**, drawn up by the Legal & Corporate Affairs Department on 23 March 2005.

**3. Instructions governing the Shareholders' Meeting of Brembo S.p.A.**, drawn up by the Legal & Corporate Affairs Department on 28 February 2005.

**4. Appointment of the Investor Relator**, resolution passed by the Board of Directors on 12 November 2004.

5. **Handling of Price-Sensitive Information and Disclosure of Documents and Information**, approved by the Board of Directors on 17 March 2005.
6. **Delegation of Powers of Brembo S.p.A.**, approved by the Board of Directors on 14 November 2005 and subsequently extended by resolutions of the Board of Directors on 14 November 2006 and 13 November 2008.
7. **Internal Dealing Procedure of Brembo S.p.A.**, approved by the Board of Directors during the meetings held on 19 December 2002, 13 February 2004 and 24 March 2006 (available on the website at [www.brembo.com](http://www.brembo.com) – Investor Relations section – Corporate Governance).
8. **Code of Ethics of Brembo S.p.A.**, approved by the Board of Directors on 11 November 2002 and distributed to all Company employees, and subsequently amended by the Board of Directors on 26 March 2008 (available on the website at [www.brembo.com](http://www.brembo.com) – Investor Relations section – Corporate Governance).
9. **Organisational, Management and Control Model**, approved by the Board of Directors on 11 February 2005 and subsequently extended by resolutions of the Board of Directors on 29 July 2005, 23 March 2007, 26 March 2008 and 29 August 2009 (available on the website at [www.brembo.com](http://www.brembo.com) – Investor Relations section – Corporate Governance).
10. **Procedures for setting up and updating the Register of Insiders**, updated 24 March 2006.

The above-mentioned documents are available at Brembo's Legal & Corporate Department and Investor Relations Office. Any additional information can be requested from the Company's Investor Relations Office ([ir@brembo.it](mailto:ir@brembo.it)).

## Corporate Macrostructure

The Brembo macrostructure is outlined in the By-laws in the applicable version approved by the Extraordinary Shareholders' Meeting of 27 April 2007, acknowledging the changes deriving from the reform of corporate law and opting to maintain the so-called "Traditional Model". In detail, the amendments to the By-laws approved by the above-mentioned Extraordinary Shareholders' Meeting held on 27 April 2007 were aimed to bring them in line with the provisions of Legislative Decree No. 303 of 29 December 2006, amending Legislative Decree No. 262 of 28 December 2005, with specific reference to the adoption of:

- a list-based mechanism for the appointment of the Board of Directors, in order to ensure the appointment of one Board member from minority lists;
- the procedures for the appointment of the Manager in charge of the Company's financial reports;
- a list-based mechanism for the appointment of the Board of Auditors, in order to ensure the appointment of a member from minority lists, to be also appointed as Chairman of the Board of Auditors, in compliance with the regulatory framework of reference.

In addition:

- At 31 December 2008, the number of ordinary shares issued by the company was 66,784,450, each with voting rights. The company Nuova FourB S.r.l. (with registered offices in Bergamo) holds 37,744,753 shares, corresponding to 56.52% of Share Capital. However, also pursuant to Art. 2497-bis of the Italian Civil Code, this company plays no role in the management and coordination of Brembo S.p.A.; Brembo S.p.A. also holds 1,440,000 own shares, corresponding to 2.16% of Share Capital;

- Brembo S.p.A. directs, coordinates and controls its subsidiaries, as listed in the 2008 Report on Operations, either directly or through Brembo International S.A. and Brembo Performance S.p.A.;
- the requirements pursuant to Art. 2497-bis of the Italian Civil Code have been complied with;
- there are no syndicate agreements or other Shareholder agreements in existence;
- the Board of Directors holds exclusive responsibility for the extraordinary and ordinary operations of the Company, with the exception of the responsibilities that are reserved for the Shareholders' Meeting, in accordance with Italian laws and the Company By-laws;
- on 26 March 2008, Brembo S.p.A.'s Corporate Governance Manual was amended. The Manual entrenches the provisions of the Corporate Governance Code of Borsa Italiana S.p.A. (edition of 26 March 2006), whereby the limit of nine years in the last twelve years set by the Code of Borsa Italiana S.p.A. (March 2006 edition) for Directors is also applied to Auditors;
- measures were implemented to ensure the proper setting up and smooth functioning of Corporate Organs, the Audit Committee and the Remuneration Committee, as well as the appointment of the Lead Independent Director, always in compliance with the recommendations of the Corporate Governance Code of Borsa Italiana S.p.A. (edition of 26 March 2006). The Nominations Committee was not established, due to the fact that candidates for the office of Company Director are nominated by the Shareholders' Meeting, pursuant to Italian law. The Supervisory Committee (pursuant to Legislative Decree 231/01) was set up on 30 July 2004.

