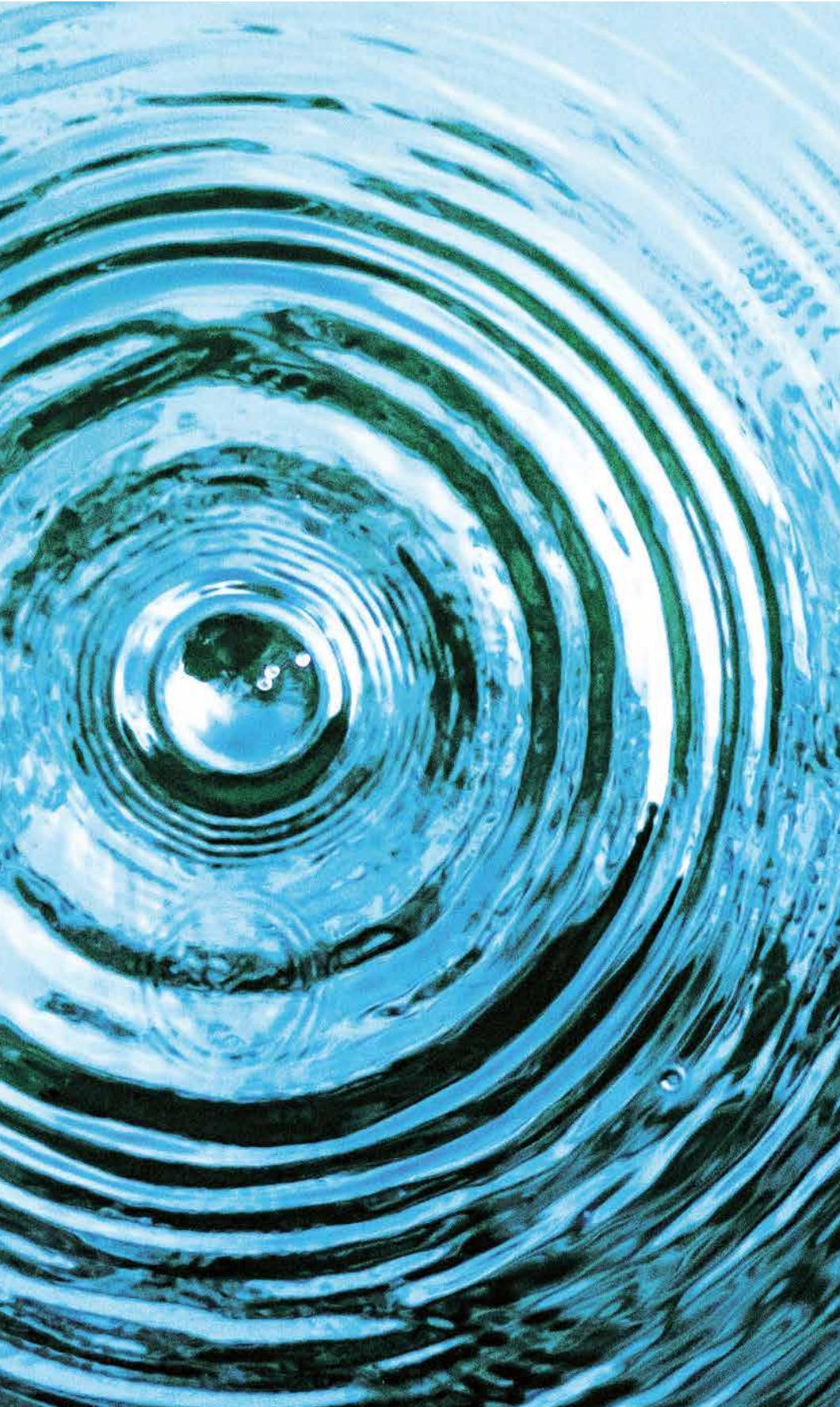


**ANNUAL
SUSTAINABILITY
REPORT**
2020

2020 CONSOLIDATED DISCLOSURE
OF NON-FINANCIAL INFORMATION
IN ACCORDANCE WITH LEGISLATIVE
DECREE NO. 254/2016





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A careful look at **evolution**





It's the visionary look of those who are transforming their intuition into a future scenario. Aware of the key role of sustainability, digitalisation and globalisation in the profound evolution of the automotive industry.



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Letter of the Chief Corporate Social Responsibility Officer



Chief CSR Officer
Cristina Bombassei

Dear Stakeholders,

I am pleased to present the 2020 Consolidated Non-Financial Statement, the document in which the Brembo Group reports on its objectives, activities and results in the field of sustainability and social responsibility, in order to share them with you, colleagues, shareholders, customers, suppliers and communities in all the territories in which it operates.

The document has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI Standard) and, starting from this report, taking into consideration a number of World Economic Forum (WEF) indicators.

In Brembo we are convinced that the dialogue with our stakeholders is an essential condition for planning and acting in every context in an informed manner. The annual materiality analysis process carried out each year is aimed at identifying the areas in which Group activities may have the greatest impact on natural ecosystems, as well as on the wellbeing of the communities, individuals and all of its stakeholders. For this reason, in 2020 we expanded the set of stakeholders involved in defining the topics included in the materiality matrix, increasing the number of customers and suppliers and introducing trade associations and insurance companies, whose contribution will help us guide our choices and improve the impacts of our activities. In this context, we care particularly about the management of ESG risks, namely those relating to sustainability issues, which must be tackled adopting an integrated and structured approach.

This year as well, we are continuing with our commitment to help achieve the 17 Sustainable Development Goals defined in the UN 2030 Agenda. Brembo is taking concrete actions to achieve increasingly more responsible production, pursuing a reduction in emissions to ensure the health of the community and helping to mitigate climate change through ever more 'green' technological solutions. Furthermore, the purpose of the "We support SDGs" information campaign, aimed at all employees, is to make these objectives known and promote the tangible actions that each person can take to achieve them. A year after the campaign's launch, 2020 saw the scrutiny of nine of Agenda 2030 goals, from defeating poverty to combating climate change, and the sharing of as many corporate projects. The challenge is to meet the 17 SDGs, continuously engaging in the promotion of concrete initiatives.

Employees represent our Group's true inestimable wealth of experience, passion and skills. To date, there are more than 11,000 people who, with their work, contribute to the Company's development, operating in 14 countries on three continents in 19 production sites, 6 sales offices and 5 research and development centres. In a constantly changing world, Brembo offers them valuable opportunities for professional growth, as well as a stimulating and rewarding work environment and a rich and continual training offer in which we have continued to invest with determination.

The supply chain is also a cornerstone for Brembo, not only as regards the business. We are convinced that it is only shared commitment that can lead to real progress: for this reason we are spreading the sustainability culture also amongst our suppliers who, accompanying us in the process of continual innovation and quality improvement, are required to operate in a context of social responsibility and respect essential issues such as human rights and protection against child labour, as well as specific issues such as "conflict minerals".

Sustainability is a way of thinking that also takes concrete shape in Research & Development and for Brembo translates into designing and producing brake systems that help reduce CO₂ emissions and particulates. These are the principles that, in 2020, led to the launch of the Greentive® disc and



Enesys® brake spring, solutions that help reduce consumption, increasing the vehicle's general efficiency. In an automotive industry that is increasingly electrification-oriented, we are working on the Brake by Wire electric brake, a real revolution for road cars, and not only electric ones.

Electrification, digitalisation and autonomous driving are the unprecedented challenges that the automotive industry is facing, as well as trends that have a significant impact on the environment. Brembo wants to lead the way in this process and in 2020 presented a new vision, *Turning Energy into Inspiration*, outlining a new mission — to become a *Solution provider* to support our customers in anticipating these macro trends, developing ever more sustainable solutions.

There is an ambitious target on the horizon: to become carbon neutral, in other words to reduce CO₂ emissions to zero by 2040. In five years, we have cut our total emissions by almost 45% thanks to energy efficiency projects and a constant increase in the use of renewable energy, which in some plants reaches 100% of the sources used. On the resources front, we are promoting the reduction of water consumption in production processes and the development of solutions for the reuse of water. We recycle waste materials, aiming to maximise their salvage, and we reduce the production of waste and consumption of natural and energy resources as far as possible.

We are proud that our commitment is acknowledged and recognised also by the international community. In fact, for the third year running the CDP (formerly the Carbon Disclosure Project), a global non-profit organisation that supports companies in measuring and managing climate change information, awarded Brembo the maximum rating, represented by a double A: the first company to have shown its worldwide leadership through proven, meaningful and transparent action in terms of climate change, the second as regards water resource risk management.

From environment-friendly activities to social-oriented initiatives. 2020 was marked by the Covid-19 pandemic, an unprecedented health emergency that has impacted all the activities on a global scale. In such an extraordinary situation, Brembo reacted by putting the health of its employees and their safety in the production plants first. The Group has provided practical support to local communities and supported scientific and pharmacological research against the virus.

Even in such an uncommon year, Brembo confirmed its commitment to developing projects and initiatives in the territories where it operates, focusing on areas of intervention that it considers to be a priority, ranging from child protection to education and training, from art and culture to sport.

In India, for example, we continue to support the Casa del Sorriso, built in Pune together with the Cesvi Foundation and dedicated to women and children in highly vulnerable situations, whilst in China the “Dream Center” was started, designed to provide quality education to children in rural areas. In Italy, the SOSSteniamoci project continued, through which we support a group of unaccompanied foreign minors residing in a Community in Bergamo, helping them on their way to adulthood through training, mental health support and integration into the world of work, so they can build a dignified life in Italy.

In 2021, Brembo celebrates its 60th anniversary: a story built on values, passion and work, written with respect for people and the environment, just as our Chairman has always taught us. 60 years filled with satisfactions, in which our Group has grown to become the international company it is today. But our nature remains one in which we always look to the future, toward sustainable mobility in an increasingly electric, digital and connected world, in which the commitment to social and environmental issues takes on an even more crucial role, to the point it becomes an integral feature of the business and its strategy.





Turning Energy into Inspiration

is Brembo's new strategic vision

Learn more



<https://www.brembo.com/en/sustainability/corporate-social-responsibility>

Electrification, autonomous driving, digitalisation and sustainability are macro trends that are transforming the automotive world and are at the centre of the strategies of the market's main players.

For Brembo, the time has come to open up new paths in the future of the industry in which it operates and support its partners in meeting the challenges posed by the great changes taking place. The Group has decided to embark on a new path, based on a strategic vision, *Turning Energy into Inspiration*, and a mission: to become a *Solution Provider*.

Turning Energy into Inspiration is the vision that has arisen from Brembo's unique experience in braking systems, acquired during sixty years of history lived in a competitive and ever-changing context. Becoming an authoritative *Solution Provider* is the mission that aims to a high added value integration of products and services so as to anticipate the new mobility paradigms.

The path that Brembo has outlined for its future rests on three pillars:

Being an increasingly digital company

The world has entered the era of data-centric artificial intelligence applications. The ability to analyse and manage data is a crucial skill for continuing to grow and create innovation. Brembo's new strategic vision provides for the widespread dissemination of a solid data culture within the Group. The objective is to become an innovative company that develops increasingly digital solutions.

An ever-stronger global footprint

With 29 plants in 19 production sites, 6 sales offices and 5 R&D centres in 14 countries throughout the world, Brembo has been an international Group for some time. The globalisation process continues, with a particular focus on the company's innovative momentum. The strategic vision's objective is to create new centres of excellence for artificial intelligence in the main countries in which Brembo operates, to bring the Group's innovation even closer to its customers.

Becoming a reference brand for the new generations as well

Brembo wants to target the new generations, who look at the automotive sector from points of view that are completely different from the past. The goal is to become a reference brand for them and inspire them with the same passion that has driven the Company since its beginning. Thanks to its leadership in motorsport and use of high-performance, reduced-emissions technological solutions, Brembo will always be synonymous with an unparalleled driving experience.

Finally, at the heart of the new strategic vision there is the commitment to sustainability, a priority that Brembo has always applied to all its activities, products and processes, employees, supply chain and territories in which the Group operates, with the aim of actively contributing to the wellbeing of the planet, communities and people.





Being an increasingly digital company

An ever-stronger global footprint



Becoming a reference brand for the new generations as well





Sustainability Highlights

Our Group



14

Number of countries in which the Group is present



7

Number of Group brands



5

Number of research centres in different Countries

Sustainability

<https://www.un.org/sustainabledevelopment/>



Organisational Structure



3,490

Number of people trained on ethical topics



45%¹

Proportion of women on the BoD



5

Annual meetings of the Audit, Risk & Sustainability Committee (ARSC)



54.5%

Members of the BoD with ESG-related skills



ISO 27001

certification

Our People



1.6%

Year-on-year workforce increase



over **150,000**

Training hours provided during the year



100%

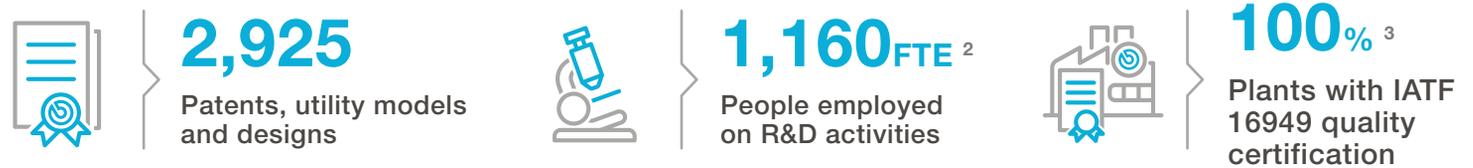
ISO 45001 certified plants



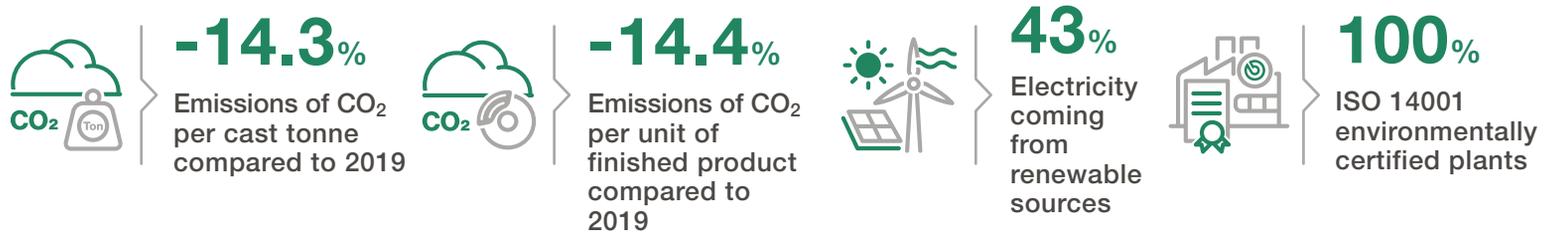
Our supply chain



Production process



Environment



Local areas



¹ Minimum quota of the less-represented gender in the corporate bodies of listed companies is 40% (Law No. 160 of 27 December 2019), in force at the date of appointment of the Board of Directors (General Shareholders' Meeting held on 23 April 2020) for the three-year term 2020-2022.

