

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 5 March 2013

GLOSSARY

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

Code 2011/Corporate Governance Code 2011: 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 Code 2011 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 2012.

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 in which Brembo has fully adopted the Corporate Governance Code 2011. 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 231/2001 of Brembo S.p.A. – Fourth Edition (updated November 2012), which is available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

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

CONSOB Regulation on Related Party Transactions: the CONSOB regulation introduced by Resolution No. 17221 of 12 March 2010 as

further amended by resolution No. 17389 of 23 June 2010.

SC: Supervisory Committee.

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

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

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

Report: the corporate governance and ownership structure report that companies have to prepare pursuant to Articles 123-*bis* of TUF, 89-*bis* of the Rules for Issuers

By-laws: the By-laws of Brembo S.p.A., brought in line with the provisions of Law 120/2011 (Regulation on equal access to the management and supervisory bodies of listed companies) by the Board of Directors on 12 November 2012, as far as allowed by Article 16 e) of the same. The By-laws are available on Brembo's website (www.brembo.com, Investors section, Corporate Governance, Codes and Manuals).

ICS: Internal Control System

ICRMS: Internal Control and Risk Management System.

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

Introduction

Brembo S.p.A. is a world leader in the design, development and manufacture of braking systems and components for automobiles, motorbikes and industrial vehicles in the original equipment, the aftermarket and racing sectors. A few years ago, the Group entered also the passive safety design and manufacture segment.

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.

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.

Pursuant to the By-laws, Brembo S.p.A. has adopted the so-called "traditional" form of administration; therefore, the company's management is attributed to the Board of Directors, the supervisory functions to the Board of Statutory Auditors while the statutory and accounting audit of the company's accounts is entrusted 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 reflect the company's Corporate Governance Code, which fully implements the Corporate Governance Code issued by Borsa Italiana S.p.A., the Italian Stock Exchange, in the December 2011 edition.

This report provides a general description of the corporate governance system adopted by the Group and information on its ownership structure, as required by current legislation. This report was filed with Borsa Italiana in the manner and within the timeframe required



Industrial vehicles.
The Star Pillar self-venting brake disc for the Iveco Starlis.

by law and is available on Brembo's website (www.brembo.com - Investors section, Corporate Governance).

1. INFORMATION ON OWNERSHIP STRUCTURE (at 31 December 2012)

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 2012, 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

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

Authorisation to repurchase own shares

The General Shareholders' Meeting of

Declarant	Direct shareholder	No. of shares	% on share capital bearing voting rights
BOMBASSEI ALBERTO	NUOVA FOURB SRL	37,744,753	56.517
BREMBO SPA	BREMBO SPA	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

Brembo S.p.A. held on 20 April 2012 approved a plan for the buy-back of own shares under which Brembo can buy up to 2,680,000 of its own shares (4.01% of share capital), in one or more tranches. The authorisation is valid for a maximum of 18 months from 20 April 2012 (i.e., until 20 October 2013). The purchase price per share has been set from a minimum of €0.52 to a maximum of €12.00. The only condition that applies to the disposal of the own shares purchased is a minimum price requirement of the official price of Brembo stock during the exchange session prior to each disposal transaction. The Board of Directors has been granted the power to determine all other terms and conditions of disposal transactions on each occasion.

In accordance with the plan, own shares can be disposed of in one or more tranches regardless of whether the maximum number of shares has been purchased, as follows:

- 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;
- giving effect to any share-based incentive plans for the Directors, employees and collaborators of the company and/or its subsidiaries; and
- pursuing any swap transactions with equity investments as part of industrial projects.

At its meeting on 20 April 2012, the Board of Directors granted 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 2012, 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. Board of Directors which, *inter alia*, includes five independent Directors pursuant to Article 3 of 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 2013 Remuneration Report in accordance with Article 123-*ter* of TUF; the Report 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 of the Report concerning the Board of Directors (Section 3).

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

Brembo endorses and complies with the Corporate Governance Code issued by Borsa Italiana. In 2012 the company began and completed a program at the outcome of which the Board of Directors, on 17 December 2012, resolved the full endorsement of the 2011 Corporate Governance Code; most of the changes introduced concerned principles and criteria already implemented in practice within the Brembo S.p.A Governance system.

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.



Marchesini motorbike wheels. Manual polish.

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, providing that:

- the Ordinary Shareholders’ Meeting appoints the members of the Board of Directors based on candidate lists presented by the Shareholders, so that one member of the Board is chosen from minority lists;

- Lists may be submitted by Shareholders who, on their own or jointly with other Shareholders, represent at least 2.5% of the Company’s share capital.
- 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 (male or female); these lists must include a number of candidates of the under-represented gender such as to ensure that the composition of the Board of Directors complies with the laws and regulations on gender balance from time to time in force, it being understood that where the application of the distribution criterion between genders results in a non integer number, this must be rounded up to the next higher unit;
- the lists of candidates, duly signed by the shareholders submitting the same, or the shareholder delegated to make the submission, together with all the other related documents as required under the By-laws, must be filed with the Company’s registered offices at least 25 calendar days prior to the scheduled date of the General

Meeting at first calling and public disclosure must be made both at 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 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 new organisational structure with the aim of reinforcing the Company's governance model, strengthening the top management team and gradually initiating internal succession mechanisms. As a result, Matteo Tiraboschi was appointed Executive Deputy Chairman and Andrea Abbati Marescotti Managing Director. Within the revamped management structure, Chairman Alberto Bombassei has gradually taken on a more strategic and less operational role.

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

3.3 Composition

The composition of the Board of Directors is governed by Article 15 of the By-laws, which provides as follows. The Board 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 (two) members if the Board is made up of more than seven 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.

In 2012, Brembo initiated and completed a process of amendment of its By-laws in order to comply with Law 120/2011 (regulation concerning equal access to the management and control bodies of listed companies) introducing the mandatory principle of both gender representation in its Corporate Bodies. As a result of these amendments, at the first full re-election of Brembo S.p.A. Corporate Bodies (General Shareholders' Meeting for the approval of the Financial Statements for the year ending 31 December 2013), the quota reserved for the under-represented gender shall be equal to 1/5 and for the next two renewals it will be equal to 1/3.

The General Shareholders' Meeting held on 29 April 2011 appointed the current Board of Directors, based on the one sole list submitted by the majority shareholder New FourB S.r.l., confirming the number of eleven members and setting the term of office to coincide with the General Shareholders' Meeting called to approve the Financial Statements for financial year 2013.

Since 6 June 2011, Matteo Tiraboschi has served as Executive Deputy Chairman.

The General Shareholders' Meeting of 20 April 2012 confirmed Andrea Abbati Marescotti

as a member of the Board of Directors (as per proposal of the Administrative Body) until the expiration of office of the current Board of Directors. On 20 April 2012, in line with the top management macro organizational structure approved on 6 June 2011, the Board of Directors also appointed Andrea Abbati Marescotti as Managing Director and General Manager of the company, granting him the relevant management powers.

At 31 December 2012, the Board of Directors was made up of the following members.