## Implementation of Corporate Governance

### General Shareholders' Meeting

The Shareholders' Meeting held on 29 April 2008 deliberated on the Annual Financial Statements of Brembo S.p.A. for the year ended 31 December 2007, the Directors' Report on Operations, the Statutory Auditors' Report and the Independent Auditors' Report.

The Shareholders' Meeting also: examined the Consolidated Financial Statements; resolved upon the plan for the purchase and sale of own shares; extended the audit and certification engagement and fee conferred on PricewaterhouseCoopers S.p.A.; renewed the appointment of company officers, at the end of their period of office, using the list voting system.

The following points apply to the procedure adopted to appoint the Corporate Bodies:

- the quorum for presenting lists set by Consob for Brembo S.p.A. is 2.5%;
- no minority list was presented, therefore the members of the Board of Directors and Board of Statutory Auditors were drawn from the majority list presented by the shareholder NuovaFourB S.r.l.;
- all the documentation prescribed in the By-laws and legislation was filed with the registered office and has been published on the website, within the terms specified therein.

A Shareholders' Meeting was held on 18 December 2008 to resolve on the appointment of a member of the Board of Directors pursuant to Art. 2386 of the Italian Civil Code, further

to the Board's co-opting on 6 June 2008 of the Director Mauro Pessi, following the resignation of the Managing Director Stefano Monetini.

The Shareholders' Meeting of 18 December 2008 confirmed the appointment of the Director Mauro Pessi. The Shareholders' Meeting also approved the new plan for the purchase and sale of own shares.

### Relations with Shareholders and Institutional Investors

The company takes special care in monitoring relations with shareholders, institutional and private investors, financial analysts and the financial community in general, scrupulously respecting mutual roles and periodically organising meetings both in Italy and abroad.

In 2008, the company held more than 100 meetings with its institutional investors and financial analysts and participated in ten roadshows in Milan (five), London (four), and Frankfurt (one).

Particular attention is also placed on private shareholders, who are mailed a quarterly newsletter containing the latest results approved and updates on the Group's performance.

Disclosure of inside (or price-sensitive) information is regulated by the relevant section in Brembo's Corporate Governance Manual, which adopts in full the principles set out in Borsa Italiana's Guidelines for Disclosures to the Market.

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

Any and all information of significance for shareholders is disclosed

and made available for consultation in a specific section of the corporate website ([www.brembo.com](http://www.brembo.com) – Investor Relations), in both Italian and English.

The Investor Relations office is entrusted to a specific structure, managed by Chief Financial Officer of Brembo S.p.A., Corrado Orsi, who works in close collaboration with the Chairman.

All requests by investors may be sent to the Investor Relator by email ([ir@brembo.it](mailto:ir@brembo.it)), telephone (+39.035.6052145) or by fax (+39.035.6052518).

### Internal Dealing

The transparency of transactions in financial instruments issued by the Company, carried out directly or through third-party intermediaries by so-called Insiders (i.e. persons who, by reason of their role within the company, have regular access to inside information) or persons closely related thereto (so-called "Internal Dealing") are currently regulated by article 114 of the Consolidated Finance Law (TUF) and CONSOB's Rules for Issuers (articles 152-sexies et seq).

Brembo's Code of Conduct on Internal Dealing, in force since 2003, was updated during 2006, to comply with the new requirements.

In accordance with statutory provisions, all transactions effected by Insiders in shares issued by the company for an amount exceeding €5,000 per year, must be disclosed to the market. Moreover, such transactions are prohibited in the 15-day black-out periods preceding Board of Directors' meetings called to approve interim and annual financial results.

In 2008, two disclosures were made pursuant to the aforesaid Code. These disclosures are available for consultation on the corporate website.