² Full Time Equivalent – FTE represents the workforce calculated based on the hours actually worked and/or paid by the company in which they are employed.

³ Net of the Zaragoza site in Spain which is ISO 9001-certified. It should be noted that the Carbon Factory will be certified by 2022.





WHAT WE BELIEVE IN

The Group

It is time to address new challenges and discover new horizons. We will bring knowledge and experience with us and we will be fast, fluid and reactive, providing surprising and unpredictable solutions.

Sustainability

Grasping the accelerated pace of change reiterating our commitment at every step, directing all our efforts to creating a sustainable future. Because today is already tomorrow.

Organisational structure

An organisational structure founded on integrity and transparency. Professionalism and commitment to ensuring solid growth.

Brembo People

Harmony and balance are amidst the features of a highly-developed organism that we call 'business'. Converting thought into concrete action, training into skills, merit into growth, health into wellbeing, diversity into wealth.

Supply chain

A road that we have made our own, step by step. So as to be closer and closer and more connected in meeting our customers' challenges, together. In moving towards the new mobility paradigms, together.

Production process

Research aimed at ever more sustainable solutions and processes, for mankind and for the planet. From the intangible flow of ideas, perceptions and data to the world's most innovative, high-performance brakes.

Environment

Protecting the environment, thinking of the needs of every single living being, seeking the ideal balance between progress and respect for the planet's resources.

Local areas

With the small contribution of each person, we can achieve great goals.



BREMBO'S ACTIVITY

- Introduction of a new vision and mission with the aim of becoming a *Solution provider*.
- Obtention of a medium-/long-term positive loan from BNL - BNP Paribas the financial terms of which improve when precise sustainability goals are met.
- Award of the XXVI Compasso d'Oro, the second in the Group's history, for the rear caliper used in the Formula E World Championships.

- CSR Ambassadors and CSR Champions involved in dedicated sessions aimed at informing on environmental issues and sharing projects and initiatives.
- Continuation of the "We Support SDGs" campaign aimed at further analysing the Sustainable Development Goals, with the concurrent dissemination of Brembo's projects.
- Extension of the range of external stakeholders involved in the 2020 materiality matrix: customers, suppliers, insurance companies and trade associations.

- Definition of new diversity policies and criteria for the Board of Directors, in addition to those established by applicable laws.
- Virtualisation process at Group worldwide level to monitor data and information security.
- Implementation of a Tax Strategy at Group level.

- Safeguarding workplace health and safety: protocols, measures and awareness-raising activities to address the health emergency.
- Pink October and Blue November campaigns to raise awareness on prevention issues.
- Provision of an e-learning programme developed in-house and focusing on environmental issues at global level.

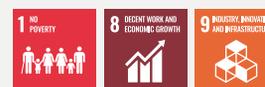
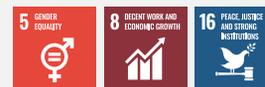
- Providing suppliers with support to continually improve their own performance and strengthen their ability to innovate.
- The self-assessment questionnaire submitted to suppliers extended to include strict requirements also from the standpoint of sustainability.
- Use of the Brembo Supplier Portal as a tool to carry out investigations and share the best practices on issues relating to the supply chain and sustainability.

- Study of a new electric brake system to reduce emissions and energy consumption.
- Replacement of materials and structural optimisation of the packaging for top-end discs in Italy, at the BSCCB plant in Stezzano.
- Introduction of the Brembo Next digital platform to hold live conversations with all Group stakeholders.

- Implementation of ORME, the new environmental management system software.
- Recognition by CDP as a Company leader in its commitment and ability to respond to climate change and water resource management.
- Establishment of a work team tasked with assessing risks and opportunities relating to climate change, in accordance with TCFD recommendations.

- Support to unaccompanied foreign minors and young adults to help them achieve social and economic independence in partnership with the Foundation Cesvi in the Bergamo area.
- From 2019 redevelopment of three schools in developing regions in China in partnership with the NGO Adream.
- Donations to support communities in countries where Brembo operates.

SDG





A culture of sustainability: “We support SDGs”

In line with the indications of the SDG Compass — a guide for companies in implementing the 2030 Agenda — Brembo believes that its commitment to achieving the Sustainable Development Goals must begin with spreading and promoting the SDGs to all Brembo’s People. This conviction gave rise to the “We Support SDGs” project, designed to spread knowledge of the goals and raise awareness regarding sustainable actions.

The first step in this direction was circulating the 2019 Brembo calendar, which contains images and slogans illustrating each of the 17 Goals, to all personnel worldwide.

The communications campaign continued in 2020 by distributing to all Brembo People illustrative material translated into 8 languages and disseminated in all the Countries where the Group operates.

This material consists of two types of information pamphlets:

- ▶ goal pamphlets: these describe the goal and daily actions that each employee can take to become a spokesperson for sustainability in their company and private lives;
- ▶ project pamphlets: these are Brembo initiatives that contribute concretely to achieving the targets for each goal.

The pamphlets, which are also available in video form, are circulated via the Group’s main internal and external communications channels, such as the company Intranet, social media channels, displays and monitors.

The message that the Group wishes to send can be summarised by the quote: “Alone we can do little. Together we can do a lot.” Each of us is fundamental to building a sustainable tomorrow, and Brembo wishes to engage its People so that they feel they are a part of this project. Moreover, as Cristina Bombassei, Brembo’s Chief CSR Officer, said: “The actions of each one of us have an impact, but if we multiply this by more than 11,000 employees and their families, the effect generated is really amplified and incisive.” It is this context that the campaign is intended to be a virtuous contamination that can extend beyond company confines.

To date the following SDGs and the related Brembo projects have been analysed:

 **No poverty** — support to unaccompanied foreign minors and young adults to help them achieve socio-economic independence (projects developed in Italy in partnership with the Foundation Cesvi)

 **Quality education** — redevelopment of 3 schools in underdeveloped regions (in China in partnership with the NGO Adream) and promotion of education in vulnerable situations (in India in partnership with the Foundation Cesvi)

 **Clean water and sanitation** — creation of a process aimed at cleaning contaminated water and reusing it (project implemented in the Apodaca-based plant, in Mexico)

 **Affordable and clean energy** — introduction of a certified system to manage water, reduce consumption and increase the use of renewable sources (developed at Brembo plants at global level)

 **Sustainable cities and communities** — study of a new electric brake system to reduce emissions and energy consumption

 **Responsible consumption and production** — replacement of materials and structural optimisation of the packaging of top-end discs (in Italy and at BSCCB’s* plant in Stezzano)

 **Climate action** — recognition by CDP as a company leader in its commitment and ability to respond to climate change and water resource management

 **Life below water** — reduction of single-use plastic and promotion of separate waste collection (the project was developed in Italy, at Brembo’s headquarters in Stezzano)

 **Life on land** — provision of an e-learning programme on environmental issues (developed within the Company at global level)

The campaign will continue next year through the missing Goals and will end in summer 2021.

* Brembo SGL Carbon Ceramic Brakes GmbH, not included in the reporting scope of the Non Financial Information



We support SDGs




1 **SDG 1**
ZOBOWIĄZANIE BREMBO SOSTENIAMOCI, PROJEKT INTEGRACYJNY (WŁOCHY)

GOALS

- 1. Promote responsible & integrated internal reporting on SDGs
- 2. Development of individualized sustainability commitment
- 3. Awareness of SDGs in operations

IMPACT

- 1. Higher employee engagement on corporate no sustainable mission / more no-sustainable action taken on operations
- 2. Realization of internal reporting processes in various departments
- 3. Achievement of sustainability programs, activities, communication and public reporting on various channels, including internal communication
- 4. Development of internal reporting system, including communication and reporting system
- 5. Development of internal reporting system in various areas of internal reporting on SDGs

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



4 **SDG 4**
布雷博的努力 (精英之家), 位于湖南的企业社会责任项目 (中国)

GOALS

- 1. 提升企业社会责任意识, 传播可持续发展理念
- 2. 提升企业社会责任意识, 传播可持续发展理念

IMPACT

- 1. 提升企业社会责任意识, 传播可持续发展理念
- 2. 提升企业社会责任意识, 传播可持续发展理念

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



4 **SDG 4**
BREMBO'S COMMITMENT "DREAM CENTER" QUALITY EDUCATION FOR CHILDREN IN RURAL AREAS (CHINA)

GOALS

- 1. Support quality education for the most disadvantaged children in rural areas and the region of migrant workers
- 2. Foster the education gap between the cities and the countryside

IMPACT

- 1. Support quality education for the most disadvantaged children in rural areas and the region of migrant workers
- 2. Foster the education gap between the cities and the countryside

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



6 **SDG 6**
EL COMPROMISO DE BREMBO USO SOSTENIBLE DEL AGUA (APODACA, MEXICO)

GOALS

- 1. Promote a water saving culture in all our business units and processes
- 2. Foster a water saving culture in all our business units and processes

IMPACT

- 1. Promote a water saving culture in all our business units and processes
- 2. Foster a water saving culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



7 **SDG 7**
ब्रेमो की प्रतिबद्धता (भारत)

GOALS

- 1. Promote energy saving culture in all our business units and processes
- 2. Foster an energy saving culture in all our business units and processes

IMPACT

- 1. Promote energy saving culture in all our business units and processes
- 2. Foster an energy saving culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



11 **SDG 11**
ZÁVAZEK SPOLEČNOSTI BREMBO BRAKE BY WIRE, BRZDY BUDOUCNOSTI (STEZZANO, ITALIE)

GOALS

- 1. Promote sustainable energy in all our business units and processes
- 2. Foster a sustainable energy culture in all our business units and processes

IMPACT

- 1. Promote sustainable energy in all our business units and processes
- 2. Foster a sustainable energy culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



12 **SDG 12**
L'IMPEGNO DI BREMBO SOSTITUZIONE MATERIALE E OTTIMIZZAZIONE STRUTTURALE DEGLI INSALTI PER ALCUNE DISCHI DI ALTA CLAMMA (BISSICA, ITALIA)

GOALS

- 1. Promote material substitution and structural optimization in all our business units and processes
- 2. Foster a material substitution and structural optimization culture in all our business units and processes

IMPACT

- 1. Promote material substitution and structural optimization in all our business units and processes
- 2. Foster a material substitution and structural optimization culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



13 **SDG 13**
BREMBO'S COMMITMENT REDUCE GREENHOUSE GAS EMISSIONS AND IMPROVE ENERGY EFFICIENCY

GOALS

- 1. Promote greenhouse gas emissions reduction and energy efficiency in all our business units and processes
- 2. Foster a greenhouse gas emissions reduction and energy efficiency culture in all our business units and processes

IMPACT

- 1. Promote greenhouse gas emissions reduction and energy efficiency in all our business units and processes
- 2. Foster a greenhouse gas emissions reduction and energy efficiency culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



14 **SDG 14**
PREVENIR A VIDA SUSTENÍVEL O COMPROMISSO DA BREMBO REDUZIR O USO DE PLÁSTICO E APROXIMAR A RECLAMAGEM (STEZZANO, ITALY - SEGUELA POR TODAS AS OUTRAS UNIDADES)

GOALS

- 1. Promote plastic reduction and recycling in all our business units and processes
- 2. Foster a plastic reduction and recycling culture in all our business units and processes

IMPACT

- 1. Promote plastic reduction and recycling in all our business units and processes
- 2. Foster a plastic reduction and recycling culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



15 **SDG 15**
ZOBOWIĄZANIE BREMBO KURS I LEARNINOWY O OCHRONIE ŚRODOWISKA

GOALS

- 1. Promote environmental protection and sustainability in all our business units and processes
- 2. Foster an environmental protection and sustainability culture in all our business units and processes

IMPACT

- 1. Promote environmental protection and sustainability in all our business units and processes
- 2. Foster an environmental protection and sustainability culture in all our business units and processes

KEY FIGURES

- 1. 100% of employees engaged in sustainability commitment
- 2. 100% of employees in all key business units involved



Adapting to
changes, even
unforeseeable ones



Our actions and thoughts are directed to a profound change of perspective. Each person must feel responsible for protecting every human being, looking confidently to the progress in research.





COVID-19: the Group's answer

The Covid-19 pandemic is a health emergency that has also overwhelmed the territories in which Brembo operates, first in China, then in Europe — especially in Italy and in Bergamo, the city of the Group's historical headquarters, finally also affecting India and the Americas.

At this difficult moment, marked by huge uncertainty throughout 2020, Brembo has been able to react promptly focusing on the health of all its employees as a priority goal, making the plants secure, helping local communities with distributing health material and addressing the global challenge by supporting scientific research against the virus.

Brembo's Initiatives

Emergency management

Brembo's Board of Directors has been following developments relating to the spread of the Covid-19 virus very closely since the outbreak of health emergency, adopting all necessary measures in accordance with regulations in force from time to time to prevent, monitor and contain the pandemic in all the Group's locations around the world.

Following a first meeting held by the Control, Risk and Sustainability Committee at the end of February 2020, on 20 March 2020 an extraordinary session of the Board of Directors was convened to immediately update Directors about the actions undertaken to tackle the epidemiological emergency.

The Company immediately instituted a Task Force, involving the Chief CSR Officer, the safety managers and top managers, to analyse and monitor the implementation of the measures adopted in response to the pandemic emergency, in full accordance with the provisions issued and changes to the latter.

The analysis of the main types of risk allowed the task force to promptly implement a series of activities:

- implementation of extraordinary measures aimed at combating the virus and protecting the health of employees and contractors;
- ongoing monitoring of the impacts on the business, with a particular focus on the supply chain;
- keeping daily and constructive collaboration relationships with all its customers and suppliers worldwide.

The protection of Brembo's People

The Covid-19 emergency, especially in the first half of the year, absorbed most of the resources and planned initiatives, resulting in a rethinking of the activities conducted by the Group with particular reference to the **workplace health and safety** aspects. On the one hand, the extended lockdown resulted in the prolonged absence of the workforce from facilities, while, on the other, it allowed the measures required for safe resumption of business to be prepared.

In particular, the entire Health & Safety function collaborated with the Human Resources GCF*, occupational physicians, the employer and Worker Health Representatives to formulate protocols to combat and contain the spread of the virus and the actions to be taken to ensure the highest possible level of safety upon the resumption of business and to reduce the impact of the pandemic on Brembo.