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 Republic Carlo Azeglio Ciampi awarded him the Leonardo Prize “Italian Quality” for his contribution to exporting Italian products worldwide. Over the

Board of Directors											Audit & Risk Committee		Remuneration & Nomination Committee	
Office held	Name and surname	In office from	In office until	Length of term	Exec.	Non-exec.	Indep. as per Corporate Governance Code	Indep. as per TUF	(%)	Other offices held	****	**	****	**
				*					**	***				
Chairman	Alberto Bombassei	29.04.2011	(1)	21.12.1984	x				100%	4				
Executive Deputy Chairman	Matteo Tiraboschi	29.04.2011	(1)	24.04.2002	x				100%	-				
Managing Director	Andrea Abbati Marescotti	20.04.2012	(1)	06.06.2011 (co-opted)	x				100%	-				
Director	Cristina Bombassei	29.04.2011	(1)	16.12.1997 (co-opted)	x	x			71%	1				
Director	Giovanni Cavallini	29.04.2011	(1)	14.11.2005 (co-opted)		x	x	x	86%	3	x	100%	x	100%
Director	Giancarlo Dallera	29.04.2011	(1)	28.04.2003		x	x	x	100%	-	x	60%		
Director	Giovanna Dossena	29.04.2011	(1)	18.11.1994 (co-opted)		x		x	100%	-				
Director	Umberto Nicodano	29.04.2011	(1)	03.05.2000		x			100%	3			x	100%
Director (LID)	Pasquale Pistorio	29.04.2011	(1)	29.04.2008		x	x	x	86%	-	x	60%		
Director	Gianfelice Rocca	29.04.2011	(1)	29.04.2011		x	x	x	43%	7				
Director	Pierfrancesco Saviotti	29.04.2011	(1)	29.04.2008		x	x	x	14%	4			x	100%

Number of meetings held during the financial year: Board of Directors: 7
 Audit & Risk Committee: 5
 Remuneration & Nomination Committee: 2

NOTES:

(1) Appointed for a term expiring on the date of approval of the financial statements for the year ending 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-option means the date of co-option by the Board of Directors.

** These 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.

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 Fiat Industrial S.p.A., Italcementi S.p.A., Pirelli & C. S.p.A., Atlantia S.p.A. and Nuovo Trasporto Viaggiatori S.p.A.

Matteo Tiraboschi

He has been a Director of the company since 2002 and in June 2011 he was appointed Executive Deputy Chairman. He graduated in Economics and Business at the University of Bergamo; from 1993 to 1996 he worked at a leading auditing firm and from 1996 to 2005 he practised as a Certified Public Accountant. In 2005 he was appointed executive at Brembo.

Andrea Abbati Marescotti

Managing Director 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 and Risk Management System. She is member of the Board of Directors of Banca Popolare di Bergamo, Kilometrorosso S.p.A. and Fondazione Cariplo Comunità Bergamasca. She is a member of the Steering Committee of Confindustria Bergamo.

Giovanni Cavallini

Giovanni Cavallini has been a Director since 2005 and a member of the Audit & Risk Committee and the Remuneration & Appointments Committee of the company. After graduating in 1974 in Civil Engineering from the Polytechnic of Milan, in the years 1975-76 he became a Reserve Officer of the Italian Air Force; in the years 1976-78 he was in Boston where he obtained a Master in Business Administration from the Harvard Business School. In 1984 he was appointed Vice President and Partner of The Boston Consulting Group. He was founder and Managing Director of S.I.C. (Società Iniziative Commerciali) and co-founder and Director of S.S.C. (Società Sviluppo Commerciale). From 1994 to 1996 he served as President of OBI Italia, from 1996 to 2005 he held the position of Managing Director in Interpump Group S.p.A. where he is currently Chairman of the Board of Directors. From 2008 to 2011, he served as an independent Director for Management & Capitali and Director of Metrologic S.A. Since 2009 he has been a Director in Migros Turk TSA and Ansaldo STS S.p.A.

Giancarlo Dallerà

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



The racing plant in Curno. Checks of the first caliper workmanship phase with a three-dimensional machine.

of Directors of CRE-LO.VE. S.p.A., President of the Industrial Entrepreneur Association of Brescia, 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 Srl, B-Soft Group Srl. and Goccia of Carnia S.p.A.

Umberto Nicodano

Umberto Nicodano has been a Director since 2000 and a member of the Remunerations & 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

Pasquale Pistorio has been a Director of the company since 2008, is a member of the Remunerations & Appointments Committee and serves as Lead Independent Director of the company. He graduated in 1963 in Electrical

Engineering with a specialization in electronics from the Polytechnic of Turin. He received honorary degrees from the University of Genoa, Malta, Pavia, Catania, Palermo, University of Sannio, University Milan Bicocca and Bristol. In 1978 he was appointed General Manager of Motorola's Semiconductor Division; in 1980 he became President and Chief Executive Officer of the SGS Group, and in March 2005 was appointed Honorary Chairman of the Board of Directors of the Company. He served as a member of the ICT Task Force set up by the United Nations. He was a member of the Board of Directors of Fiat Auto S.p.A. from December 2004 to March 2012. He was also a member of the Board of Directors of Telecom Italia from May 2004 to December 2007 and Chairman of the Board of Directors of that Company from April to December 2007. He was Vice President of Confindustria for innovation and research from May 2004 to May 2008. During his influential career, he received several awards and honours both nationally — including that of “Commendatore al Merito” of the Italian Republic in 1974, “Cavaliere del Lavoro” by the President of the Italian Republic in 1997 — and internationally (France, Morocco, Singapore). He currently holds the Director's position in the companies Accent (Luxembourg), Atos (France), Stats ChipPac (listed company in Singapore), XiD (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. 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 and teaching and case management partner of Harvard University. He is Chairman of the Board of IIT (Italian Institute of Technology) and member of EIT (European Institute of Innovation and Technology) Steering Committee. From 2004 to 2012 he was Vice President of Confindustria (Italian Manufacturers' Association) 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

Pierfrancesco Saviotti has been a Director since 2008 and 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.r.l. and member of the Executive Committee and the Board of Directors of the Italian Banking Association (ABI). Since 2004 he has held the position of Director in F.C. Internazionale Milano S.p.A. and since 2000 in Tod's S.p.A. and Stefanel S.p.A. Previously, he held top management positions in many other companies.

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 2012 and the number of positions held with other companies that are relevant for the purposes of Brembo's Corporate Governance Manual.

At the meetings of 2 March 2012 and 5 March 2013 the Board of Directors assessed the independence of the Directors taking into account the application criteria contained in the 2011 Corporate Governance Code and also giving due consideration to substantive as well as formal aspects. 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.

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 in other companies by the Directors.

At the meeting of the Board of Directors of 17 December 2012 the Board of Directors considered it appropriate, in light of the results of the 2012 Board Performance Evaluation, not to define a specific numerical criterion, with regard to the maximum number of offices held in other companies. The Board thus confirmed the approach so far adopted (at least until the end of the current office of the Board of Statutory Auditors, i.e. until the General Shareholders' Meeting for the approval of the Financial Statements at 31 December 2013). The periodic assessment is therefore based on the statements prepared by the Directors and on the basis of the following elements:

- 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.

This assessment was carried out at the meetings of 2 March 2012 and 5 March 2013. The result is shown in the above table on the members of the Board of Directors.