## Board of Directors

The Board of Directors of Brembo S.p.A., appointed by the Shareholders' Meeting of 29 April 2005 and in office until the Shareholders' Meeting called to approve the 2007 financial statements, was composed of 11 directors, including four executive Directors (Alberto Bombassei, Cristina Bombassei, Stefano Monetini, Matteo Tiraboschi), four non-executive and independent Directors (Paolo Biancardi, Giovanni Cavallini, Giancarlo Dallera, Giuseppe Roma) and three non-executive Directors (Giovanna Dossena, Andrea Gibellini, Umberto Nicodano). All non-executive Directors and Directors who qualify as independent complied with the requirements set out by the Brembo S.p.A. Corporate Governance Manual and by Art. 148, paragraph 3 of Legislative Decree 58/98. All the Directors met the requirements of personal integrity, professional standing and respectability imposed by Italian laws and regulations.

Bruno Saita was Secretary to the Board of Directors.

The Board of Directors of Brembo S.p.A., appointed by the Shareholders' Meeting of 29 April 2008 and in office until the Shareholders' Meeting called to approve the 2010 financial statements, is still composed of eleven directors, including four executive Directors (Alberto Bombassei, Cristina Bombassei, Mauro Pessi<sup>1</sup>, Matteo Tiraboschi), six non-executive and independent Directors (Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena, Pasquale Pistorio, Giuseppe Roma, Pierfrancesco Saviotti) and one

non-executive Director (Umberto Nicodano). All the non-executive directors and those who qualify as independent comply with the requirements set out by the Brembo S.p.A. Corporate Governance Manual and by Art. 148, paragraph 3 of Legislative Decree 58/98. All the Directors meet the requirements of personal integrity, professional standing and respectability imposed by Italian laws and regulations.

Bruno Saita was re-confirmed as Secretary to the Board of Directors.

The Board of Directors met nine times in 2008, at the company's registered office and/or administrative office. In accordance with the By-laws, each director is informed prior to the Board Meeting about all items on the agenda through a detailed, analytical report, which outlines the information (in descriptive and numerical terms) that directors need to pass the respective resolutions with full knowledge of the facts.

The two tables in the following page indicate, in accordance with Brembo's Corporate Governance Model, the details of the current Directors' appointments, the number of any appointments in other companies, the dates on which Board meetings were held in 2008 and the Directors' rate of attendance.

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<sup>1</sup> The Shareholders' Meeting of 29 April 2008 appointed Director Stefano Monetini; following his resignation, the Board of Directors co-opted Director Mauro Pessi on 6 June 2008.

Name	Non-executive	Independent	Executive	Other offices
<b>Bombassei Alberto</b>				
Chairman			x	5
Bombassei Cristina			x	1
Cavallini Giovanni	x	x		2
Dallera Giancarlo	x	x		5
Dossena Giovanna	x	x		2
Nicodano Umberto	x			5
Pessi Mauro			x	–
Pistorio Pasquale	x	x		4
Roma Giuseppe	x	x		3
Saviotti Pierfrancesco	x	x		3
Tiraboschi Matteo			x	4

### Meetings of the Board of Directors - 2008

Date of meeting	% of attendance
14. 02. 2008	73%
26. 03. 2008	100%
29. 04. 2008	87%
14. 05. 2008	100%
20. 05. 2008	100%
06. 06. 2008	87%
29. 08. 2008	87%
13. 11. 2008	100%
18. 12. 2008	93%

In addition to the functions attributed to it by law and by the Company By-laws, the Board of Directors is also responsible for the functions envisaged by the Brembo Corporate Governance Manual approved on 23 March 2007. Thus, it is specifically responsible for analysing and sharing annual budgets and strategic plans.

During the year changes were introduced to the Board of Directors' overall remuneration, as approved by the Shareholders' Meeting on 29 April 2008<sup>2</sup>.

### Chairman of the Board of Directors and Managing Director

On 29 April 2008, the Board of Directors confirmed the appointment of Alberto Bombassei as Chairman of Brembo S.p.A. through to the end of the term of the entire Board. The Chairman is the company's legal representative.

On 29 April 2008, the Board of Directors also appointed Stefano Monetini as Managing Director of the company through to the end of the term of the entire Board. Following his resignation, on 6 June 2008 the Board co-opted Director Mauro Pessi, appointing him Managing Director of the company, with legal representation within the scope of the powers vested in him. Following confirmation of his appointment by the Shareholders' Meeting on 18 December 2008, the Board of Directors, which met on the same day, vested him with the same powers of representation and management conferred with the meeting of 6 June 2008.

<sup>2</sup> The financial statements provide details on the remuneration of Directors.