In order to ensure the safety of its employees, the Group has implemented the following initiatives:

- Preparation of a Brembo Protocol, compliant with national regulations, which collects all the requirements and directives to ensure the containment of the virus and a safe resumption of activities. This Protocol applies to Brembo personnel and external personnel who access Brembo's facilities.
- Verification of the correct interpretations and review of the protocols, issued at the national and local level, to identify all applicable provisions and practices to be adopted with institutional organisations (at all Brembo facilities).
- Setting up of plant committees for the creation and constant updating, verification and circulation of plant protocols.
- Involvement of personnel through a communication and information plan including the distribution of a handbook

* Global Central Function



summarising the measures to be adopted, as well as specific training activities to accompany the employee when activities are resumed.

- Introduction of safety measures in the plants such as body temperature checks on entry, social distancing, use of suitable Personal Protective Equipment, redefinition of workstations and communal spaces, cleaning and sanitisation of work environments.
- Definition of a management process for potential symptomatic cases.
- As part of the screening project, promoted by the Istituto di Ricerche Farmacologiche Mario Negri IRCCS, to develop and validate a rapid serological test, Brembo, in May 2020, promoted the initiative amongst employees in the Group's Italian sites, in order to convey any expressions of interest by Brembo personnel to take part in the project, on a voluntary basis, up to a maximum limit of 300 volunteers.

The Listening Desk has also been reinforced to offer mental health support at the times of greatest difficulty. For more than 10 years this has offered Italian employees effective support in various situations of individual hardship and has been made available to staff in Italian companies also remotely during the health emergency.

After the containment measures had been implemented and personnel returned to production facilities, a monitoring and supervision plan was prepared and applied to ensure constant verification of compliance with and application of the measures contained in the protocols. An audit plan was prepared on the basis of specific checklists also involving the Plant Managers, the Plant Health and Safety Supervisor and Department Managers.

The frequency of these audits was at least one every fifteen days during the first phase of the pandemic and at least monthly during the period of gradual reopening.



Brembo: safe reopening and Covid-19 audits

In 2020, Brembo, despite the objective difficulties, was able to ensure the resumption of company activity in absolute safety. The Group conducted a major audit in the plants to check respect for the protocols and identify any non-conformities and related mitigation and improvement actions.

In particular, numerous audits were carried out on various levels:

- Audits by Plant Teams, very frequent activity also on a daily basis.
- Audits at least monthly by the HS Corporate Body, or through its local representatives in the plants: 389 audits of this type were carried out, at Group level in 2020.
- Control by the Supervisory Committee regarding the audit activities carried out.

In this context, it is important to highlight the role played by the CSR Ambassadors who, making use of their knowledge of local needs, have been engaged in each Brembo country in raising awareness and informing employees about the safety measures and initiatives implemented to combat the spread of the virus. Every country has made its own contribution by promoting specific activities, such as the introduction of a special mental health help desk to assist people in the most difficult moments

on the Bergamo site, the distribution of information material “translating” into common language the national regulations in the Czech Republic, the provision of kits with protective equipment for families in China, engagement activities for employees and their families and the identification of specific roles to check that the rules are respected during each work shift in India.



Supporting local areas and communities

Brembo made its services immediately available to the local areas and communities, both in Italy and abroad, believing it

extremely important not only to tackle the daily emergency linked to patient care immediately, but also to work on scientific research to find an effective solution to the difficult situation.

Brembo supports research to fight Covid-19



Sistema Socio Sanitario



Regione Lombardia

ASST Papa Giovanni XXIII



Fondazione per la Ricerca Ospedale di Bergamo

To tackle Covid-19, Brembo decided to support research by donating at the end of March €1 million to three première Bergamo institutions: Pope John XXIII Hospital, the Bergamo Hospital Research Foundation (FROM) and the Mario Negri Institute. These prestigious institutions stood out in one among the areas most severely affected by the pandemic, through a combination of clinical and pharmacological research.

The three bodies are working jointly on three lines of research starting from evidence provided by existing clinical studies with the aim of understanding the mechanisms of how the virus acts in the body, identifying the damage caused and finding solutions to significantly reduce the number of patients in hospitals in need of intensive care.

At the beginning of March 2020, Brembo also made a special donation to the intensive care department in the Papa Giovanni XXIII Hospital, where the most critical cases are treated and which require very complex and delicate care, and to FROM for the collection of data on the epidemiological trend, types of treatments and their results.

For a Company like Brembo, strongly rooted in the Bergamo area, it was natural to support and recognise the commitment made by doctors, nurses and administrative and technical staff throughout the hospital, as well as to support research that is believed to be the only viable way of finding an effective solution to this difficult situation on a global scale.

Distribution of masks in Nanjing

Last January Brembo distributed 300,000 masks both to its employees, suppliers and dealers and to the communities in the cities where Brembo operates in China. The donation was made mainly through the Nanjing Charity Foundation, which distributed 100,000 masks to environmental hygiene workers in the Nanjing Urban Management Bureau; whilst another 110,000 masks were donated in total to help in the resumption of production activities in Nanjing, Qingdao and Langfang.

Protecting the supply chain

During the Covid-19 pandemic the focus has been first and foremost on protecting people. The Group's operations have been severely tested several times, with particular reference to the continuity of supplies. The identification of critical suppliers has been fundamentally important for ensuring business continuity, in terms of the availability of workforce and financial resources.

For this reason, the Group ran a major daily communication activity with its suppliers so as to identify any problems within the supply chain, firstly by direct contact and then through online submission of the Covid-19 questionnaire to a panel of 450 suppliers. The questionnaire ended in September 2020

and involved the important suppliers not only in terms of most significant turnover, but also the smaller ones, such as contractors and disposal firms, which are strategic to the business. The questionnaire, divided into 22 questions, was structured into six main sections from the risk management perspective to provide an assessment of risk along the entire supply chain.

In detail:

- Expected operating and financial impact
- Actions undertaken
- Risks in the short- and medium-term
- Impact on the workforce
- Impact on suppliers' supply chain
- Assessment of Brembo's communication with suppliers during the first phase of the pandemic



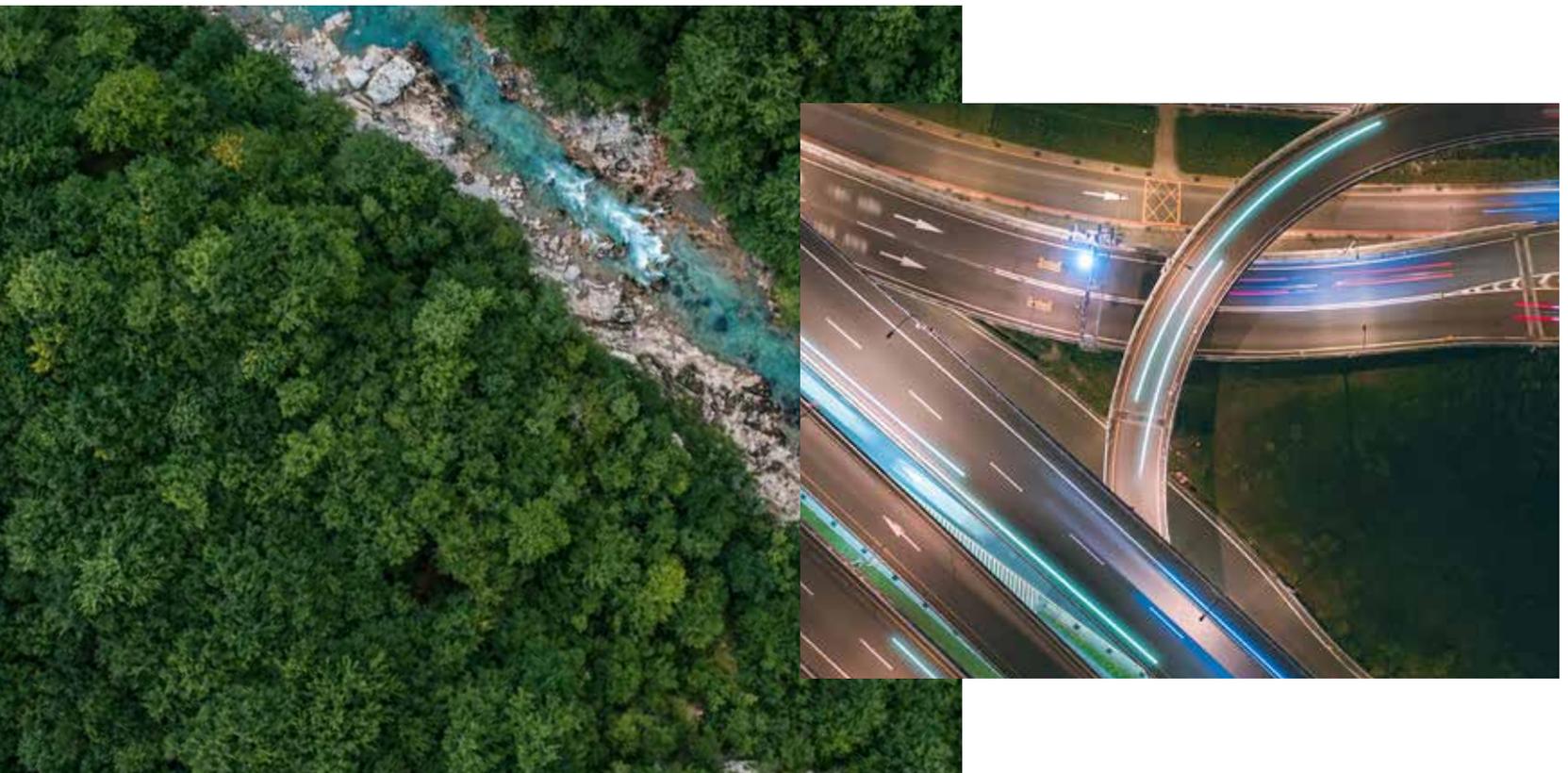
The Purchasing GCF* shared the results of the survey with the Purchasing Committee, which appreciated the activity carried out and the quality of the feedback received.

In addition to the questionnaire described above, in order to prevent and manage the risks of supply interruption, Brembo has also implemented targeted actions to support business continuity through increases in production, early collection of materials, back-up plans and monitoring of the financial situation of each supplier, investigating the most vulnerable contexts to identify potential default risks. In addition, timely and precise communication activities have been carried out to describe the

methods of access to Brembo sites also following the issue of regulatory decrees.

The Covid-19 pandemic has not significantly impacted Brembo's operations throughout its supply chain. However, it is important to point out that it has raised even more the importance of a localised supply chain, a topic of which the Group, which has always chosen to pursue an international development strategy which places the reference area at the centre, is already very aware. With regard to future projects the Group will commit even more to favour relationships with local suppliers.

* Global Central Function





Transformation: our **lifeblood**



It is time to address new challenges and discover new horizons. We will bring knowledge and experience with us and we will be fast, fluid and reactive, providing surprising and unpredictable solutions.





1. The Group

1.1 Group profile and main applications

The Brembo Group — a global leader and recognised innovator in brake disc technology for vehicles — designs, develops, manufactures, assembles and sells braking systems, vehicle wheels and light alloy and metal castings.

It supplies high performance braking systems, as well as clutches and other components for racing, to the most important manufacturers of cars, motorbikes and commercial vehicles worldwide.

The Company currently operates in 14 countries in 3 continents, with a staff of over 11,000.



14

Number of Countries in which the Group is present



7

Number of Group brands



5

Number of research centres in different Countries

Figures for the three-year period 2018 – 2019 – 2020



Employees
10,634 – 10,868
11,039



Net Investments
286 – 247
188
€ million



Turnover
2,640 – 2,592
2,209
€ million



Ebitda
501 – 515
389
€ million



Net financial debt
137 – 346
385
€ million



Net profit
238 – 231
137
€ million



Main applications

Cars

This is Brembo's main area of operation and includes brake discs, brake calipers, wheel-side modules and complete braking systems, inclusive of the integrated engineering services that accompany the development of new models for car manufacturers. In addition to its Original Equipment Manufacturing (OEM) line, Brembo also serves the aftermarket segment, offering a wide range suited to nearly all vehicles on the road in Europe, including brake discs, pads, drums, brake shoes, drum brake kits and hydraulic components.



75.10%
on total sales

Commercial vehicles

This segment includes components for original equipment brake systems for manufacturers of commercial and industrial vehicles of all kinds (light and medium) and discs for heavy vehicles. In addition to its OEM line, Brembo offers replacement parts and maintenance products for commercial vehicle brake systems.



10.50%
on total sales

Racing

This segment includes the design and manufacture of braking systems and clutches for the racing sector, intended for teams participating in major racing competitions. Despite its limited impact on revenues, it is a market of strategic importance for the Group since it is a frontier sector for innovation by Brembo. The most advanced products, technologies, production concepts and cutting-edge development methods are conceived for the racing market and the benefits then trickle down to the series production developed by the Group for its customers. The racing line is rounded out by a range of products intended for enthusiasts, preparers and, more generally, those who wish to improve the look and performance of their vehicles using parts ready for the track.



4.80%
on total sales

Motorbikes

This area includes brake discs and calipers, but also brake pumps, light alloy wheels and complete braking systems, intended for the models offered by the world's most prestigious manufacturers. Europe, the United States and the Asian countries are the most important markets for Brembo in this sector.



9.60%
on total sales





1.2 Brembo's History

1960s - Innovation

Brembo is founded in 1961, near Bergamo, by Emilio Bombassei, his sons Sergio and Alberto, and his brother-in-law Italo Breda. The Company initially carries out mechanical production for third parties, serving clients such as Alfa Romeo and Pirelli.

However, thanks in part to a fortuitous event, it establishes a winning business model in 1964: producing car brake discs, the first in Italy. In 1965, Brembo has just twenty-eight employees, but it is already focusing on innovation in both materials and production processes.