Induction Program

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 periodically 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 2012 (of which, four based on the corporate calendar issued to the public and three in extraordinary sessions) at the company's registered office and/or administrative office;

the meetings lasted 3 hours, on average. The Directors' rate of attendance during the year is shown in the table above.

For the year 2013 five meetings have been scheduled, whose calendar was approved by the Board of Directors on 12 November 2012 and then disclosed to the public. At the date of publication of this Report, two meetings have already been held, one according to the corporate calendar and one extraordinary meeting.

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 topic.

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



Marchesini motorbike wheels. Detail of the Rock spoked wheel for cross-country motorbikes.

some Executives of the company or Group companies, involved in the various projects or topics 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 in the agenda in order to allow discussion between the members of the Board.

Activities carried out

Pursuant to legal and regulatory provisions and the By-laws, at the meetings of 12 January 2012, 2 March 2012, 14 May 2012, 31 July 2012 and 12 November 2012 the Board of Directors examined and evaluated:

- the general performance and foreseeable evolution, including through information received from the Delegated Bodies, when approving the interim results

- the adequacy of the organisational, administrative and accounting structure of Brembo;
- the implementation of specific plans for transactions having significant strategic, economic, or financial impact on Brembo S.p.A. and the Group companies, constantly monitoring their progress;
- the main aspects of internal control, risk management and compliance on the basis of periodic reports prepared by the Director in charge for establishing and maintaining the Internal Control & Risk Management System, the Audit & Risk Committee as well as the internal audit functions and the Supervisory Committee.

The Board was consistently and periodically informed on the exercise of delegated powers and on significant transactions or transactions involving potential conflict of interest.



Marchesini motorbike wheels. Rock spoked wheels for cross-country motorbikes.

At its meetings of 12 January 2012 and 17 December 2012, the Board examined and approved, respectively, the data relating to the 2012 Budget and 2013 Budget. The agenda for the meeting of 18 March 2013 includes the analysis and approval of the three-year 2013-2015 Strategic Plan and the assessment of the nature and level of risk which is consistent with the strategic objectives.

In the plenary meeting of 20 April 2012 and on the basis of resolutions passed by the General Shareholders' Meeting held on the same day, the Board of Directors:

- confirmed and appointed Director Andrea Abbati Marescotti Managing Director of the Company, granting him special powers to manage the Company, as well as the power, pursuant to Article 2381 of the Italian Civil Code, to manage occupational health and safety (provisions of Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
- granted the Chairman, Alberto Bombassei, and the Executive Deputy Chairman, Matteo Tiraboschi, the powers, to be exercised severally, to implement the plan for the purchase of treasury shares approved by the General Shareholders' Meeting on 20 April 2012.

By virtue of its powers under article 16 e) of the By-laws, on 12 November 2012, the Board of Directors updated Brembo S.p.A.'s By-laws to reflect the mandatory provisions introduced by Law 120/2011 (regulation on equal access to the management and control bodies of listed companies). As a result of the amendments to the By-laws, at the first full re-election of Brembo S.p.A. Corporate Bodies (April 2014), the quota reserved for the under-represented gender shall be equal to 1/5 and for the next two renewals it will be equal to 1/3.

The updated By-laws were made available to the public and reproduced in the Corporate Governance section of the website of Brembo S.p.A. after they were filed with the Companies Register.

In order to fully implement the provisions of Article 7 of the 2011 Corporate Governance Code concerning the Internal Control and Risk Management System, at its meeting on 17 December 2012, the Board of Directors, after hearing the opinions of the relevant Board Committees and the Board of Statutory Auditors:

- approved the organisational structure of the Internal Control and Risk Management System, revised in line with the principles set out in Article 7 of the 2011 Corporate Governance Code;
- attributed the Risk Committee function to the Audit Committee currently in office, accordingly changing its name to "Audit & Risk Committee¹";
- confirmed the appointment of the Director in charge of overseeing the Internal Control System, Cristina Bombassei, appointed by the Board on 29 April 2011, accordingly changing the position name to "Director in charge of establishing and maintaining the Internal Control and Risk Management System (abbreviated as "ICRMS");
- confirmed the position of Alessandra Ramorino as Head of Internal Audit, approving the organisational structure which was deemed appropriate to carry out the tasks provided for by Article 7.C.5 of the Corporate Governance Code;
- approved the policies relating to the remuneration of the Head of Internal Audit and

¹ Maintaining the function of Related Party Transactions Committee and the related tasks as specified in the Related Party Transactions Procedure adopted pursuant to Article 4 of CONSOB Regulation 17221 of 12 March 2010 (as amended) and, available on Brembo's Website [www.brembo.com, section Investors, Corporate Governance, Codes and Manuals].

the incentive mechanisms considering them consistent with the assigned tasks;

- approved the 2013-2015 Audit Plan, the 2013 Budget of the Internal Audit function and the guidelines applicable to Risk Management.

The Board also reviewed and endorsed the conclusions and recommendations made by the Audit & Risk Committee with regard to the Management Letter content for financial year 2011, issued by the auditing firm Pricewaterhouse Coopers S.p.A. in July 2012.

At the meeting of 14 May 2012, the Board reviewed the activities carried out in 2011 by the Internal Audit function, whose objectives included:

- standardising controls at a global level;
- developing and sharing a methodology in accordance with “best practices”;
- carrying out all the checks and audits in a rigorous and timely manner;
- monitoring management flows in relation to the Group’s complex organisation.

During the meetings of 31 July 2012 and 5 March 2013, the Report of the Executive Director in charge for the Internal Control and Risk Management System and the periodic reports by the Control and Supervisory Bodies were submitted to the Board of Directors for the appropriate evaluation on the adequacy of the Internal Control and Risk Management System.

In keeping with the aim of constant and ongoing improvement of its Compliance 231 system, the Board of Directors:

- on 12 November 2012, approved the new Special Section to the Organisational, Management and Control Model of Brembo S.p.A. in accordance with Legislative Decree No. 231/2001 dedicated to the protocols implemented with a view to preventing the risks of offences under Article 25-*duodecies* “Employment of illegally staying third-country nationals”;

- at its meeting of 17 December 2012, received information on the changes introduced by the Anti-Corruption Law (190/2012), and examined its impact on the Relevant Offences under Legislative Decree 231 and Brembo’s Model 231. The Board noted that most of the sensitive processes, including with respect to the new offences, had already been mapped in Brembo’s model, both during the risk assessment of offences against the Public Administration, and, last year, when Brembo’s Model was updated to reflect the English Bribery Act of 2010.

With regard to the remuneration of executive Directors, the other Directors holding special positions and Key Management Personnel, at the meeting of 2 March 2012 the Board of Directors examined and approved the proposals of the Remuneration & Appointments Committee in relation to:

- the 2012 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 2012 Remuneration Report in accordance with Article 123-*ter* of the Italian Consolidated Finance Law (Section I and Section II);
- the amendment to the Information Document pursuant to Article 84-*bis*, paragraph 1, of the Rules for Issuers relating to the 2010-2012 Incentive Plan for executive Directors and the Top Management; this Amendment concerned the following aspects:
 - (i) change in the indication of the Plan beneficiaries, which became necessary in order to update the plan in accordance with the new top management Corporate Governance structure approved by the Board of Directors at its meeting on 6 June 2011;
 - (ii) related inclusion of a new group of Plan beneficiaries and subsequent specifica-

tion, for each level, of the bonus (i.e. the monetary incentive) to which the beneficiaries may be entitled in due course, at the terms and conditions set out in the Plan itself (the “Amendment”);

- the main changes introduced by the 2011 Corporate Governance Code and their impact on Brembo’s Governance.