**B**oth the Chairman and the Managing Director have properly carried out their tasks and functions. Delegated organs and persons report to the Board of Directors on their activities, on a quarterly basis.

### Delegation of Powers

**O**n 29 April 2008, the Board of Directors granted the Chairman and Managing Director the specific powers listed below.

The Board vested the Chairman, Alberto Bombassei, with broad powers in respect of strategic orientation, the preparation and proposal of guidelines for international expansion, and the Group's financial and restructuring policies.

The Chairman is also invested with the other powers for the purchase and disposal of real estate, representing the company before trade unions, contracting loans and financing repayable in no more than 36 months, and the granting and registration of mortgages.

In accordance with guidelines issued by the Chairman, the Managing Director, Mauro Pessi, who also retains his post as General Manager from an organisational standpoint, is vested with responsibilities for the implementation and management of corporate policy in respect of Business Units, Divisions, all group companies and the management of the human resources supporting operations.

Therefore, the Board retains the power to decide, among other issues, on the purchase and sale of shareholdings in other companies (M&As), the issuance of guarantees to third parties by Brembo S.p.A., and responsibilities regarding annual budgets and strategic plans.

The General Manager, the Division Business Unit Directors and other Central Staff are 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.

Information regarding the exercise of powers was submitted during the Board of Directors' meetings held on 14 February 2008, 14 May 2008, 29 August 2008, and 13 November 2008.

### Transactions with Related Parties

**O**n 23 March 2007, the Board of Directors had amended the instructions for the management of transactions with related parties effected by the company, with a view to bringing the same in line with the provisions of Article 150 of Legislative Decree No. 58/98. The instructions also included procedures for the Board of Directors' written and oral reports to the Board of Auditors in respect of all inter-company transactions and transactions with parties other than related parties, that are significant or entail a potential conflict of interests.

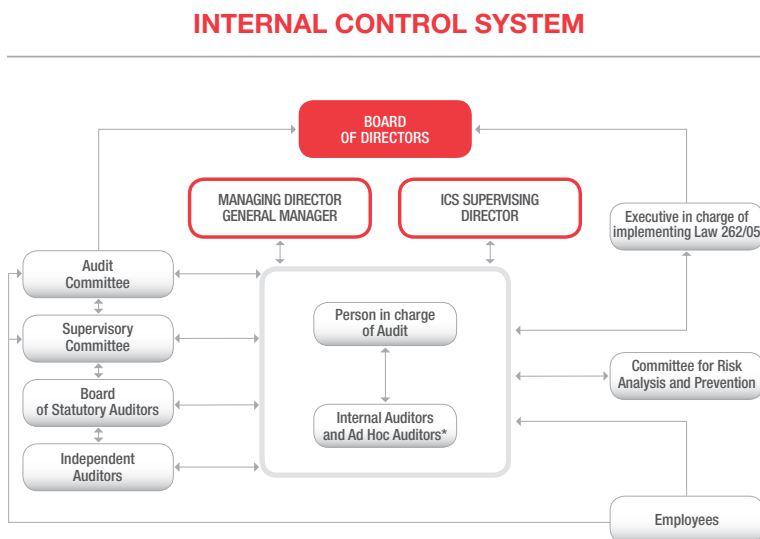
Reports on related party transactions were made at the Board meetings of 14 February 2008, 14 May 2008, 29 August 2008 and 13 November 2008.

Due to their purpose and nature, such transactions were not considered outside of the company's normal course of business; furthermore, they did not present any critical issues, were within the range of market values for similar transactions and were not material in amount.



## Internal Control System

Brembo's internal control system complies with the principles set out in Borsa Italiana's Corporate Governance Code (fully acknowledged by Brembo's Corporate Governance Manual) and is organised as follows:



\* Selected on a case-by-case basis based on the relevance of their professional expertise to the problems at hand.

## Board of Directors

The Board of Directors defines the general guidelines within 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.

The Board of Directors carries out an annual appraisal that the internal control procedures are adequate, effective and operating efficiently. For 2008, the Board of Directors expressed its assessment and respective guidelines in the meeting of 19 March 2009, based on the reports received from the Executive Director in charge of overseeing the functioning of the Internal Control System, the Chairman of the Audit Committee, the Chairman of the Supervisory Committee and the Internal Auditor.