1970s - Performance

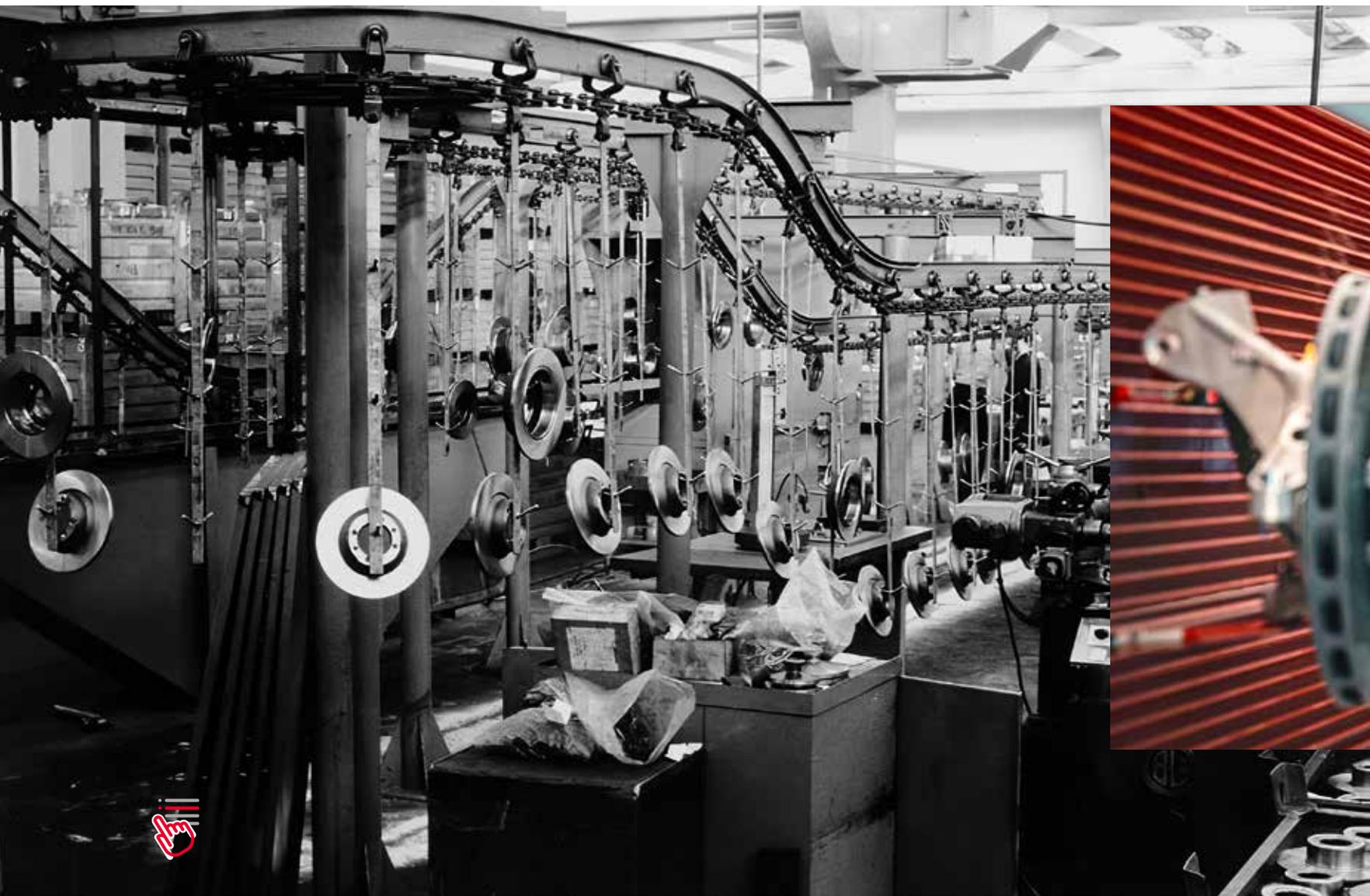
Brembo invests in research and development, coming up with new solutions, and registers its first patent in 1970. It creates the first highly innovative disc brake system for Moto Guzzi in 1972. The turnaround comes in 1975, when Enzo Ferrari asks Brembo to equip his Formula 1 vehicles. Brembo enters the world of motor sport. This is followed by a partnership with MV Agusta for the MotoGP.

Challenge and innovation: providing better and better performances becomes one of Brembo's distinguishing features.

1980s - Comfort

Brembo devotes itself to studying innovative materials. In 1980, it develops the first aluminium caliper — adopted by Porsche, BMW, Lancia, Nissan and Chrysler among others — followed, in 1984, by the first carbon brake disc for Formula 1.

In addition to top performances, clients demand comfort and no noise or vibrations. The Company begins to carry out its first tests on a sophisticated dynamic test bench. In 1985, Brembo becomes a strategic supplier for industrial vehicles built by Iveco, Renault and Mercedes.



1990s - The world

Brembo continues to grow: in 1995, the series production Company is listed on the Milan Stock Exchange. This marks the start of a strategic process that will lay the foundations for market and production globalisation. Brembo starts manufacturing in Spain, Poland and Mexico, and also for the US market, where Chrysler is its first client.

These are years of radical innovation, with the first monobloc brake calipers for cars and the first radial-mount calipers for motorbikes.

2000s - Style

Brembo continues its expansion, encompassing Brazil, the UK, China, Japan, India and the USA. The braking system with carbon-ceramic discs makes its debut, winning the prestigious Compasso d'Oro in 2004: style and design characterise the world of Brembo more than ever before. The Brembo Research & Development Centre is opened in the Kilometro Rosso Science and Technology Park in 2007.

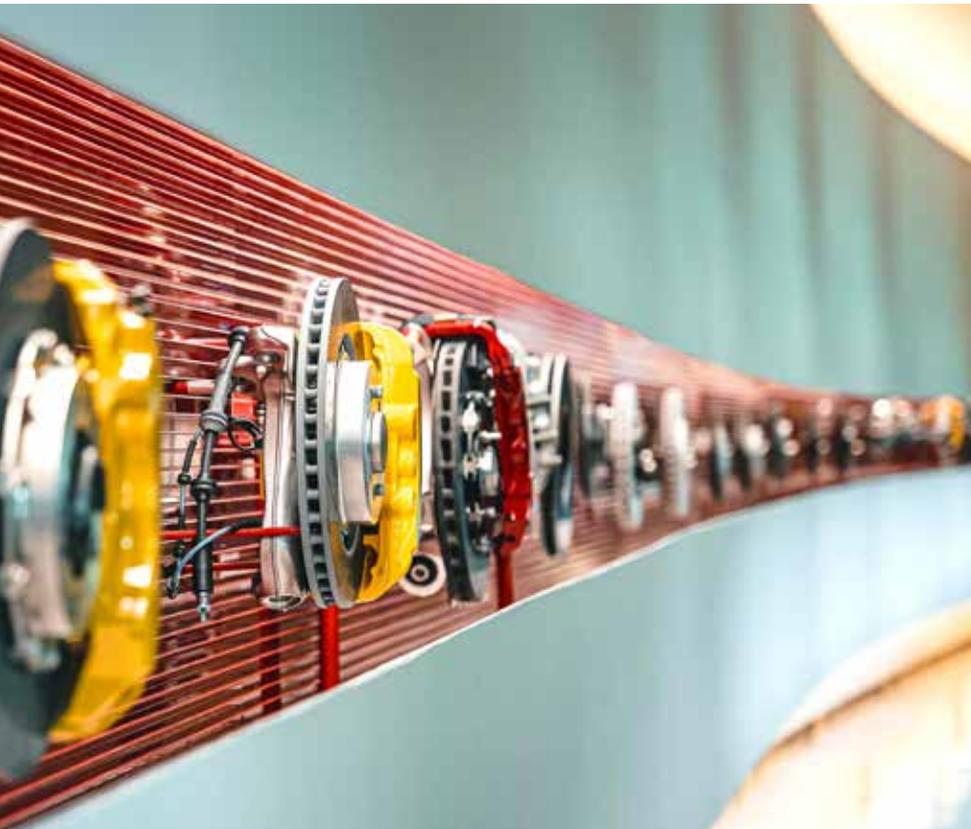
Its success in the world of sport continues: Brembo is world champion in the majority of racing championships.

From 2010 to 2020 - Ongoing evolution

Always ready for new technological challenges, Brembo chooses industry 4.0 with conviction, a real revolution in industrial automation to improve productivity and working conditions, as well as to best address the automotive sector's electrification process. The Group complements the launch of new sites and production lines at global level with the opening of the Research and Development department centres also in Poland, China, India and the USA. A milestone honours a history of success: in 2017, Brembo's President Alberto Bombassei is added to Detroit's Automotive Hall of Fame.

From 2020 onwards – Turning Energy into Inspiration

The global economic scenario is not favourable and the pandemic that has affected the whole world has slowed down growth in the automotive sector significantly. Brembo, which has always stood out for its ability to innovate, has not stopped and has introduced a new vision and new mission with the aim of becoming a *Solution provider* to support its partners in the new challenges posed by the new mobility paradigms. Brembo's attention to the careful design of its products is also confirmed, with the award of the XXVI Compasso d'Oro (Golden Compass Prize), for the rear calliper used in the Formula E World Championship. This is the world's most prestigious industrial design award and is the second Golden Compass won by Brembo following the award received for the CCM system in 2004.





1.3 Global Footprint

Brembo S.p.A.'s headquarters are located in Italy, Curno (Bergamo).

Manufacturing plants are located in:

-  **Italy**
Stezzano, Curno, Mapello, Sellero
-  **Poland**
Częstochowa, Dąbrowa Górnicza, Niepołomice
-  **United Kingdom**
Coventry
-  **Germany***
Meitingen
-  **Czech Republic**
Ostrava-Hrabová
-  **Mexico**
Apodaca, Escobedo
-  **Brazil**
Betim
-  **China**
Nanjing, Langfang
-  **India**
Pune, Chennai
-  **United States**
Homer

** This NFI does not include the figures regarding this production plant, as it belongs to Brembo SGL Carbon Ceramic Brakes GmbH, which has not been fully consolidated*

Distribution and sales plants are located in:

-  **Spain**
Zaragoza
-  **Sweden**
Göteborg
-  **Germany**
Leinfelden-Echterdingen
-  **China**
Qingdao
-  **Japan**
Tokyo
-  **Russia**
Moscow





14

Countries in the World



19

Manufacturing Sites



5

Research and Development Centres



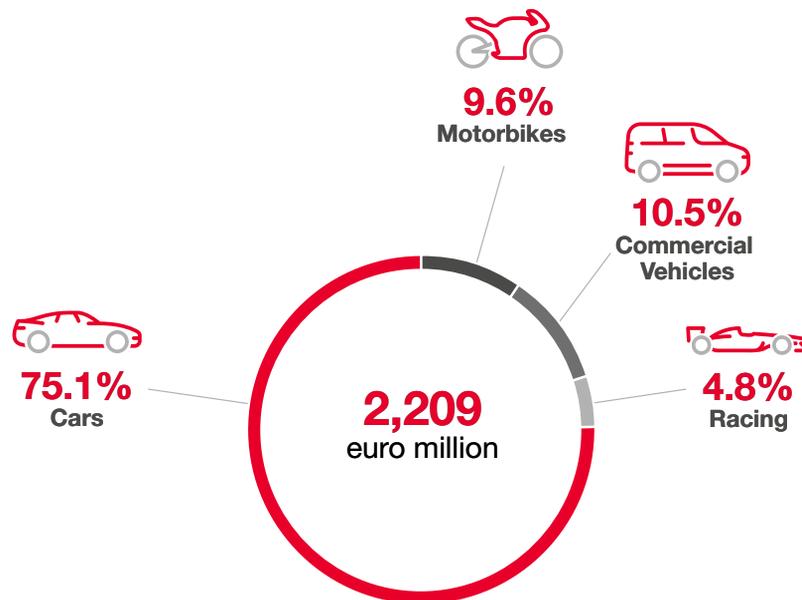


1.4 Target markets and brands

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes and commercial vehicles and racing cars. Overall, in 2020, Brembo's consolidated net sales

amounted to €2,209 million, with a 14,8% decrease compared to €2,592 million in 2019.

Breakdown of net sales by application (% of total)



Cars

The global light vehicle market closed 2020 with an overall sales decrease of 14.0% compared to 2019. The Western European market (EU14+EFTA+UK) reported a 24.3% decline of car registrations compared to 2019. All the main markets closed the year on a negative note, with Germany at -19.1%, France at -25.5%, Italy at -27.9%, Spain at -32.3%, and the United Kingdom at -29.4%. The trend was also negative in Eastern Europe (EU12), with car registrations down by 23.0% compared to 2019. In Russia, light vehicle registrations closed 2020 down by 9.1% compared to the same period of the previous year. The United States witnessed overall a 14.8% decrease of light vehicle sales compared to 2019. Brazil and Argentina as well respectively recorded a 26.6% and 26.5% reduction in sales. With reference to Asian markets, China, although the market has rallied as of May 2020, closed the year with a decline of sales of light vehicles (-4.2% compared to 2019). Japan also recorded a negative trend, with an 11.5% decrease in sales.

Within this scenario, Brembo's net sales of car applications in 2020 amounted to €1,655,696 thousand, accounting for 75.1% of the Group's turnover, down by 14,8% compared to 2019.

Motorbikes

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector. In 2020, Europe saw an overall 0.4% rise of motorbike registrations compared to 2019, thanks to the significant growth reported by Germany where registrations closed at +32.0%. The other countries reported instead negative figures: -5.6% in Italy, -4.0% in France, -11.0% in Spain, and -9.0% in the UK. With regard to displacements, Brembo's target (over 500cc) dropped by 4.0% compared to 2019, while ATVs (All Terrain Vehicles), quadricycles for recreation and work) rose by 10.0%.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) increased by 18.4% overall in 2020 compared to 2019. ATVs



alone grew by 33.8%, whereas motorbikes and scooters together rose by +11.4%.

In 2020, the Japanese market, considering displacements over 50cc overall, reported a 3.4% increase compared to the previous year, whilst the Indian market (motorbikes and scooters together) declined by 23.3%. In Brazil, registrations shrank by 15.0% compare to 2019. Against this background, Brembo's net sales of motorbike applications amounted to €212,983 thousand in 2020, down by 19.1% compared to €263,114 thousand for 2019.

Commercial and Industrial Vehicles

In 2020, the European commercial vehicles market (EU+EFTA) — Brembo's reference market — showed an 18.9% decrease in registrations.

In Europe, sales of light commercial vehicles (up to 3.5 tonnes) decreased by 17.6% overall compared to the same period of 2019. All the main European markets by sales volume closed 2019 with a downtrend compared to the previous year (Germany: -12.2%; France: -16.1%; Italy: -15.0%; United Kingdom: -20.0%; Spain: -26.5%). In Eastern European countries, this segment declined by 18.2% over 2019.

In Europe, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) decreased by 25.7% in 2020 compared to the previous year. Among the first five European markets by sales volume, a negative performance was reported by the United Kingdom (-33.6%), Germany (-24.0%), France (-24.1%), Spain (-21.7%), and Italy (-14.0%).

In Eastern Europe, sales of commercial vehicles over 3.5 tonnes dropped by 32.8% in 2020 compared to the previous year.