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors carried out the 2012 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 12 November 2012 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.

At the meetings of 2 March 2012 and 5 March 2013, based on the statements received from the Directors, the Board:

- identified the Directorships or Auditorships of Directors at other companies pursuant to Article 1.C. 2 of Brembo’s Corporate Governance Code, judging 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 Board’s meetings and at the various management activities of the company.
- periodically verified that the requirements of integrity, professionalism and independence were 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.

No Directors notified circumstances warranting the submission of a report by them under

Article 1 of Brembo’s Corporate Governance Manual (Departure from the competition principle).

As part of a corporate streamlining, the Board of Directors, in its ordinary meetings on 14 May 2012, 31 July 2012 and 12 November 2012, approved the following transactions:

- closure of Brembo S.p.A.’s branch office in India (Pune)²;
- the purchase of the shares of Brembo China Brake Systems Co.Ltd. held by Simest (32.26%), bringing the stake held to 100%;
- voluntary winding up of Brembo UK Ltd.

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 14 May, 2012 updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of €250,000.00 as “threshold” for determining Low Value Transactions;
- at the meeting of 31 July 2012, having heard the opinion of the Audit & Risk Committee, approved an amendment to Brembo S.p.A.’s Related Party Transactions Procedure, which restricts the scope of exemptions with regard to “Intercompany Transactions” as defined in Article 4.3. of the Procedure; as a result of this amendment, transactions with subsidiaries or associate companies whose activities included in their corporate purpose are not similar to those of Brembo S.p.A., are now subject to the application of the procedure.

With regard to significant transactions, the company acts in accordance with the instructions

² Brembo S.p.A.’s branch office was established in 2006.

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

On 17 December 2012, the Board of Directors resolved to adopt the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of the Rules for Issuers, thus choosing to opt out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

In the meeting held on 18 March 2013, the Board prepared the proposals to be submitted to the 2013 General Shareholders' Meeting.

3.6 Delegated Bodies

Chairman of the Board of Directors, Executive Deputy Chairman and Managing Director

On 29 April 2011, the General Shareholders' Meeting 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.

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.

Following a full review of the top management

Governance structure (including with a view to succession planning) approved on 6 June 2011, the Board granted the Chairman, Executive Deputy Chairman and the Managing Director 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 unmovable 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 organizational system of the new company, as well as the issuance of letters of patronage, comfort letters, sureties and guarantees (subject always 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. Subject to specific limitations, he was also granted powers, 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 always to the periodic reporting to the Board of Directors), taking out mortgage loans, loans or finance leases in the different existing forms and the management of the company.

The Managing Director 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 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, among other issues, 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 262, the Managing Director and General Manager, as the only individuals, together with the Directors and the Acting Auditors, having the powers to influence and/or affect the development, future prospects and overall performance of the company and/or the Group.

The Division Business Unit Directors and other Central Directors 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.

3.7 Other Executive Directors

After the appointment of the Board of Directors by the General Shareholders' Meeting of 29 April 2011 and the renewed top management governance structure, in addition to the Chairman, the following Directors are considered as Executive Directors:

- Matteo Tiraboschi, who holds the position of Executive Deputy Chairman;
- Andrea Abbati Marescotti, who holds the position of Managing Director and General Manager of the company;
- Cristina Bombassei, who was confirmed as "Director in charge of the Internal Control and Risk Management System"³ during the meeting of the Board of Directors on 17 December 2012.

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.

At the meeting of the Board of Directors on 17 December 2012, however, a number of clarifications were introduced 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:

- (i) 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

³ the Executive Director in charge of overseeing the Internal Control System;

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.

- (ii) 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.

These clarifications are contained in Brembo Corporate Governance Code (Article 3.C.1).

At the time of appointment (meeting of 29 April 2011) and thereafter (meetings of 2 March 2012 and 5 March 2013) 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.

The following Directors are considered to be independent and non executive: Giovanni Cavallini, Giancarlo Dallera, Giovanna Dossena⁴, 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.

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 2012, to assess the position of Brembo in light of the current financial and market situation;
- on 12 November 2012 to review results from the 2012 Board Performance Evaluation. Minutes were taken for all the meetings.

3.9 Lead Independent Director

At the meeting on 29 April 2011, the Board of Directors confirmed the non-executive and independent Director Pasquale Pistorio as Lead Independent Director; he shall remain in office until the General Shareholders' Meeting for the approval of the Financial Statements at 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 as 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 operation, size and composition of the Board

⁴ The Director was deemed independent within the meaning of TUF and non of the Corporate Governance Code, as she has been a Director of the Company for more than 9 years over the past 12 years.



“Economic recovery in the United States and the solidity of Germany in Europe have helped paint an essentially positive picture, allowing the Group to consolidate its market leadership.”



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 2012 Board Performance Evaluation of the size, composition and functioning of the Board of Directors and its Committees.

The 2012 Board Performance Evaluation was conducted by requesting all Directors to:

- report any changes of opinion and/or comments in respect of those expressed in last year questionnaires as regards the Board's composition, operation and number of members;
- fill in an additional questionnaire on a number of indicators concerning, in particular, the composition of the Board and its Committees.

The results of this activity, received and processed at the end of October 2012, were summarised in a special document provided to the Directors and were examined during the meeting of the Independent Directors on 12 November 2012 and, subsequently, during the Board of Directors' plenary meeting held on the same day.

On both occasions, a unanimous very positive opinion was expressed on the overall functioning of Brembo's Board of Directors and Committees. In particular the opportunity for each Director to participate in the discussions and to request further information during the meetings was positively emphasised as a practice that is well accepted by the executive Directors themselves.

With regard to the professional and managerial skills of the Directors, suggestions have been made which shall require due reflection when the Board is next renewed, in consideration of the Group's international profile, length of office of some members and the need for a more balanced gender presence within the Board.

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 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 S.p.A. 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.

- Insiders must report to the market all transactions involving the Company's shares

that have a cumulative value of over €5,000 per year;

- Insiders are not allowed 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 Rules is available on Brembo's website: www.brembo.com – Investors section.

Four notices were given under the Internal Dealing Regulations in 2012.

5. BOARD COMMITTEES

In accordance with the 2011 Corporate Governance Code, in 2012 Brembo adopted the recommendation for the establishment of an Appointments Committee in addition to the Audit & Risk Committee and the Remuneration Committee.

In detail, with a view to rationalise and optimise activities and based on the specific expertise of the members of the various Committees, at its meeting on 17 December 2012, the Board of Directors granted:

- the Appointments Committee function to the Remuneration Committee (appointed 29 April 2011), accordingly changing its name to "Remuneration & Appointments Committee";
- the Risk Committee function to the Audit Committee currently in office, accordingly changing its name to Audit & Risk Committee⁵.