## Audit Committee

In 2008, the Audit Committee, made up of the Directors Giuseppe Roma (Chairman), Giovanna Dossena and Giancarlo Dallerà, continued its activities. The Committee operated with the same composition of non-executive and independent Directors whose role is to submit proposals and provide advice. On 23 March 2007, the Board of Directors assessed as adequate the audit expertise of two members of the Audit Committee, Giovanna Dossena and Giuseppe Roma, since they are enrolled in the Registry of Auditors.

In 2008, the Audit Committee held five fully minuted meetings (6 February 2008; 17 March 2008; 12 May 2008; 16 July 2008; 4 November 2008) in which:

- a) it expressed its opinion on the proper use of the accounting standards and their consistency in 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 by the independent auditors;
- b) on the request of the executive director appointed for the purpose, it expressed opinions on specific aspects regarding identification of the main risks facing the company, as well as the design, implementation and management of the internal control system;



- c) examined the working plan prepared by the Internal Auditor as well as the periodic reports drawn up;
- d) assessed the proposals put forward by auditing firm to obtain the audit engagement, the work program for carrying out the audit and the results thereof as set out in the independent auditors' report and their letter of recommendations;
- e) oversaw the effectiveness of the audit process;
- f) reported to the Board of Directors on the work carried out and the adequacy of the Internal Control System for 2008, through reports presented by the Chairman of the Committee on 29 August 2008 and 19 March 2009, at the time of approval of the interim and annual reports.

In particular, in each meeting the Audit Committee analysed:

- the work carried out by the Internal Audit;
- the progress of the work concerning Law 262/05 in Brembo S.p.A. and its extension to Group companies;
- the CFO's disclosures regarding significant transactions and those which are in a potential conflict of interest under existing company rules, expressing a specific opinion.

The Executive Director in charge of overseeing the functioning of the Internal Control System was invited to attend these meetings and the Chairman of the Board of Statutory Auditors also attended, either directly or through his representative.

The Manager in charge of the company's financial reports, the Compliance Officer, audit firm representatives and the Head of the Legal & Corporate Department also attended the meetings for the discussion of specific items on the agenda.

### **Executive Director in Charge of Overseeing the Functioning of the Internal Control System**

On 23 March 2007, the Board of Directors identified an Executive Director in charge of overseeing the functioning of the Internal Control System, in the person of Cristina Bombassei.

This Director submitted for the examination of the Audit Committee on 10 March 2009 and the Board of Directors on 19 March 2009 the main risks identified for the company during 2008, a process involving the company's entire management structure in risk self-assessment, with the support of the Internal Auditor and the Internal Audit Department. The Executive Director informed the Internal Auditor on the monitoring work to be carried out on the improvement plans defined by management.

The Director also proposed that Brembo's risk assessment systems be adapted to comply with new legislation arising from the adoption of European Directives 2003/51/EC and 2004/109/EC, which amended the Italian Civil Code and Consolidated Finance Law (TUF) and introduced a specific obligation to indicate the "main risks and uncertainties" in the financial statements.

### **Internal Auditor**

On 23 March 2007 the Board of Directors, on the proposal of the Executive Director in charge of overseeing the functioning of the Internal Control System and having consulted with the Audit Committee, appointed the Internal Auditor, in the person of Alessandra Ramorino.

The Internal Auditor is the same person as the Internal Audit Director, is a member of Brembo S.p.A.'s Supervisory Committee, is not responsible for any operational area and does not report hierarchically to any operational area manager.

The Internal Auditor has had direct access to all information required to perform her duties, has reported on her work at each

Audit Committee meeting and has attended some meetings of the Board of Statutory Auditors.

On 19 March 2009, the Board of Directors was provided with appropriate information on the results of the work carried out by the Internal Auditor for 2008, through the annual report on the adequacy of the Internal Control System.

### Internal Audit

The Internal Audit function reports hierarchically to the Chairman of Brembo S.p.A. and in operational terms to the Audit Committee. As part of its work, Internal Audit maintains constant relations with all the institutional control bodies and with function Managers.

During 2008, Internal Audit was carried out based on the approved three-year audit plan, in line with the actions agreed during the year with the Chairman and Audit Committee. The audit plan includes risk assessments, using the Control Risk Self Assessment method, organisational audits of all Group companies, audits of conformity with law no. 262/05 and legislative decree no. 231/01, operating audits on specific areas of activity and ethics audits on the basis of specific reports received.

Internal Audit activities have continued to be oriented towards risk prevention, the determination of direct action to be taken to eliminate anomalies and irregularities and to support the company in the pursuit of pre-set operating targets.