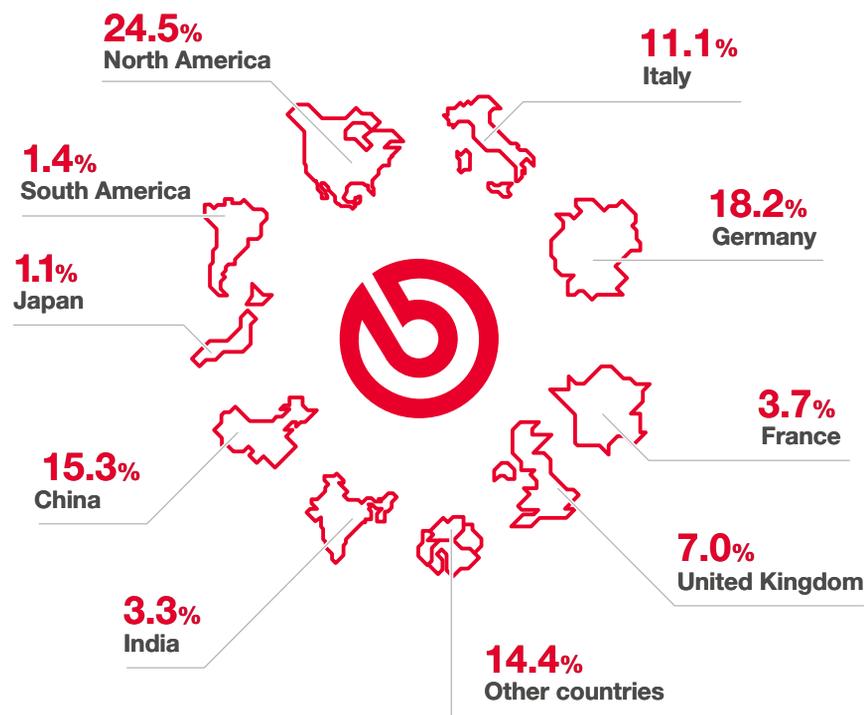
In 2020, Brembo's net sales of applications in this segment amounted to €232,759 thousand, down by 10.3% compared to €259,545 thousand for 2019.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing (braking systems for race cars and motorbikes), AP Racing (braking systems and clutches for race cars), Marchesini (magnesium and aluminium wheels for racing motorbikes).

In 2020, Brembo's net sales of applications in this segment amounted to €106,604 thousand, down by 15.0% compared to €125,473 thousand for 2019.

Breakdown of net sales by geographical area (% of total)





The brands

Brembo markets its products with the following 7 brands:



Brembo is the leading brand in the design and manufacturing of braking systems for high-performance road and racing cars and motorbikes and for commercial vehicles. Performance, Comfort and Design are the brand's distinctive traits, which make Brembo's products the most prestigious braking systems and components.



Brembo Racing is the Brembo brand for the racing market. It identifies all products bound for the world of car and motorbike racing.

Brembo Racing products are designed to provide maximum performance under the most extreme conditions, and they are used by the best teams in the most prestigious F1, Indy, Nascar, Rally, MotoGP, Superbike, Enduro and Cross championships.

Since December 2018, Brembo Racing is the exclusive supplier of braking systems for Spark Racing Technologies, the sole maker of Formula E championship racing single-seaters.



AP Racing is the leading brand in the production of brakes and clutches for racing cars and motorbikes. AP Racing designs, manufactures and assembles its cutting-edge, high technology products for the main Formula 1, GT, Touring and Rally teams.



AP represents a brand of excellence in the world market of car braking systems and components. It embodies a long history punctuated by creativity and achievement, which guarantees top-notch levels of product quality and performance.



Marchesini is the leading brand in the design, production, and marketing of light-alloy wheels for road and racing motorbikes.



ByBre, acronym for "By Brembo", is the brand dedicated specifically to braking systems for scooters and small and mid-power motorbikes.



Breco is the brand dedicated to the sale of discs and drums in the aftermarket channel. Breco discs are certified as original or original-equivalent.





Brembo's undisputed leadership in the racing sector

Brembo has confirmed its technological supremacy in Motorsport thanks to the great successes achieved in the main racing competitions of 2020. With 42 titles won — including driver, constructor and team titles — the Brembo Group has reached the record of **500 successes** achieved in the various competitions **in more than 45 years of global participation in Motorsport**. Titles that also include the important records achieved with the Marchesini and AP Racing brands.

In Formula 1, all 17 GPs disputed in the current season were won by cars fitted with Brembo components. To date, the Bergamo Company can boast victories in 442 out of 785 Grand Prix races that have been disputed since 1975 — the year of the championship's debut — for a total of 26 drivers' world championships and 30 constructors' world championships won with the main teams.

This absolute domination also continues in MotoGP, in addition to new successes in Moto2 and Moto3 (also with Marchesini). Over 500 victories in the premier class (500 class and MotoGP): Brembo supplied all the teams for the fifth season running. In particular, the 27 riders who this year took part in at least one MotoGP race relied on the high performance and safety levels guaranteed by Brembo components including brake calipers, carbon discs and pads, brake cylinders and clutch cylinders.

Starting in 1978 right through to 2001, the first 185 GPs were won by bikes fitted with Brembo brakes in the 500 class. But the winning series started in 1995: in fact, from that year all the GPs were won by bikes fitted with brakes from the Bergamo-based Company. Finally, since 2002 — the first year of MotoGP — all 329 GPs disputed have been won by bikes with Brembo systems for a total exceeding the 500 victories in more than 40 years' participation in the premier class. Brembo can boast success in 32 riders' world championships and 33 constructors' world championships won with the main MotoGP teams.

Yet another undisputed domination for Brembo also in the World Superbike championship, where it has been present since 1988 with as many as 29 successes in the drivers' world championship and 33 in the constructor's world championship achieved in more than thirty years participation with the main teams.

2020 also proved to be a winning year in electric Motorsport. Second season running for Brembo as the exclusive supplier of the FIA Formula E championship: all 24 full electric single-seaters of the new generation — Gen2 — were fitted with Brembo brakes through the manufacturer Spark Racing Technology. After its 2019 debut in the FIM MotoE World Cup championship, Brembo has once again fitted the 18 Energica Motor Company Ego Corsa bikes with the entire braking system, as well as the Marchesini forged wheels, also used in 7 out of 11 teams in MotoGP and by more than 50% of Moto2, Moto3 and WSBK riders.

In addition to the aforementioned Formula 1, Formula E, MotoGP, Moto2, Moto3, MotoE and WSBK championships, mention should also be made of the GT, NASCAR, WRC, WTCR, IndyCar, Enduro, MX2, EWC, IMSA, DTM, Formula 2, Formula 3 and many more championships, for a total of more than 500 world titles won between 1975 and today in the various categories.

Also for the 2020 season, Brembo worked in close partnership with the world's leading car and motorcycle manufacturers, investing maximum effort in the research and development of increasingly high-performance and technologically advanced innovative products and services that offer ultra-high performance and guarantee maximum reliability and safety.



The 2020 awards

CDP – A List 2020	To recognise Brembo’s commitment to responsible management of water resources and reducing CO ₂ emissions, the non-profit organisation CDP (Carbon Disclosure Project) confirmed the Group among global A-List companies both for the ‘Water Security’ and ‘Climate Change’ categories.
ADI 2020 Compasso d’Oro	<p>Brembo won the 2020 Compasso d’Oro, the world’s most prestigious award for industrial design. Now in its XXVI edition, the Compasso d’Oro is awarded every two years by ADI — the Association for Industrial Design — which has selected and honoured the best expressions of Italian-made products. “This is a hugely proud moment for me and my team,” stated Alberto Bombassei, Chairman of Brembo, when he collected the award during the ceremony held in September in the brand-new ADI Design Museum in Milan.</p> <p>Always attentive to the new trends in the Automotive world, Brembo has believed and invested in the world’s main electric motorsport championship, developing a unique braking system: this is a 4-piston monobloc made of aluminium alloy, which combines performance and lightness. It is an industrial product that, even in the extreme conditions of competitions, never loses its identity, dynamic and sporty aesthetics, in line with the languages of the electric cars for which it was conceived.</p>
QuattroRuote’s Gianni Mazzocchi Prize	Alberto Bombassei, founder and chairman of Brembo, received the Mazzocchi Prize, dedicated to the memory of the founder and editor of Quattroruote and awarded every year to personalities who, by their own efforts, have distinguished themselves in the automotive world by introducing significant innovations. Designed by the architect Davide Chipperfield, guest editor for Domus 2020, the 2020 trophy was awarded to Alberto Bombassei to recognise and highlight his “industrial genius, passion and innovating leadership in the progress of the car and competitions.”
Daimler Supplier Award	Brembo received the 2020 “Daimler Supplier Award” in the “Production Material” category, with which the Daimler Group honours its key suppliers in the sustainability field. Brembo was recognised as a leading supplier for its attention and systematic and holistic approach to sustainability, as well as for the efforts made in reducing CO ₂ within its production processes.
GOLD CSR Rating by EcoVadis	<p>Thanks to the responses provided to the customer PSA in their gathering of supplier information, in 2020, Brembo was awarded for the third year running the Gold CSR Rating on EcoVadis, the platform monitoring sustainability performance, namely the rating awarded to 5% of the most virtuous Companies for the reference sector.</p> <p>The lasting partnership with customers, founded on cooperation and shared objectives that put people and environment at the centre, is an aspect that Brembo believes is crucial for ever more sustainable development.</p>
Achilles	Achilles, the platform that uses questionnaires to assess suppliers’ capacity to meet sustainability standards, validated Brembo S.p.A. and Brembo Poland with the “silver” status for 2020 for having responded in full to the questionnaire submitted.
Best Brand 2020	Brembo is increasingly “Best Brand”. This year as well, the readers of specialist German magazines voted for the Italian Group in a series of surveys in which the brands considered to be most prestigious amongst the different brake system producers were chosen. Brembo was revealed as the favourite brand of Auto Motor Und Sport, Motorrad, Motorsport Aktuell, Ps Sport Motorrad Magazine and Sport Auto readers.



<p>Supplier Quality Excellence Award</p>	<p>General Motors has awarded the “Supplier Quality Excellence Award”, for the third year, to two of Brembo’s North American production sites (the Disc Processing plant and the Systems Plant in Homer) and for the fourth consecutive year the plant in Betim, Brasil for 2019 performances.</p> <p>This is an award given only to suppliers that can assure maximum performance in terms of technical requirements relating to quality, production and shipping of products.</p> <p>General Motors uses thousands of suppliers throughout the world, but only a fraction of these are awarded the Supplier Quality Excellence Award.</p> <p>To receive it, Brembo’s production facilities must meet General Motor’s most rigorous quality requirements, including an overall low number of defects and quantity of waste produced, maintenance of quality certifications, and no plant downtime or significant shipping problems.</p> <p>A strong commitment to customer satisfaction, elimination of waste and the pursuit of sustainable development throughout the supply chain, has enabled the Group’s plants to stand out among their suppliers and to live up to this important award.</p>
<p>Sport Auto Awards</p>	<p>Brembo has won the Sport Auto Awards with a record lead: Brembo is the best brake system brand for 83.3% of the readers of the German monthly Sport Auto. The ranking demonstrates how no other brand has such a large lead over its competitors. The vote is the result of voting by the magazine’s readers who were asked to indicate the most creditable car component manufacturers. It demonstrates how the Group not only has a great reputation with sports car enthusiasts, but also that very few of them believe that there could be a superior manufacturer, or at least one on the same level.</p>
<p>Theo Award</p>	<p>Thousands of TUNING and VW SPEED fans took part in Germany’s largest online survey in the tuning and accessories sector in the spring and voted for their best brands in a total of ten categories. Brembo was ranked top in the Accessories category.</p>
<p>Corporate Social Responsibility Awards</p>	<p>Brembo was ranked second in the category of Corporate Leadership in CSR & Sustainable Growth-National in the seventh edition (2020) of the Corporate Social Responsibility Awards promoted by the European Union’s Chamber of Commerce in China.</p> <p>The CSR Awards aim to acknowledge the successes, raise awareness and share experiences of sustainability amongst companies that promote and operate corporate social responsibility in China. The initiative presented by Brembo in this competition was “We support SDGs”, a project conceived to disseminate knowledge about the sustainable development goals and raise people’s awareness of sustainable action.</p>
<p>Automotive Innovation Technology Award 2020</p>	<p>Brembo was recognised for the new Greentive disc with the Automotive Innovation Technology Award 2020 during the 13th International Automotive Conference 2020 which was held in Shanghai. With this award, the event organisers — some of the automotive industry’s leading players in Europe and China — intend to promote the sector’s technological development in the direction of innovative smart mobility: from new propulsion technologies to network connections, autonomous driving and green mobility.</p>
<p>Workplace Health Promotion 2020</p>	<p>For the ninth year running, Brembo (Stezzano site) received WHP accreditation (Workplace Health Promotion), confirming its high level of commitment in providing its employees with high health and wellness standards. WHP is a process in which a company becomes a workplace that promotes health choices through the gradual implementation of “Good Practices”. A good practice is an activity that has proved to be effective in improving employees’ health.</p>



1.5 Stock Performance

For a listed company like Brembo, the value of its stock is an important indicator to value its credibility and reputation on the financial market. For this reason, the Group pays particular attention to the brand's trust and relational capital and its competitive positioning.

In 2020, global economic performance was strongly conditioned by the Covid-19 pandemic, albeit in a geographically diversified manner. The rebound in economic activity at the global level from May to September was a reflection of the easing of the restrictions imposed to slow the spread of the disease. The autumn uptick in cases occurred in both North America and Europe, but not in Asia.

Late 2020 was characterised by optimism, reflected in equity markets, tied to news of the efficacy of the first Covid-19 vaccines.

Compared to the end of December 2020, Brembo's stock value remained substantially unchanged in January 2021.

Brembo's stock closed 2020 at €10.80, a 2.35% decline compared to year-start, reaching the low for the period on 3 April (€5.91) and its high on 24 November (€11.21).

During the same period, the FTSE MIB index closed down 5.42%, whereas the BBG EMEA Automobiles Parts index rose by 12.19%.

Brembo 2020 Stock Performance



1.6 Sustainable finance: instruments adopted by the Group

In recent years, the sustainable finance market has undergone significant growth at the global, European and Italian level: the volumes of assets managed according to sustainable investment strategies are rising and a growing number of operators are integrating ESG criteria into the evaluation of their investments. These are sustainable and responsible investments (SRIs), i.e. investments that seek to create value for the investor and for society as a whole through a strategy with a medium-to-long-term focus that integrates financial analysis with environmental, social and governance aspects in evaluating companies and institutions.