The composition, duties and functioning of all Committees are defined in specific Regulations,

⁵ The Audit & Risk Committee performs the function of the Related Party Transactions Committee and the related duties as specified in the Related Party Transactions Procedure, adopted pursuant to Article 4 of CONSOB Regulation 17221 dated 12 March 2010 (as amended) and is available on Brembo's website [www.brembo.com, Investors, Corporate Governance, Codes and Manuals].



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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 held to approve the Financial Statements for the year ending 31 December 2013 and is made up of the following members:

- Non-executive Director Umberto Nicodano⁶ (Chairman);
- Non-executive and independent Directors, Giovanni Cavallini⁷ and Pierfrancesco Savio⁷.

The Remuneration & Appointments Committee operates in accordance with the Regulations (contained in Brembo's Corporate Governance Manual), which were updated by the Board of Directors on 17 December 2012 as recommended by the 2011 Corporate Governance Code in order to:

- ensure that the remuneration policies applicable to the Chairman, the Executive Deputy Chairman, the Managing Director 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;

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

The meetings of the Remuneration & Appointments Committee:

- are always attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor as required by the Chairman; the other members of the Board of Statutory Auditors may also attend;
- the meetings may also be attended by persons, other than Committee members, who have been specifically invited and are part of the company's management and/or management structures, in relation to specific needs or items on the Agenda.

During 2012, the Committee operated regularly and met twice (the average length of the meeting, duly recorded in the minutes, was about one and a half hours) to examine issues falling within its competence and make appropriate proposals to the Board of Directors. 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 on 2 March 2012, the Committee examined and expressed a favourable opinion on:

- the 2012 General Policies (included in the Remuneration Report in accordance with Article 123-ter of the CFA - Section I) for the remuneration of executive Directors, the other Directors holding special offices and Key Management Personnel, which were considered consistent with the policies adopted the previous year;



The No Limits brake disc that won the "Art is a disc" competition.

⁶ The provision of the 2011 Corporate Governance Code envisages for the Remuneration Committee to be made up exclusively of Independent Directors shall be applied only as of the next election of the Corporate Boards, i.e., as of the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2013.

⁷ Member of the Committee with adequate financial knowledge and experience.

- the content of the 2012 Remuneration Report in accordance with Article 123-ter of the CFA (Section I and Section II);
- the proposal for the amendment to the Information Document pursuant to Article 84-bis, paragraph 1, of the Rules for Issuers relating to the 2010-2012 Incentive Plan for executive Directors and the Top Management; this Amendment concerned the following aspects:
 - (iii) change in the indication of the Plan beneficiaries, which became necessary in order to update the plan in accordance with the new top management Corporate Governance structure approved by the Board of Directors at its meeting on 6 June 2011;
 - (iv) related inclusion of a new group of Plan beneficiaries and subsequent specification, for each level, of the bonus (i.e. the monetary incentive) to which the beneficiaries may be entitled in due course, at the terms and conditions set out in the Plan itself (the "Amendment");
- the changes introduced by the 2011 Corporate Governance Code and their impact on Brembo S.p.A. Corporate Governance;
- the short-term incentives policies "MBO 2012" for Key Management Personnel (Executive Deputy Chairman and Managing Director) and the management.

At its meeting of 12 December 2012, in order to make appropriate proposals to the Board of Directors, the Committee:

- carried out a prior review of the new organisational structure of the Internal Control and Risk Management System, revised by Brembo in accordance with the principles set out in Article 7 of the 2011 Corporate Governance Code;
- carried out a prior assessment, expressing its consent, of the Head of Internal Audit remuneration and the criteria for assigning

her MBO non-financial targets in line with corporate policies;

- acknowledged the proposal to grant the Remuneration Committee the function of Appointments Committee, with advisory and recommendatory tasks in line with the provisions of Article 5.C.1 of the 2011 Corporate Governance Code.

The Board of Directors has then implemented the Recommendations of the Remuneration & Appointments Committee.

The Remuneration Report drawn up pursuant to Article 123-ter of TUF provides further information regarding the remuneration policies. The Report is available on Brembo's website (www.brembo.com, 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 AND RISK COMMITTEE

In order to fully implement the recommendations of the Corporate Governance Code, the Board of Directors, at its meeting on 17 December 2012, changed the name of the Audit Committee (appointed on 29 April 2011) to Audit & Risk Committee. The Committee shall remain in office until the approval of the Financial Statements for the year ending 31 December 2013 and is made up of three non-executive and independent Directors: Giovanni Cavallini⁸ (Chairman), Pasquale Pistorio, Giancarlo Dallerà.

⁸ Member of the Committee with adequate financial knowledge and experience.



The Floating Green brake disc that won the "Art is a disc" competition.

The Audit & Risk Committee performs the function of the Related Party Transactions Committee and the related duties as specified in the Related Party Transactions Procedure.

The composition, duties and functioning of the Committee are defined in the Audit & Risk Committee Regulations, updated by the Board of Directors on 17 December 2012 (and contained in Brembo's Corporate Governance Manual) to fully implement the principles and criteria of the 2011 Corporate Governance Code.

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 Executive Director in charge of the Internal Control and Risk Management System;
- the Chief Executive Officer;
- the Internal Audit Director;
- the Legal & Corporate Director.

Other persons may attend the Committee meetings, other than Committee members, 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 2012, the Audit & Risk Committee held five meetings, duly recorded in the minutes, lasting about 3 hours each, on the following dates: on 23 February 2012, 10 May 2012, 19 July 2012, 16 October 2012, 12 December 2012. One meeting was held on 4 March 2013, in which the 2012 final interim reports were presented.

The Manager in charge of the company's financial reports, or a person delegated by him, the Head of the Legal & Corporate Department, the Legal & Corporate Director, 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 the Audit & Risk Committee:

- it assisted the Board of Directors in carrying out the internal control duties assigned to it;
- it assessed and 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 their consistency for purposes of preparing the Financial Statements;
- it 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 2012 Financial Statements by the Director in charge of overseeing the Internal Control and Risk Management System and the Internal Audit Director;
- it oversaw the effectiveness of the audit process;
- through reports presented by the Audit Committee Chairman on 31 July 2012 and 5 March 2013, it informed the Board of Directors of the activities carried out and the adequacy of the Internal Control and Risk Management System in 2012;

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 the financial year 2011 issued by the auditing firm PricewaterhouseCoopers S.p.A. in July 2012, assessing its content and 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 on 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);
- 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 periodically received the Chief Financial Officer's report on significant transactions and transactions that might create a conflict of interest under Brembo's current rules.

With the aim of assisting the Board of Directors in supervising the Internal Control and Risk Management System and in particular in 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 and internal authorisation — system of delegation and powers;
- new regulations regarding the 231/2001 Legislative Decree (environmental offences) and Corporate Governance;
- 2011 Corporate Governance Code and the Internal Control and Risk Management System, as well as their impact on Brembo;
- safety and environmental management system;
- monitoring processes of single supplier situations, strategic supplies and suppliers in crisis;

- projects related to the implementation of the IT Disaster Recovery Plan and AX System;
- methods and procedures for the use of electronic mail, Intranet and the Internet within the company;
- methods for managing Intellectual Property Rights.