### Legislative Decree 231/01

Pursuant to Legislative Decree 231/2001, on 30 July 2004 the Board of Directors appointed the Supervisory Committee for the first time and on 12 November 2004 approved the first edition

of its Organisation, Management and Control Model (hereunder the "Model"), subsequently updated with new editions; the most recent version is available on Brembo's corporate website.

The Supervisory Committee is currently composed of three non-executive and independent directors - Giovanna Dossena (Chairwoman), Giancarlo Dalleria and Pierfrancesco Saviotti - and by the Internal Auditor, Alessandra Ramorino.

All specific activities falling under the responsibility of the Supervisory Committee were conducted in compliance with applicable regulations.

The Supervisory Committee held four meetings (6 February 2008; 12 May 2008; 16 July 2008; 13 November 2008), which analysed the Model's solidity and functionality requisites, the procedures for its implementation and the supervisory activities performed.

In detail:

- as part of its analysis of the Model's solidity and functionality requisites, the Supervisory Committee reported on the need to update the Model; the Model was subsequently updated during the meetings of the Board of Directors on 26 March 2008 and 29 August 2008;
- audit activities have been carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit Department, based on the Supervisory Committee's action plan;
- the work on supervising the Model has involved the analysis of reports received by the Supervisory Committee and an analysis of the flow of information contained in the half-year Report to the Supervisory Committee.

In addition, work continued during 2008 designed to ensure that Brembo has an effective Organisation, Management and Control Model in operation.

More specifically the following additional initiatives were carried out:

- distribution of the new versions of the Model to Group Companies, recommending that individual companies adopt their own Organisation, Management and Control Model;
- training, aimed at top management in Brembo S.p.A. and the contact persons in Group Companies;
- review of partial updating of the risk assessment for sensitive processes of the Model, involving all top management and their operational contacts;
- issue by the Chairman of Brembo S.p.A., on 2 April 2008, of the first attestation on the Organisation, Management and Control Model as required by Borsa S.p.A.

During the year, there were no reports of breaches of regulations subject to the penalties provided for in Legislative Decree 231/2001.

#### **Savings Law No. 262/05:**

**P**ursuant to Law 262/05, the Board of Directors meeting of 29 April 2008 appointed Corrado Orsi, who also serves as Brembo's Chief Financial Officer, as Manager in charge of the company's financial reports.

In Brembo S.p.A. an update was carried out for the processes mapped as in the approved procedure and, at the same time, work started on mapping and updating the administrative procedures and related procedures/instructions in the Group's main companies.

Again during 2008, the Internal Audit Department carried out tests on the application of the key controls envisaged in the proposed administrative processes and related procedures/instructions for Brembo S.p.A. and for certain Group companies.

On conclusion of the tests, Internal Audit reported to the

Compliance Officer all the recommendations and points for improvement that emerged.

#### **Appropriateness of the Internal Control and Risk Management System**

**I**n the reports of 29 August and 19 March 2009, the Chairman of the Audit Committee expressed the following opinion on Brembo's Internal Control System:

"Based on the work carried out and planned by the Company's Internal Audit and the meetings held with the Internal Auditor, as well as with the Executive Director in charge of overseeing the functioning of the Internal Control System, we are in a position to confirm that the risk prevention activity is carried out systematically in the different business areas of the company and is being gradually extended also to operations of the foreign subsidiaries.

The Parent Company is providing constant guidelines to all Subsidiaries and Associate Companies regarding rationalisation of the procedures and reliability of the processes.

Internal Audit activities also aim at ensuring that control and compliance objectives are shared within each operating sector, with a view to constantly improving efficiency and transparency in individual behaviour".

#### **Remuneration Committee**

**T**he Remuneration Committee, reappointed by resolution of the Board of Directors on 23 March 2007, was composed of non-executive and independent Directors Giovanni Cavallini and Giancarlo Dallera, and non-executive Director Umberto Nicodano (Chairman) until 29 April 2008.

Following the renewal of company boards by the Shareholders' Meeting on 29 April 2008, the Remuneration Committee was

re-appointed by resolution of the Board of Directors meeting on the same day and now consists of the non-executive and independent Directors Giovanni Cavallini and Pierfrancesco Saviotti and the non-executive Director Umberto Nicodano (Chairman).

In 2008, the Remuneration Committee held 6 meetings, on 24 January, 26 March, 14 May, 6 June, 29 October and 13 November 2008, respectively.