According to the Global Sustainable Investment Alliance (GSIA), investments in ESG funds increased from \$22.9 trillion in 2016 to \$30.7 in 2018, with Europe leading at \$14 trillion. In addition, 75% of Senior Executives of investment companies recognise that sustainability performance is important in investment decisions, whereas 65% of investors are ready to divest or exclude from their portfolios companies with poor sustainability performances⁴.

The World Economic Forum also indicates that in recent years there is growing sensitivity towards ESG risks amongst CEOs and company executives and a need to take an integrated, structured approach to risks in order to harness the disruptions. In particular, the Global Risk Report 2021 states that six of the seven top risks are attributable to environmental or social phenomena and that climate change, right after infectious diseases, remains CEOs' foremost concern at the international level.

Within this scenario, in which legislation is driving companies to manage and report on sustainability performances and investors to integrate the assessment of ESG risks into their processes, the United Nations have created the UN Global Compact and UNEP Finance Initiative, laying down six voluntary principles known as the Principles of Responsible Investment (PRIs). These principles offer a set of actions designed to incorporate ESG factors into traditional investment policies to foster the spread of sustainable, responsible investment among institutional investors⁵.

In response to this scenario, Brembo has begun a process aimed at leveraging the sustainability practices that have always been a part of the Group, while taking advantage of the opportunities offered by sustainable finance: in 2020 the Group obtained a medium-/long-term positive loan of €300 million from BNL of the BNP Paribas Group. The financial terms of the loan improve when constantly monitored and measured precise sustainability goals are met.

Brembo is committed to a plan to constantly reduce emissions thanks to improvements in production facilities through efficient energy use and the use of renewable energy sources. This plan is part of a broader strategy that also seeks to reinforce its capability to develop carbon-neutral products. This is thus a two-fold objective — supporting the transition towards sustainable mobility and significantly reducing GHG emissions and the environmental impact of Brembo's production sites.

⁴ Source: survey "Informativa Extra Finanziaria: da compliance a governance strategica dei rischi e delle opportunità" by KPMG in collaboration with Nedcommunity

⁵ Source: The Global Risk Report 2021, World Economic Forum.



In constant
and inexhaustible
movement





Grasping the accelerated pace of change reiterating our commitment at every step, directing all our efforts to creating a sustainable future. Because today is already tomorrow.



2. Sustainability

2.1 Sustainability for Brembo

Corporate social responsibility is not an abstract concept for Brembo, rather it is part of its corporate strategy through daily concrete practices, designed to balance economic decisions against an assessment of their social and environmental impact, while always taking account of the expectations of all Group stakeholders.



Brembo has translated this awareness in a structured sustainability path started at the end of the Nineties with an analysis of the value of the intangibles, aimed at measuring the Group’s ability to create value not only in economic terms, but also considering the social and environmental impacts, safeguards for employment, appreciation of human resources, promotion of employee safety and capacity for growth and innovation. In 1999, this process was formalised with the preparation of the first Intangible Capital Report and continued between 2004 and 2007 with the publication of the Value Report, describing the inter-relationship between the Group’s economic results and its environmental and social performance.

The reporting process continued over the next years through the inclusion of the sustainability performance in the company’s

business model with an in-depth analysis, included in the Report on Operations, of aspects regarding the global macro-economic scenario, safety and environmental risks, company organisation, research and human resources.

Today Brembo reports its environmental and social performance within its Disclosure of Non-Financial Information which also includes all the policies that have since always been part of the Group’s actions at global level in the areas of compliance, ethics, responsibility, sustainability and transparency. Brembo considers these values to be the foundation of the precious ‘intangible’ heritage formed by its brand, its reputation and the set of principles that characterise the way in which a socially responsible company acts.



The Governance of Sustainability

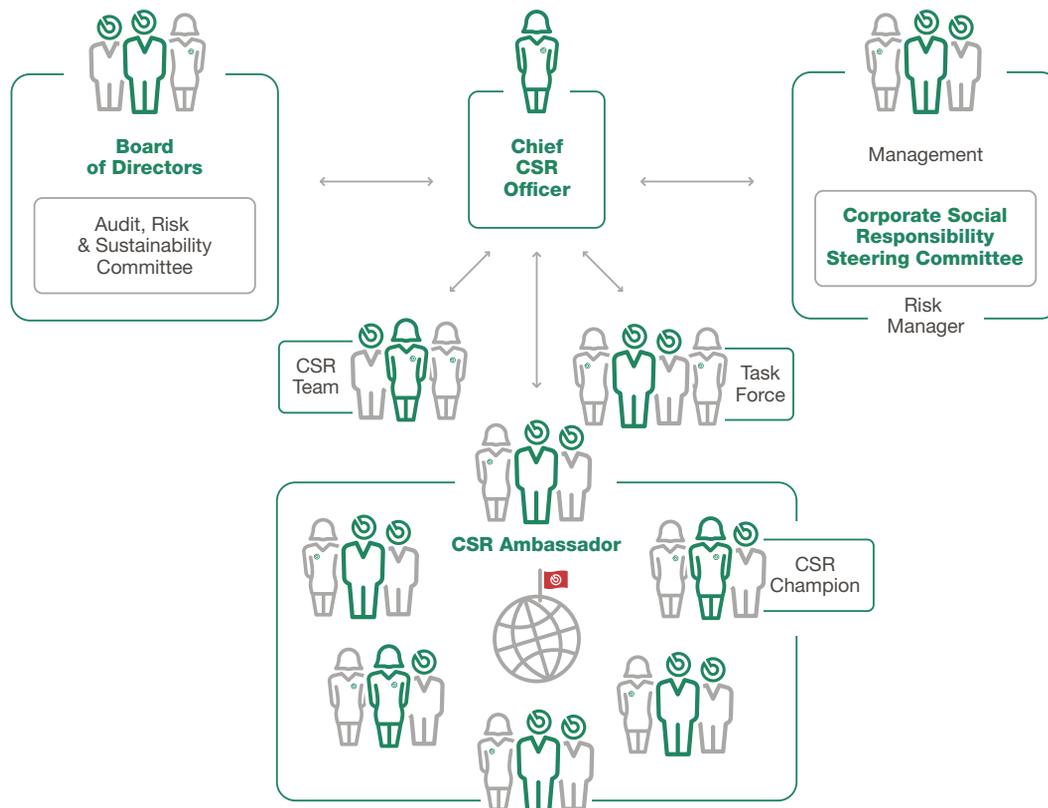
The Group’s willingness to operate in an increasingly responsible and transparent manner and to include sustainability in its business practices has prompted the implementation at Brembo of a Governance system which is dedicated to the auditing and management of sustainability topics at Group level.

The key figure at the heart of Brembo’s sustainability governance is the **Chief CSR Officer**, a role entrusted to the Director in charge of the Internal Control and Risk Management System. Besides interacting with the Audit, Risk & Sustainability Committee, the Chief CSR Officer is responsible for proposing, coordinating and deploying social responsibility projects and initiatives, monitoring action plans in the various organisational units (also in light of external best practices), analysing information documents and stakeholders’ requests regarding sustainability-related topics, as well as coordinating activities involved in the drafting of the yearly Disclosure of Non-Financial Information.

To support the Chief CSR Officer, Brembo has created a **CSR Meeting** (formerly the “Corporate Social Responsibility Steering Committee”) which provides for the company’s top management and the heads of the Group functions that are more closely involved with sustainability issues to meet periodically.

Said meetings are aimed at determining the Sustainability Guidelines, adopting the relative policies, proposing a plan containing the environmental and social strategic objectives, approving the projects submitted by the Chief CSR Officer and validating the preparatory activities needed to launch the sustainability reporting process. The CSR Meeting is also required to effectively oversee the stakeholder engagement process and the sustainability-related risks, as well as to assess the draft Disclosure of Non-financial Information.

Lastly, in accordance with the provisions of Borsa Italiana’s Corporate Governance Code, in 2017 the Group tasked the Audit and Risk Committee with supervision of environmental issues and accordingly changed its name into **Audit, Risk & Sustainability Committee** and updated the list of its tasks. Said approach has been maintained also in view of the reappointment of the company bodies to occur during the Shareholders’ Meeting of 23 April 2020 for the 2020-2022 term. More specifically the Audit, Risk & Sustainability Committee provides support to the Board of Directors by analysing the sustainability policies and procedures, as well as the guidelines, the company goals with related processes linked to social and environmental





topics. Moreover, the Committee monitors sustainability-related international initiatives and actively involves the Group with such initiatives to raise the company’s profile in the international arena. The Audit, Risk & Sustainability Committee is also required to express specialised opinions in relation to the identification of the main corporate risks, particularly those involving sustainability, environmental and social topics. Finally, the Committee analyses and assesses the draft Disclosure of Non-Financial Information, which is submitted for approval to the Board of Directors on a yearly basis.

CSR Ambassadors and CSR Champions positions were created last year to raise awareness of sustainability at the various Brembo plants worldwide and to establish a direct, active communications channel. Their mission is to spread a CSR culture, promote activities and support local initiatives relating to sustainability, in addition to interacting regularly with the CSR Function to share information, events and projects in favour of sustainable development. The differences between the two

positions are the level of responsibility and scope of action: CSR Ambassadors operate at the level of the region/legal entity and rely on assistance from the CSR Champions who operate at the site level and report the information to the appropriate CSR Ambassador. During the year, the CSR Ambassadors and CSR Champions took part in dedicated sessions, both to inform on environmental issues and share projects and initiatives. At the end of 2020, there were ten CSR Ambassadors and 20 CSR Champions at work within the Group.



Learn more

**“Thinking responsibly,
Acting concretely”**
Video on Brembo’s Corporate
Social Responsibility

<https://www.brembo.com/en/sustainability/corporate-social-responsibility/sustainability-for-brembo>



Brembo’s sustainability management procedures

Brembo has adopted two procedures aimed at regulating the roles, activities, responsibilities and timetables relating to the preparation process of the Disclosure of Non-Financial Information.

The “Preparation Process of Consolidated Disclosure of Non-Financial Information” procedure aims at describing the mechanisms and the operational process used for preparing the disclosure, in accordance with GRI Sustainability Reporting Guidelines. It describes the stages, activities, roles, responsibilities and timetables of the business functions involved in the planning, information gathering, and control needed to implement the reliability, consistency, traceability, timeliness, accuracy, comprehensiveness and substance requirements. Finally, it contains details relating to the validation process of data and information of a non-financial nature, as well as the activities underlying the NFI’s drafting and its approval and verification.

An important role in this process is played by the Task Force, a working group composed of technicians from various company functions called on to explore specific issues and responsible for collecting data for the preparation of the Disclosure of Non-Financial Information, supported by the CSR Team in day-to-day activities.

In 2019 Brembo implemented software, called “CSR 365”, to collect the data and information included in the Disclosure of Non-Financial Information in order to improve the traceability of approval processes and minimise the risks of error in the data collection and consolidation phase.

This procedure was updated by the Board of Directors on 17 December 2020, with the prior favourable opinion of the Audit, Risk & Sustainability Committee of 10 December 2020, so as to report on the collection process through the CSR 365 tool.

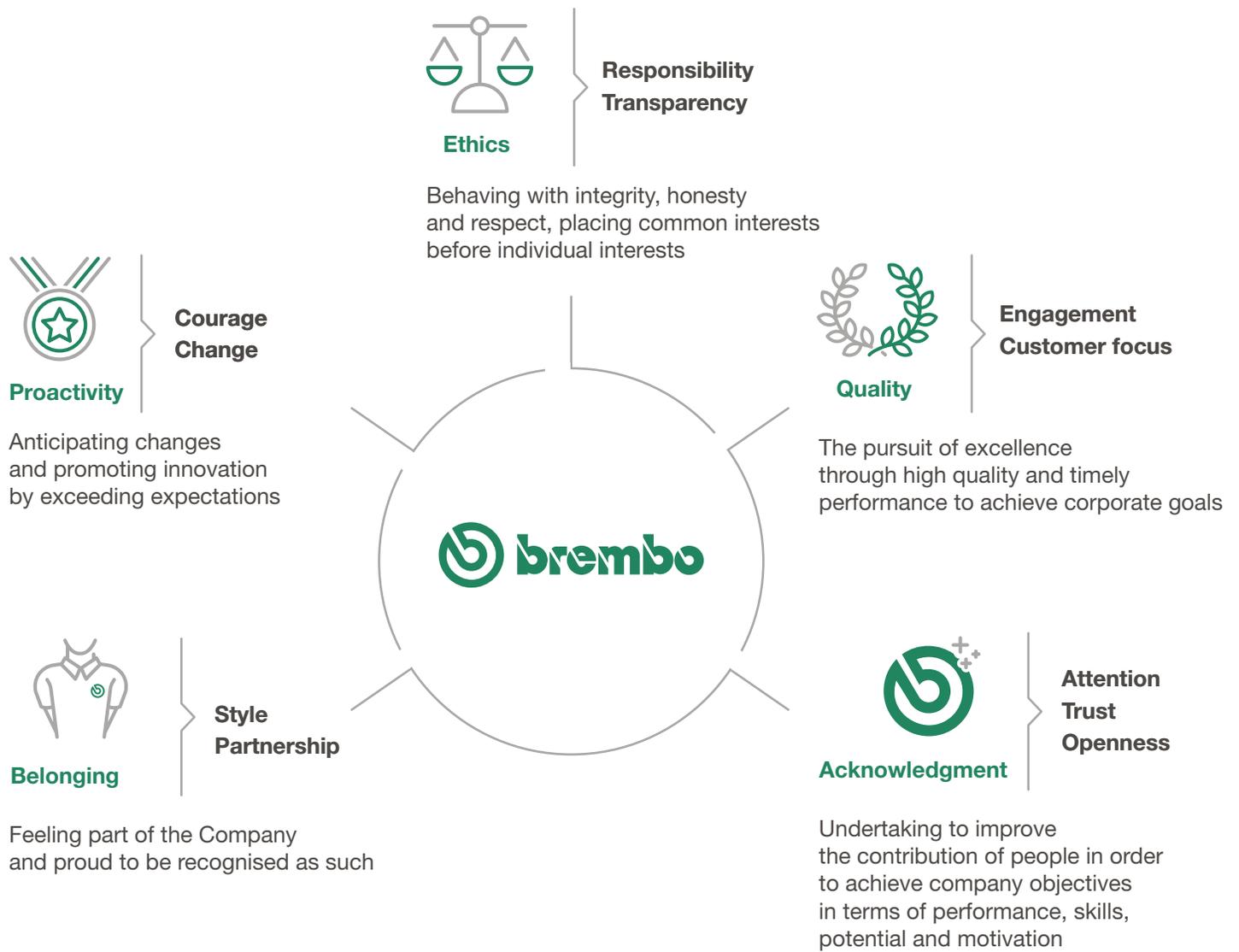
The “Institutional Bodies Involved in Corporate Social Responsibility” procedure, on the other hand, describes the roles and responsibilities of Brembo’s institutional bodies involved in Corporate Social Responsibility issues, regulating their relations and communication flows.