At its meeting on 12 December 2012, the Audit & Risk Committee, together with the Board of Statutory Auditors, examined and evaluated:

- the proposed changes to the organisational structure of the Internal Control and Risk Management System to reflect the principles laid down in the 2011 Corporate Governance Code, deeming it consistent with the recommendations laid down in Article 7 of the said Code;
- the proposed confirmation of Alessandra Ramorino's position as Internal Audit Director and the relevant organisational structure, which was deemed appropriate to carry out the tasks provided for by Article 7.C.5 of the 2011 Corporate Governance Code;
- the Audit Plan for 2013-2015 and the 2013 Budget of the Internal Audit function;
- the guidelines on risk management, based on the general principles and guidelines (CoSO and/or ISO 31000) applicable to the Brembo Group, as a support for the implementation of a risk management process aimed at analysing, assessing and mitigating business risks.

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

- updating the significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of

€250,000.00 as “threshold” for determining Low Value Transactions;

- proposal to amend the Related Party Transactions Procedure of Brembo S.p.A. with reference to the definition of “Intercompany Transactions” specified in Article 4.3. This change made it possible to narrow the scope of exemptions as transactions with subsidiaries or associated companies whose activities included in the corporate purpose are not similar to those of Brembo S.p.A. have been subjected to the application of the Procedure.

The Committee also received 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

The Internal Control System was updated during 2012, to formally and fully implement the principles set out in Article 7 of the 2011 Corporate Governance Code and was integrated with the Risk Management System (which was also already an integral part of the corporate governance system), by better defining the structure and role of the main players involved.

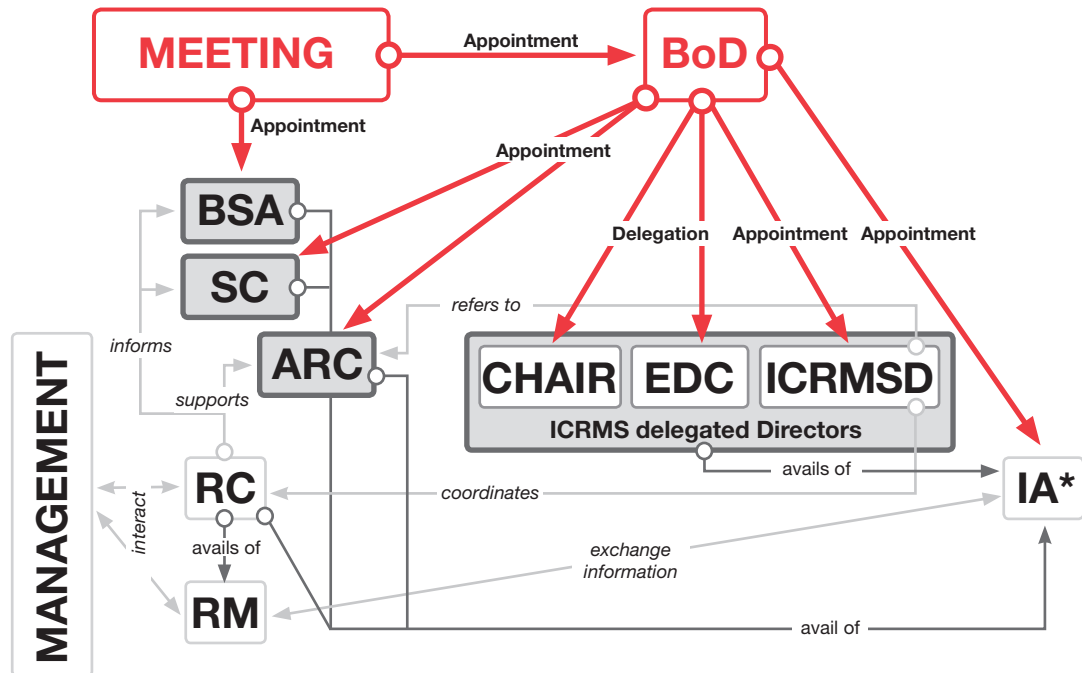
The Internal Control and Risk Management System (hereinafter for brevity the “System”) is structured as shown in the following diagram:

The main changes relating to the organisation are:

- a. the new name of the Audit Committee as Audit & Risk Committee, with the task of 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;

LEGEND

- BoD = Board of Directors
- BSA = Board of Statutory Auditors
- SC = Supervisory Committee
- ARC = Audit & Risk Committee
- CHAIR = Chairman
- EDC = Executive Deputy Chairman
- ICRMSD = Director in charge of overseeing the Internal Control and Risk Management System
- 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.

- b. the new name of the Executive Director charged with overseeing the Internal Control System (Cristina Bombassei) as Executive Director in charge for the Internal Control and Risk Management System (abbreviated as ICRMSD) who, by implementing the guidelines issued by the Board of Directors, is responsible for the identification of the main risks, periodically checking the adequacy of the System;
- c. the evolution of the company's Self-assessment and Risk Prevention Committee (CAPRI) into a Risk Committee, with the task of identifying and weighing the macro risks in view of their mitigation and control and to assist the players involved in the System;
- d. assigning the Risk Manager the task to ensure, together with the management, that the main risks inherent in Brembo and its subsidiaries are correctly identified and adequately measured, managed and monitored, as well as integrated through a management of the company consistent with its strategic objectives. The Risk Manager reports directly to the Executive Deputy Chairman;
- e. the reporting of Internal Audit directly to the Board of Directors; on 17 December 2012 the Board of Directors confirmed Alessandra Ramorino as Internal Audit Director, approving the relevant organisational structure which was deemed adequate for carrying out the tasks set out by Article 7.C.5 of the Corporate Governance Code.
- approved the Risk Management guidelines which, based on the general principles and guidelines (CoSO and/or ISO 31000) applicable to the Brembo Group, constitute the support for the implementation of a risk management process aimed at analysing, assessing and mitigating business risks, in order to:
 - improve the identification of opportunities and threats;
 - improve Governance;
 - provide a reliable basis for decision-making and planning;
 - improve reporting;
 - improve loss prevention and incident management.
 - improve organisational resilience;
 - carried out an annual appraisal that the Internal Control and Risk Management System is adequate and effective and operates efficiently.

The items on the Agenda for the meeting of 18 March 2013 include the examination and approval of the 2013-2015 Three-Year Strategic Plan and the assessment of the nature and level of risk which is consistent with the strategic objectives.

Within the Board of Directors, the following specific powers were also assigned:

- In accordance with the provisions of Article 7.C1 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.
 - to the Chairman, the responsibility for defining the general guidelines of compliance and Internal Control System within the broader powers of direction, coordination or control granted to him in relation to his office;
 - to the Executive Deputy Chairman, the tasks of ensuring the implementation and constant updating of the Brembo 231 Model, as well as the implementation of regulations in foreign countries where the investee companies operate, including all necessary training and awareness-building activities necessary to create a compliance culture in Italy and in all investee companies;

- to the Managing Director/General Manager, within the powers attributed to him, the task of 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 in force in the company and its investee companies; in this regard, specific reference is made to the provisions of Legislative Decree 231/2001 and similar provisions in force in foreign countries where the investee companies carry out their operations.
- to the Executive Director Cristina Bombassei the power to oversee the Internal Control and Risk Management System so that, by implementing the guidelines issued by the Board of Directors, she ensures the identification of key risks, periodically checks the System adequacy and performs the duties provided for in Article 7.C.4 of the 2011 Corporate Governance Code.