#### Board of Statutory Auditors

The Board of Statutory Auditors appointed by the Shareholders' Meeting of 29 April 2005 consisted of the following members: Sergio Mazzoleni (Chairman), Enrico Cervellera and Andrea Puppo (Auditors), Giuseppe Marangi and Mario Tagliaferri (Alternate Auditors). All of them comply with statutory and regulating requirements, as well as the Corporate Governance Manual.

Following the renewal of the appointments by the General Shareholders' Meeting held on 29 April 2008, the Board of Statutory Auditors is now made up of the following members: Sergio Pivato (Chairman), Enrico Colombo and Daniela Salvioni (Auditors), Gerardo Gibellini and Mario Tagliaferri (Alternate Auditors). All of them comply with statutory and regulating requirements, as well as the Corporate Governance Manual.

In 2008, the Board of Statutory Auditors held four meetings and participated in all meetings of the Board of Directors.

#### Lead Independent Director

Up to the end of the term of office of the previous Board of Directors the role of Lead Independent Director was performed by the non-executive and independent Director Giancarlo Dallera. During the Board of Directors meeting of 26 March 2008, he reported on the results of the evaluation performed on the composition, size and operation of the Board and its committees,

pursuant to Art. 1.3 g) of the Corporate Governance Manual.

Following the renewal of the appointments by the Shareholders' Meeting held on 29 April 2008, the Lead Independent Director was appointed by the Board of Directors on the same day in the person of the non-executive and independent Director Pasquale Pistorio, who met with the other independent directors on 29 August 2008 to analyse the operation of the Board and assess suggestions for improvements.

#### Privacy

In accordance with the "Personal Data Protection Code", as per Legislative Decree 196 of 30 June 2003, Brembo S.p.A. has drafted and updated the prescribed "Security Planning Document" and has implemented all the measures prescribed therein. These measures were extended also to its subsidiaries with registered offices in Italy.

More in detail, the company planned and carried out the necessary initiatives at the organisational, technical, and training levels.

In compliance with the provisions of the Rules for Issuers, data pertaining to trading in own shares by the members of the management and control boards in 2008 are provided in the following page.

## Movements in Brembo's Shares Held by Members of the Management and Control Boards

	Shares at 31.12.2007	Shares purchased	Shares sold	Shares at 31.12.2008	Ownership position	Ownership method
Alberto Bombassei	0	0	0	0	N/a	N/a
Alberto Bombassei (Nuova FourB)	37,744,753	0	0	37,744,753	F	I
Paolo Biancardi (*)	0	0	0	0	N/a	N/a
Cristina Bombassei	5,320	0	0	5,320	F	D
Giovanni Cavallini	0	0	0	0	N/a	N/a
Giancarlo Dallera	8,000	30,000	0	38,000	F	D
Giovanna Dossena	0	0	0	0	N/a	N/a
Andrea Gibellini (*)	0	0	0	0	N/a	N/a
Stefano Monetini (*)	0	0	0	0	N/a	N/a
Umberto Nicodano	0	0	0	0	N/a	N/a
Mauro Pessi (1)	0	0	0	0	N/a	N/a
Pasquale Pistorio	0	0	0	0	N/a	N/a
Giuseppe Roma	0	0	0	0	N/a	N/a
Pierfrancesco Saviotti	0	0	0	0	N/a	N/a
Matteo Tiraboschi	0	0	0	0	N/a	N/a
<b>Board of Statutory Auditors</b>						
Sergio Pivato	0	0	0	0	N/a	N/a
Enrico Colombo	0	0	0	0	N/a	N/a
Daniela Salvioni	0	0	0	0	N/a	N/a
Sergio Mazzoleni (*)	0	0	0	0	N/a	N/a
Enrico Cervellera (*)	0	0	0	0	N/a	N/a
Andrea Puppo (*)	0	0	0	0	N/a	N/a

Legend: D = direct control  
 I = indirect control (through third parties, subsidiaries or trustees)  
 F = full ownership  
 N/a = not applicable

It should be noted that the Shareholders' Meeting of 29 April 2008 renewed the appointments to the corporate boards, therefore the table set out above considers the person's movements whilst in office. In some circumstances indicated with (\*) possession at 31 December 2008 is not indicated, but rather possession at the end of the term of office, i.e. 29 April 2008.

(1) He also holds the position of General Manager in Brembo S.p.A.