2.2 The Group's values

Ethics, Quality, Acknowledgement, Proactivity and Belonging are the five guiding values, enshrined in the Company's Code of Ethics, that make up the wealth of Brembo's shared culture,

as well as a benchmark for conducting the Company's business and operations in full respect for all the Group's stakeholders.



For further information: www.brembo.com/en/company/corporate-governance/codes-policies





2.3 The history of CSR

Brembo's strong focus on people, the environment, the community and its representatives has always been a distinguishing feature of the Group, which has shown itself to be a responsible company capable of responding to the needs of all its stakeholders. From the very start, the Group has endorsed a business model capable of combining economic growth with social development and environmental protection while upholding its own values, without overlooking the impact of its business on the surrounding world.



1961

Origins and values

Brembo has always been a responsible company with regard to its employees, the environment, the community and all its stakeholders.

Building upon solid values, since its early years it has implemented practices and strategies that demonstrate its focus on the impact of its activities on the world around it.



1989

Associazione Brembo Italo Breda Foundation

Every year, this association awards study grants to Brembo employees and their children who have produced an outstanding academic performance.

1999

First Intangible Capital Report

This report documents Brembo's ability to create social and environmental value and to produce innovation.

First automotive Quality certification (QS 9000 – AVSQ 94)

2000

First ISO 14001 Environmental Certification

2001

Financial Statements Oscar

(listed companies)

2003

Adoption of the Code of Ethics on a Group level

First OHSAS 18001 Occupational Health and Safety Certification

2004

First Value Report

The report supplements the information in the Group's Financial Report with details about environmental and social performance



2005

Receipt of the National Prize for Corporate Social Responsibility,
Città di Rovigo

2006

First Family Day in Poland

2007

Publication of the Charter of Values
The document identifies and describes behaviours that
reflect and express the Company's values.
Open Day at the Stezzano site in Italy.

2009

**Brembo North America takes part in the National Take
Our Daughters and Sons to Work Day for the first time**

2010

The Brembo Kids educational project is launched in Italy
Hospitality project for the children of Group employees
during school holidays



2011

**Brembo signs up to the CDP (former Carbon Disclosure Project) –
Climate Change**

A programme designed to monitor and reduce greenhouse
gas emissions

First edition of the Code of Basic Working Conditions

**Brembo hosts the 30th FARO Convention, Raw Materials
Monitoring Centre**

Event dedicated to suppliers.





2012

Ambrogio Lorenzetti award for business governance (listed companies)

Launch of the Brembo WHP (Workplace Health Promotion) Project, Italy

This project, in partnership with local institutions, promotes healthy lifestyles at work and at home.

Launch of Brembo for Family, Italy

This project, targeted at employees, offers opportunities for training and reflection on what it means to be a parent.

Launch of Brembo to You, Italy

This project aims to make people reflect upon individual wellbeing.

2014

The Social and Cultural Sponsorships and Donations Committee is set up

The Committee aims to guarantee structured sponsorship management on a Group level.

First Family Day in the Czech Republic

First edition of the Non-discrimination and Diversity Policy

Launch of the “Brembo Strong” project in Brembo North America

The project promotes a healthy lifestyle at work and at home.

2013

Institution of the CSR Steering Committee* and appointment of the Chief CSR Officer

The Committee aims to promote and coordinate Brembo Group’s sustainability efforts.

Brembo India, Water Saving Project

Safe reuse of water 2-3 times in the Pune plant thanks to a dedicated system.

Sustainability Supplier of the Year Award from Fiat-Chrysler

Brembo is recognised as the best supplier in terms of sustainability in the EMEA.

Adoption of the Anti-Corruption Code of Conduct, which applies to all Group companies



2015

Biofilter, Iron Foundry in Mapello, Italy

A natural filtration system for an 85% reduction in odours generated by the production system at the emission point.

Sustainability audit by BMW, Car Division, Curno plant, in Italy

Auto stabilimento di Curno, Italia

Support for the I Was a Sari Association, in India

The association aims to improve the quality of life of the most disadvantaged Indian women by teaching them specialist tailoring skills.

Launch of the Brembo Car Pooling Project

The project facilitates travel between home and work thanks to an innovative web-based system.



* It should be noted that in 2020 the CSR Steering Committee changed its name into CSR Meeting.



2016

SOSTeniamoci

In partnership with the Foundation Cesvi, this project supports a Group of unaccompanied foreign minors living in Bergamo, helping them on their way to achieving social and economic independence.

Brembo signs up to the CDP (former Carbon Disclosure Project) – Water Programme designed to monitor and reduce water consumption



2017

Publication of the first Sustainability Report (on a voluntary basis).

Definition of a CSR Management System for the Group
Sustainability audit by Volkswagen, Dabrowa plant, in Poland

Inclusion in the A-list Climate Change 2017 by CDP (CO₂ emissions)

Recognition to Brembo because of its ability to respond to climate change (CDP, former Carbon Disclosure Project).

Brembo-Cesvi Houses of Smile in India

In partnership with the Foundation Cesvi, a services hub and three educational centres for women and children in the slums of Pune.

House of Smile and I was a Sari receive the Impresa Awards prize
Set up by the Indo-Italian Chamber of Commerce and Industry, in the “Community Development (Society) Awards 2017” category.

2018

Adherence to the sustainable development goals of the 2030 Agenda.

Brembo becomes an advocate of the Sustainable Development Guidelines.

The Group launches an internal communication campaign to raise awareness about this topic amongst all Brembo employees around the world.

Worldwide publication of the Supplier Code of Conduct Launch of the Internal Communication Campaign on Safety at Work Integrated Governance Index

No.1 manufacturing company amongst those assessed for the integration of sustainability in its company strategies.

The CDP renews Brembo's inclusion into the Climate Change (CO₂ emissions) A-list for 2017 and includes it into the Water Security A-list Security

Brembo's capability to respond to climate change and to protect water resources is recognised (CDP, former Carbon Disclosure Project).





2019

CSR Ambassador and CSR Champion.

To complete Sustainability Governance, two positions were established to spread a culture of sustainability among Brembo personnel around the world.

Sustainability Awards.

An annual competition designed to recognise the best sustainability projects proposed by Brembo Group personnel.

We support SDGs.

A project designed to spread awareness of the 17 Sustainable Development Goals, supported by an ambitious communications campaign aimed at raising awareness of internal projects relating to the SDGs.

Cluster de Automoción de Aragón – Social Responsibility Prize.

Received from Brembo Corporacion for having implemented the best projects and good practices in the area of sustainability.

FCA Green Status.

Award received by Brembo North America for compliance with diversity and minority protection criteria in supplier selection.

Welcome - Working for refugee integration.

Recognition bestowed by UNHCR on Brembo for professional inclusion of refugees and support in their integration process in Italy with the "SOSstieniamoci" project.

Integrated Governance Index.

Brembo was named first company in the "Industry and Consumer Goods" sector, of those evaluated by Etica News, for its degree of integration of ESG topics into its company strategies.

Sustainability Map.

Brembo was included in the Sustainability Map prepared by the organisation CSR Natives, the first snapshot of responsible enterprises in Italy based on objectively measurable elements.

Call to Action.

Chairman Alberto Bombassei joined the initiative promoted by Fondazione Sodalitas by signing the CEOs Call to Action, dedicated to expanding, developing and securing recognition for the business movement that seeks to confront tomorrow's decisive challenges, generating positive change for society.

Door Step School.

"School on Wheels" project inaugurated. A bus fitted out to serve as a classroom was donated to the NGO Door Step School to bring education to approximately 200 children from disadvantaged areas of the outskirts of Pune, India.



As a Climate A List company we're leading corporate transparency on climate change

13 CLIMATE ACTION

BREMBO'S COMMITMENT
REDUCE GREENHOUSE GAS EMISSIONS AND IMPROVE ENERGY EFFICIENCY

The CDP (Carbon Disclosure Project) is a global non-profit organization that helps companies to measure and manage information on their environmental impact. Brembo has been acknowledged by the Carbon Disclosure Project as one of the leading 37 global companies as far as its commitment and ability to respond to climate change as well as water resource management is concerned. Brembo is the only Italian company that has been awarded a double "A" in the "Climate Change A List" and "Water Security A List".

- TARGET**
- By 2025, a 19% reduction in direct and indirect emissions compared with 2015 levels.
 - By 2040, a 41% reduction in direct and indirect emissions compared with 2015 levels.

- ACTIONS**
- Define medium- and long-term goals to reduce greenhouse gas emissions.
 - Improve energy efficiency in the production processes.
 - Gradually increase the amount of energy from renewable sources.
 - Monitor energy consumption using a constantly expanding platform shared by all the plants in the Group.
 - Promote dedicated technological investment programs and research projects.

- RESULTS**
- A 14% reduction in energy consumption in 2018 compared with 2017.
 - A 10.78% reduction in CO₂ emissions due to improvements made in 2018 compared with 2017.
 - Approximately 21% of energy used in 2018 came from renewable sources.

Source: Brembo 2018 Annual Sustainability Report www.brembo.com/annualreport



2020

We Support SDGs.

Continuation of the communication campaign aimed at further analysing the Sustainable Development Goals, with the concurrent dissemination of Brembo's projects.

Daimler Supplier Award 2020.

Award bestowed on Brembo by the Daimler Group as the most sustainable suppliers thanks to the results achieved in 2019, in addition to the commitment and attention towards the sustainability issue.

Supplier Quality Excellence Award 2020.

Recognition bestowed by General Motors on two Brembo's production sites in North America and the Brembo do Brasil's plant for the excellent results achieved in terms of quality.

Corporate Social Responsibility Award 2020.

Initiative promoted by the European Union's Chamber of Commerce in China within which Brembo ranked second in the category "Corporate Leadership in CSR & Sustainable Growth-National" with its project "We support SDGs".

Achilles.

Achilles, the platform that uses questionnaires to assess suppliers' capacity to meet sustainability standards, validated Brembo S.p.A. and Brembo Poland with the Silver Status for 2020 for having responded in full to the questionnaire submitted.

EcoVadis.

In 2020 as well, EcoVadis bestowed for the third year running on Brembo the Gold CSR rating, namely a rating awarded to 5% of the companies with the best sustainability performances according to the platform. This year's score was 70/100 and confirms the constant commitment of the Group towards CSR-related issues.

CDP.

For the second year running Brembo is the only Italian company to be rewarded with a double A by CDP (formerly the "Carbon Disclosure Project") for both its commitment in the battle against climate change and its virtuous management of water resources.

Dream Center.

From 2019 redevelopment of three schools in underdeveloped regions and definition of training programmes in China in partnership with the NGO Adream.





2.4 Dialogue with stakeholders

Brembo believes it is crucial to establish an active and constant dialogue with all its stakeholders. A solid and long-lasting relationship, based on the values of transparency, trust and consensus in decisions, allows the Group to obtain important information about the reference context and receive feedback on its operations, so that it can continually improve the impact of the company’s activities on the environment and on society.

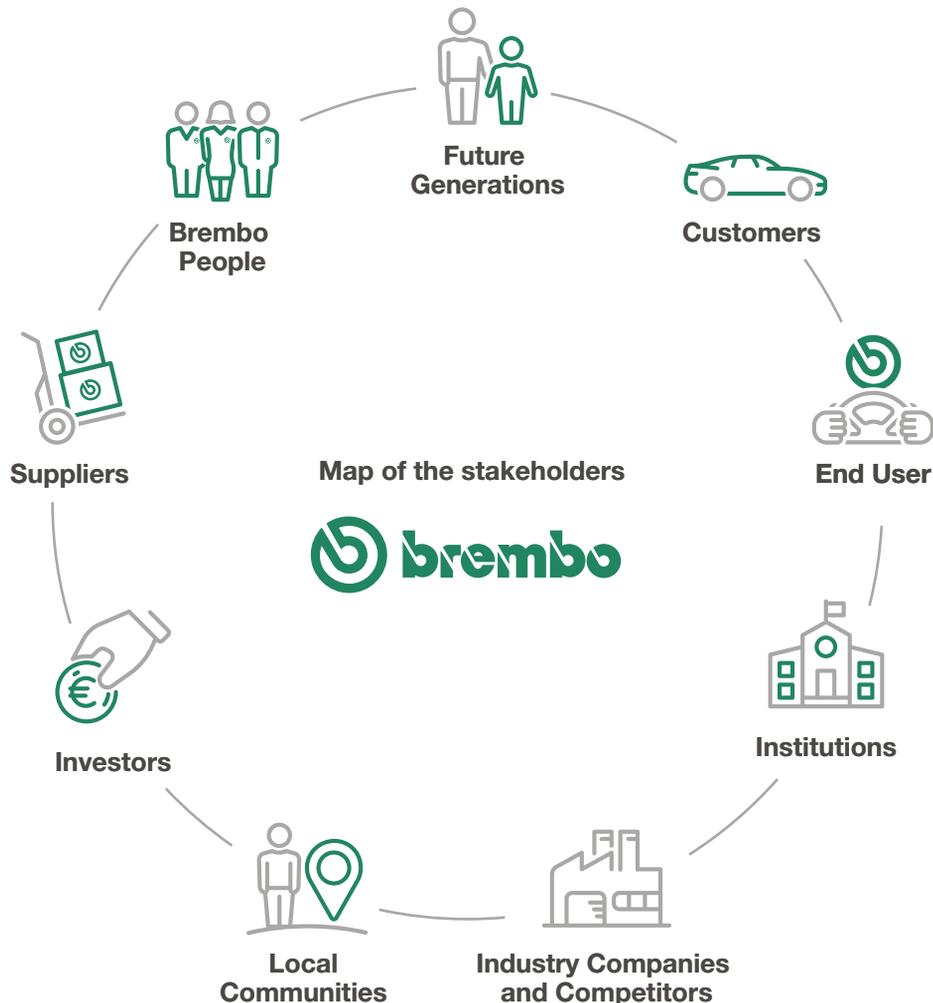
Dialogue represents a process of listening and dialogue, through which Brembo is able to pursue its commitment towards the context with which it interacts by assessing the extent to which it is understanding and satisfying the expectations and interests of its stakeholders. This way the Group is able to identify the

areas to which direct its activities and those in which to confirm the approach adopted.