9.1 Appropriateness of the Internal Control and Risk Management System

With reports dated 19 July 2012 and 4 March 2013, 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 the Directors.

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, 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 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 has also noted that:

- the activities for identifying the main risks and monitoring the improvement plans continued in a structured and consistent manner including according to the Audit Plan presented by the Internal Audit Director and that, at the same time, a project has been started to strengthen the risk measurement and weighting process, in view of an early definition of the major short-term improvement measures;
- the process for strengthening the planning, coordination and control activities by the Corporate in respect of Group companies continued and in particular the process to standardise the information system worldwide;
- the procurement process is constantly monitored in order to prevent the risks associated with single supplier situations and suppliers with financial difficulties and 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 prepared by the 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 of accounting standards, 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 which 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 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 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 5 March 2013.

9.4 Internal Audit

On 17 December 2012 the Board of Directors, at the proposal of the Audit & Risk Committee and the Executive Director in charge of the Internal Control and Risk Management System, confirmed Alessandra Ramorino, already appointed as Person in Charge of Internal Control, as Internal Audit Director, by approving the relevant organisational structure which was considered adequate in respect of the duties provided for by Article 7.C.5 of the Corporate Governance Code.

The Board of Directors pointed out that the Internal Audit Director will report directly to the Board of Directors, through the Chairman of the Board, and the Executive Deputy Chairman was assigned operational responsibility for the Internal Audit function and the coordination of its activities.

On the same date, the Board approved:

- the policies relating to the remuneration of the Head of Internal Audit and the incentive mechanisms considering them consistent with the assigned tasks;
- the Audit Plan for 2013-2015 and the 2013 Budget of the Internal Audit function;
- the guidelines on Risk Management.

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 action to be taken to eliminate anomalies and irregularities and to support the Group in the pursuit of pre-set operating targets.

During 2012, 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 on the basis of 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.

Internal Audit is charged with preparing and periodically updating a "Corporate Risk Report" designed to assist the Group and the Executive Director in charge of overseeing the Internal Control System, in assessing corporate risks.

In the context of 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 2012, 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.

In 2012 Internal Audit continued its internationalisation process, monitoring, through local auditors, the activities in the countries where Brembo's presence is particularly significant, also including China, after having included Poland in 2011.

The Internal Audit Director is not responsible for any operational areas; she has had direct

access to the information required to perform her duties, reported on her work at each meeting of the Audit & Risk Committee and Supervisory Committee and attended the meetings of the Board of Statutory Auditors.

At its meeting on 4 March 2013, the Audit & Risk Committee was provided with appropriate information on the results of Internal Audit Director's activities for 2012, 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 2012, 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. On 18 July 2012, the Internal Audit Director issued a favourable opinion for the Audit & Risk Committee concerning the adequacy of the second revision of the Related Party Transactions Procedure.

The Report of the Internal Audit Director was examined by the Board of Directors during its meeting of 5 March 2013.

9.5 Organisational Model Within the Meaning of Legislative Decree 231/01

By adopting Model 231, 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 and is responsible for control procedures and activities (preventive and ex post facto) 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.

In order to ensure that Brembo's Model 231 is constantly updated and reflects the changes in legislation and the evolution of the business mission and the organisational structure:

- on 12 November 2012, the Board of Directors approved the new Special Section to the Organisational, Management and Control Model of Brembo S.p.A. in accordance with Legislative Decree No. 231/2001 dedicated to the protocols implemented with a view to preventing the risks of offences under Article 25-*duodecies* "Employment of illegally staying third-country nationals";
- at its meeting of 17 December 2012 the Board of Directors received information on the changes introduced by the Anti-Corruption Act (190/2012), and examined its impact on the Relevant Offences under Legislative Decree 231 and Brembo's Model 231, noting that most of the sensitive processes, including with respect to the new offences, had already been mapped in Brembo's model, both during the risk assessment of offences against the Public Administration, and, last year, when Brembo's model was updated to reflect the Bribery Act.

During the current financial year the various 231 Contact Persons updated the different Sensitive Activities Cards. The update was aimed at adopting the new procedures introduced in the meantime and updating on the progress of ongoing plans.

The system of delegation and authorities was strengthened with regard to Safety in the Workplace in line with the latest guidelines in legal theory and case law (both with regard to safety and environmental matters and with reference to Legislative Decree 231/01), in order to increase its consistency with best practices. In addition, as part of the project for the Review of Brembo's System of Powers and Delegation, a number of guidelines were introduced.

By implementing the suggestions of the Supervisory Committee, an internal document

intended for the Human Resources and Organisation Department personnel was defined, which describes the way in which the Supervisory Committee should be involved in the event of disciplinary complaints under Model 231.

During the year, training activities on Model 231 continued through online courses dedicated to all employees and specific classroom sessions for the persons involved in sensitive processes; the latter were aimed at gaining further insight on the relevant control protocols and Brembo Compliance Guidelines, which summarise the main rules (specified in the Special Sections of Model 231) adopted by Brembo in order to prevent the commission of Offences and contribute to making the content of the individual Special Sections more accessible and straightforward for the recipients of Brembo Model 231.

The Supervisory Committee also received updates on the progress of compliance activities by the Group companies.

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

The Supervisory Committee at Brembo is a collegial Body composed of at least three members, of which one is the Internal Audit Director and the others are entities complying with the requirements of autonomy, independence, integrity, professionalism, competence and continuity of action required by Legislative Decree 231/01. After the appointment of the Administrative Body by the General Shareholders' Meeting on 29 April 2011, the Board of Directors, on the same day, appointed the new Supervisory Committee consisting of three members in the persons of:

- Marco Bianchi, Chairman and independent member;
- Giancarlo Dallerà, 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, Brembo's Person in Charge of Internal Control - Internal Audit Director 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 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, until the expiration of the current office (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors); 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 14 May 2012, 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 the remit of the Supervisory Committee, it should be noted that in 2012 the Committee operated on a regular basis, meeting on 23 February 2012, 10 May 2012, 19 July 2012, 16 October 2012 and 12 December 2012. The Chairman of the Committee also attended the Audit & Risk Committee meetings for the matters within his responsibility and interest.

In 2013, one meeting was held on 5 March 2013, in which the final reports of 2012 were presented.





“ In the enduring worldwide economic crisis, Brembo views its results positively. Aware of its resources, the company is ready to set new objectives and look towards other goals to achieve. ”

The Chairman of the Supervisory Committee also met separately with the Internal Audit Director for further discussion of several risk-assessment analyses conducted by personnel of the Law No. 231 team and to 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 mode of 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 to improve the Organisation, Management and Control Model functionality and soundness.
- audit activities were carried out in order to check that the Model is being implemented effectively, with the support of the Internal Audit function, based on the Supervisory Committee's action plan;

oversight of the Model entailed an analysis of:

- the reports received by the Supervisory Committee;
- 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 231/01 were reported.

9.6 Auditing Company

The Shareholders' resolution of 26 April 2004 appointed PricewaterhouseCoopers S.p.A. as the Company's Independent Auditor. The appointment was renewed on 27 April 2007 through to the approval of the Financial Statements for the year ended 31 December 2012.

As the PricewaterhouseCoopers S.p.A. appointment has reached the maximum term permitted by law, the General Shareholders' Meeting convened for 23 April 2013 (first call) will be called to appoint, upon proposal of the Board of Statutory Auditors, the new independent auditors in accordance with Legislative Decree No. 39/2010.

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 reports⁹, granting him the relevant powers. He also holds the position of Executive Deputy Chairman of Brembo S.p.A. and Group CFO.

The Manager in Charge of the Company's Financial Reports must meet the requirements in terms of professional qualifications and experience:

- diploma or university degree in economics, finance, or subjects related to business management and corporate organisation;
- at least three years of overall professional experience in the discharge of business administration or control functions; or otherwise managerial or administrative responsibilities at corporations; or managerial or administrative functions, or auditing functions, including as an outside auditor or consultant, such as a certified public accountant, in the service of

⁹ Matteo Tiraboschi has held this position since 2009.

undertakings operating in the credit, financial or insurance sectors, or, in any event, in sectors closely related, or otherwise involving business activities similar to those of company and therefore entailing the management of financial and economic resources.

The manager is appointed for a three-year term that may be renewed once or several times.

The Manager in charge of the Company's financial reports attended all the Board of Directors' meetings and, directly or through his delegate, the meetings of the Audit & Risk Committee and the Board of Statutory Auditors to provide the information within his responsibility.

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

The organizational 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.

In detail, the coordination is ensured through the company's internal committee called Risk Committee, whose duty is to assist the various parties involved in the System in the performance of their respective activities as described below:

- adopting, promoting and disseminating a systematic and structured process for identifying and measuring risks;
- examining the information on existing and potential risks, both internal and external, to which the Group is exposed;
- propose risk response strategies to stakeholders and the management, in relation to the total and specific exposure to the various risk categories;
- proposing the application of risk policies to stakeholders and the management in order to ensure that risk is reduced to "acceptable" levels;

- monitoring the implementation of defined risk response strategies and compliance with risk policies adopted by the management.

The Risk Committee also supports the Executive Director in charge of the Internal Control and Risk Management System, who coordinates the Committee, in identifying business risks and implementing the guidelines issued by the Board of Directors, relying on the technical support of the Risk Manager.

The Internal Audit Director is always present at the Risk Committee meetings as an independent member.

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

- a constant information flow between the different parties involved in the ICRS;
- participation of the various parties concerned in joint meetings for discussion of ICRS related issues;
- dissemination of the Internal Audit reports to the various ICRS parties;
- dissemination 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 RPT 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;
- it lays down the rules for the assessment 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 of the Audit & Risk Committee (serving as the Related Party Transactions Committee), the Board of Directors:

- at the meeting of 14 May 2012 updated the Significance Indices for the identification of Highly Significant Transactions on the basis of data from the 2011 Financial Statements, and confirmed the amount of €250,000.00 as "threshold" for determining Low Value Transactions;
- At its meeting of 31 July 2012 it amended the definition of "Intercompany Transactions" (laid down in Article 4.3. of the Related Party Transactions Procedure of Brembo S.p.A.) in order to limit exemptions from the Procedure application only to transactions with or between subsidiaries or associates performing activities (as specified in their respective corporate purpose) similar to those of Brembo S.p.A. As a result, the transactions with subsidiaries or associates

whose activities, as specified in the corporate purpose, are not similar to those of Brembo S.p.A. will be subject to the application of the procedure.

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 is determined by the General Shareholders' Meeting;
- the lists for the appointment of Statutory Auditors:
 - (i) must include at least one candidate for the office of standing 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 (three), 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, on the date on which the lists are filed with the Company, individually or collectively represent at least 2.5% of the share capital are entitled to submit the 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 one another by virtue of associative relationships contemplated under the applicable statutory and/or 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 these By-laws, must be filed with the Company's registered offices at least 25 calendar days prior to the scheduled date of the General Meeting at first calling and public disclosure must be made both at Company's registered offices and on its website and 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 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 Ltd, and also confirmed Sergio Pivato as Chairman of the Board of Statutory Auditors. The Board of Statutory Auditors' office will expire with the General Shareholders' Meeting called for the approval of the Financial Statements for the year ending 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 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.

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

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	100%	No. 5 weight 2.80
Acting Auditor	Enrico Maria Colombo	29.04.2011	(1)	29.04.2008	x	86%	No. 11 weight 4.52
Acting Auditor	Mario Tagliaferri	29.04.2011	(1)	29.04.2011	x	100%	No. 16 weight 3.45
Aternate Auditor	Gerardo Gibellini	29.04.2011	(1)	29.04.2008	—	—	—
Aternate Auditor	Marco Salvatore	29.04.2011	(1)	29.04.2011	—	—	—

Quorum required to present lists for the most recent appointments: 2.5%

NOTES

(1) Appointed for a term expiring on the date of approval of the financial statements for the year ending 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 CONSOB Rules for Issuers.

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 Euro 196,000.00 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 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 at the Board of Directors meeting of 5 March 2012.

Upon the appointment of the Board of Auditors (29 April 2011) and subsequently in the Board of Directors' meeting of 5 March 2012, 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, until the expiration of the current term of office (Audit & Risk Committee, Supervisory Committee and Board of Statutory Auditors); 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.

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

In 2012, 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 Independent Auditors and the Internal Audit Director.

The Board of Statutory Auditors and the Audit & Risk Committee shall 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 Audit & Risk Committee's meetings and those of 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 proper, 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, 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 scheduled 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 the requirements of 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*
 - *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 mentioned in Article 2428 of the Civil Code;

- under Article 10-*bis* (ADDITION OF ITEMS TO THE AGENDA), that shareholders individually or collectively representing at least 1/40th of share capital may submit a written application, according to the terms and conditions set forth in applicable laws and regulations, to add items to the agenda for the General Shareholders' Meeting, indicating the proposed additional items of business in the application;¹⁰

¹⁰ 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.

- under Article 11 (PARTICIPATION IN AND REPRESENTATION AT GENERAL SHAREHOLDERS' MEETINGS), that vote-holders 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 day of market operation prior to the date for which the Shareholders' Meeting is scheduled (without prejudice to the terms established under applicable law).

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

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

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

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 shareholder approval. In summary, during the Shareholders' Meeting, entitled attendees are provided not only the information included

in the filings made with Stock Market and Securities Services institutions, but also all the documents regarding the Annual Financial Statements and any resolutions proposed to the Shareholders' Meeting (which reproduce the recommendations placed on the Agenda by the Board of Directors, as disclosed to the public and forwarded to Borsa Italiana and CONSOB, pursuant to applicable laws and regulations). As a general rule, entitled attendees shall also be provided with a summary of the Company's stock price trends.

The General Shareholders' Meeting held on 20 April 2012 was attended by eight Directors out of 11 and all the members of the Board of Statutory Auditors.

The General Shareholders' Meeting Regulation designed to regulate the functioning of the General Meetings was modified by the General Meeting on 29 April 2011, primarily for the purposes of aligning its content 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 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

15. CHANGES SINCE THE END OF 2012

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