Establishing ongoing, mutually fruitful dialogue requires:

- ▶ the identification of key stakeholders with which to promote periodic dialogue initiatives: to this regard, the map of stakeholders, which includes the associated expectations, has been drawn up thanks to internal investigations within the company structures responsible for the daily management of relations with the respective stakeholder categories;
- ▶ the definition of the most appropriate methods of ensuring stakeholder engagement.

Brembo’s stakeholders:



The following table sums up the listening and engagement tools and the expectations of all the Group's stakeholders, illustrating the various interests to which Brembo is required to respond.

Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
<p>Investors</p> 	<ul style="list-style-type: none"> • General Shareholders' Meeting • Feedback and support channels offered by the Investor Relations function • Meetings, roadshows (approximately 10 a year — in 2020, due to the health emergency all meetings were held virtually) and quarterly conference calls with analysts • Corporate website and dedicated e-mail accounts • Events for financial analysts • Conference calls and meetings with shareholders and investors at major capital markets or the Company's registered office 	<ul style="list-style-type: none"> • Increase in the value of the Brembo Group's shares • Reduction of the risks associated with the investment • Transparency of Corporate Governance structures, long-term strategy and objectives, management actions and company performance, as also extended to the environmental and social arena
<p>Customers</p> 	<ul style="list-style-type: none"> • Daily activities and reports of the Global Business Units: Cars and Commercial Vehicle Systems GBU, Brake Discs GBU, Motorbikes, Aftermarket and Performance Group • Joint development programmes • Supplier assessment questionnaires and qualification processes • Customer support channels • Support and training network for Brembo Expert repair professionals • Surveys to identify customers' needs and expectations for the development of new products. • Engagement Survey on the relevance of material topics for Brembo • Live events with customers and through the Brembo Next platform, the new virtual space created for all Group's events 	<ul style="list-style-type: none"> • Product reliability and safety • Reliability and flexibility of production processes to ensure business continuity and delivery times • Constant product innovation, including the improvement of environmental performance and attention to product design • Support for joint development of custom solutions • Technical support for the network of repair and maintenance service professionals in the transfer of know-how • Protection of the value of the Brembo brand as a distinctive element for vehicles and motorbikes



Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
<p>End User</p> 	<ul style="list-style-type: none"> • Customer support channels • Monitoring and interaction on social networks • Feedback from vehicle and motorbike manufacturers 	<ul style="list-style-type: none"> • Reliability and safety of Brembo products • Information about proper brake system maintenance • Protection of the value of the Brembo brand as a distinctive element for vehicles and motorbikes
<p>Brembo People</p> 	<ul style="list-style-type: none"> • Internal climate (every 3 years), job satisfaction and engagement surveys • Trade union roundtables • Daily activities and reports of the Human Resources and Organisation function • Channels for receiving reports of violations of the Code of Ethics, Code of Basic Working Conditions and Policy on Non discrimination and Diversity. • Internal communication activity (Intranet portal, house organ and notice boards) • Training activities concerning organisational behaviour 	<ul style="list-style-type: none"> • Safe work environment, where the health and mental and physical wellbeing of individuals are protected • Job stability • Opportunities for personal and professional growth • Training and skill development processes • Remuneration policies and merit-based incentive systems • Inclusion and appreciation of diversity • Transparency and engagement with regard to company objectives and performance
<p>Suppliers</p> 	<ul style="list-style-type: none"> • Daily activities and reports of the Purchasing function • Engagement Survey on the relevance of material topics for Brembo • Covid-19 Questionnaire Survey aimed at identifying any criticalities throughout the supply chain • Conflict Minerals Engagement Survey for the annual Supplier Survey in relation with their use of conflict minerals • Brembo Supplier Portal 	<ul style="list-style-type: none"> • Timely and proper fulfilment of contractual conditions • Continuity of supply requests • Possibility of developing strategic partnerships to improve activities • Attention to human resources management, in particular to workplace health and safety as a primary risk factor • Reduction of the environmental footprint, with particular regard to the monitoring of climate risks



Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
<p>Local Communities</p> 	<ul style="list-style-type: none"> • Orientation and involvement of secondary school and university students and related recruiting programmes • Roundtables and discussions with the Public Administration • Initiatives involving the opening of Brembo's facilities to visits from workers' families ("open door" days) in various countries where the Group is present • Initiatives in support of the social and cultural development of local communities promoted by the Group • Whistleblowing mechanism for alleged violations of the Code of Ethics • Monitoring through the media (press, specialist publications, TV, Web and social networks) 	<ul style="list-style-type: none"> • Support to the world of schools, also through a willingness to host students on alternating school-work paths • Collaboration with Universities and research centres in the development and spread of engineering, technical and scientific knowledge and skills • Offering of job opportunities and transparent, merit-based recruitment processes • Creation and protection of employment within the Group and its ancillary businesses • Development of production and logistics processes that safeguard environmental conditions and the health of populations near Brembo's production facilities and those of the suppliers • Participation and support by Brembo in cultural development and social inclusion projects • Support in favour of centres of medical research • Support in favour of local communities through the distribution of personal protective equipment
<p>Institutions</p> 	<ul style="list-style-type: none"> • Roundtables and initiatives involving discussion with institutions, at national and international level • Hearings before parliamentary committees • Engagement Survey on the relevance of material topics for Brembo 	<ul style="list-style-type: none"> • Ensuring full compliance with and observance of applicable legislation • Contributing to the development of regulations concerning the monitoring of polluting emissions in the automotive sector through the sharing of know-how and of specific industry knowledge • Promotion of local development and the achievement of the objectives established by the international agenda • Monitoring of the process to manage social and environmental risks throughout the value chain • Monitoring of environmental aspects with particular regard to carbon neutral mobility



Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
<p>Future Generations</p> 	<ul style="list-style-type: none">• Focus on the awareness campaigns of environmental associations and on analyses of the scientific community• Awareness raising with regard to sustainability-related issues• Orientation and involvement of secondary school and university students and related recruiting programmes	<ul style="list-style-type: none">• Fight against atmospheric pollution and global warming• Conservation of natural resources and circularity of the economy• Protection of ecosystems and natural biodiversity• Contribution to the achievement of the UN Sustainable Development Goals• Training for the preparation of the Consolidated Disclosure of Non-Financial Information
<p>Industry Companies and Competitors</p> 	<ul style="list-style-type: none">• Participation in the proceedings and themed committees of trade associations• Participation in events and special roundtables on the reference market	<ul style="list-style-type: none">• Involvement in the analysis of the industry's performance and needs to define common strategies for improving the sector and developing industry-wide policies• Strengthening industrial relations, including in view of pre-competitive collaboration on certain key aspects, such as improving sector sustainability• Protection of freedom of competition



Dialogue with the key players in the automotive industry

Brembo liaises with the best institutions and promotes constructive dialogue with the industry's key players to strengthen its brand on the market and increase its competitiveness, while always keeping pace with the emerging best practices.

The Group is a member of various associations and takes part in working groups at both local and international level. It is

committed to working in partnership with an industry-oriented approach that allows the automotive and motoring sector to grow, innovation to be stepped up and progress achieved in the general interest.

At international level the Group collaborates with the following associations/organisations:

Association	Main objectives
CLEPA - European Association of Automotive Suppliers	Brings together the automotive suppliers at European level, representing their interests in dealings with the European institutions, the United Nations and related organisations, including ACEA, JAMA and MEMA. Brembo is a member of the Board.
CAEF - European Foundry Association	Brings together and represents the foundry sector's operators at European level.
SAE - Society of Automotive Engineers	SAE International is a global association of engineers and technical experts employed in the automotive, aerospace and commercial vehicle production industry, which promotes collaboration, sharing of expertise and professional development of its members.
UNECE - United Nations Economic Commission for Europe	Its main aim is to promote economic integration amongst the 56 member states in Europe, North America and Asia.



At national level the Group takes an active part in the following initiatives:



Italy

- **CONFINDUSTRIA:** represents manufacturers and services operating in Italy, promoting the protection of their legitimate interests in relations with institutions, public administrations and economic, political, trade union and social organisations. Brembo is the general representative for large enterprises within the association's General Council.
- **AIDAF:** Italian Family Business: founded in 1997 by Alberto Falck and a group of entrepreneurs who share the same principles, AIDAF aims to be a point of reference for Italian family businesses.
- **ANFIA:** brings together more than 260 Italian enterprises operating in the motor vehicle construction, conversion and equipment sectors for the individual and collective transport of people and goods. Brembo is a member of the Board of Directors.
- **ANCMA:** represents manufacturers of motorbikes and their components operating in Italy, safeguarding their interests and promoting the resolution of economic, technical and regulatory issues in the industry.
- **ASSOFOND:** represents the Italian foundry sector in its relations with national, European and international economic, political and social institutions, administrations, and organisations.
- **ASSONIME:** represents Italian joint stock companies. It studies and discusses issues concerning the Italian economy's interests and development. In June 2017, the Brembo's Chairman was appointed a member of the Board of Directors for the 2017-2018 two-year period.
- **AIR:** the Associazione Italiana Investor Relations promotes the role of the Investor Relations Officer (IRO) within the financial community.
- **AIRI:** the Italian Association for Industrial Research plays an active role in promoting national and international cooperation in industrial research. Brembo is a member of the Board.
- **AODV:** association of Supervisory Body members pursuant to Legislative Decree No. 231/2001.
- **ACI:** with more than one million members, the Italian Automobile Club (ACI) is the largest free association in Italy

that represents and safeguards the interests of the Italian automobile sector, and promotes the sector's development through dissemination of a new mobility culture.

- **Italian-Russian Chamber of Commerce:** contributes to the development of economic, commercial, technical, legal, scientific and cultural collaboration between Italy, the Russian Confederation and other CIS states.
- **Lombardy Mobility Cluster:** this is one of the nine Technology Clusters recognised by the Lombardy Region, for which it acts as institutional representative for Research and Innovation; it covers the automotive, nautical, railway, and intermodality sectors (transport and infrastructures). Brembo is a member of the Board.
- **Italian National Transport Cluster:** the National Technology Cluster "Trasporti Italia 2020" (CTN Tra.IT2020) is an association recognised by the Italian Ministry of Education, Universities and Research as a reference for the land and maritime mobility vehicles and systems sector.
- **Sodalitas Foundation:** a network of enterprises, volunteers and colleagues committed to generating shared value, promoting the culture of partnerships seeking to build a future of growth, sustainability, inclusion and development throughout the community.
- **GEO – Green Economy Observatory:** a collaborative platform, promoted by IEFE Bocconi, for businesses and entities in all the sectors interested in the issues of sustainability and the circular economy.

Brembo is also part of the following associations: **Automotive SPIN Italia** – Software Process Improvement; **AICIPI** – Italian association of consultants and experts in business and enterprise intellectual property; **AIPI** – Italian Interior Designers Association; **UNI** – Italian national body for standardisation; – Functional Safety – **ISO 26262** – (UNI/CT 315/SC 02/GL 08); **AUTOSAR** (Safety Group) – Automotive Open System Architecture; **ASM** – American Society for Metals; **FIA** – Italian Automobile Federation; **NED COMMUNITY** – Italian association of non-executive and independent directors; **ASFOR** – Italian association for managerial training; **AIGI** – Italian Company Lawyers Association; Forum of the Secretaries of the Boards of Directors of FTSE-MIB Companies; **ISPI** – Institute of International Political Studies; **Club FARO** – Organisation for the optimised acquisition of raw materials and non-ferrous materials.



Spain



- **SERNAUTO:** brings together enterprises operating in the sector of motor vehicle spare part equipment production, looking after their relations with key national and international organisations.
- **ANCERA:** brings together independent equipment retailers for vehicles, spares, tyres and accessories operating in Spain with the aim of encouraging collaboration and innovation in the automotive sector in order to reinforce safety and improve productivity.



Poland

- **PKPP Lewiatan:** brings together enterprises operating in the country, encouraging the protection of their legitimate interests in relations with public institutions and trade union organisations.
- **Silesia Automotive & Advanced Manufacturing Association – Katowice Special Economic Zone:** industrial cluster whose goal is to support the development of strategic competencies for the automotive sector.

In Poland Brembo is also a member of the **Foundry Foundation of Krakow University of Science and Technology**.



United Kingdom

- **MIA Motorsport Industry Association:** the main world commercial association for the Motorsport, Performance Engineering, Services and Tuning sectors.

United States



- **OESA - Original Equipment Supplier Association:** brings together the main enterprises operating in the United States automotive sector with the aim of promoting industry supply chain collaboration and safeguarding mutual interests.
- **SAE Brake Executive Board:** global network of mobility engineers that provides industry standards and opportunities for lifelong learning, networking and career development.
- **State Bar of Michigan:** Michigan State Bar Association.
- **MMSDC - Michigan Minority Supplier Development Council:** an organisation committed to developing economic growth among minority communities.
- **AASA - Automotive Aftermarket Suppliers Association:** an association that aims to promote a collaborative environment.
- **MEMA Brake Manufacturer's Council:** a committee dedicated to providing and maintaining communications with legislative or regulatory authorities, whose actions may affect braking system parts around the world.
- **MiX - Modern Industry Expertise:** a consultation council for aftermarket executives with the objective of educating and tackling business concerns from the standpoint of millennials.
- **AMCHAM - US Chamber of Commerce:** promotes encounters between professionals from different companies for the purposes of sharing knowledge and opportunities.
- **MIC - Motorcycle Industry Council:** industry association of manufacturers, distributors and other players in the motorcycle market.
- **SEMA - Specialty Equipment Market Association.**
- **SME - Society of Manufacturing Engineers.**
- **PRSA - Public Relations Society of America.**
- **Women of Auto Care Council**
- **Technology Council**

Brembo is also a member of various local Chambers of Commerce that encourage the development of economic activities in the state of Michigan, including the **Plymouth Chamber of Commerce and Michigan Chamber of Commerce**.





Mexico



- **CANACINTRA:** represents, defends and promotes the interests of the country's industrial community, with a particular focus on the development, sustainability, innovation, competitiveness and integration of industries.

Brazil



- **SINDIPEÇAS:** an association of businesses that promotes the development of trade and mediates collective bargaining with the Trade Unions.

Japan



- **JSAE - Society of Automotive Engineers of Japan:** Japanese society that promotes the development of automotive science and technology.

China



- **Italy-China Foundation:** brings together the Italian business world operating in China and Chinese companies operating in Italy with the aim of facilitating flows of people, ideas, capital, goods and services between Italy and China, improving Italy's presence in China and in Chinese institutions so as to foster commercial trade and strengthen cultural and business relations between the two countries.
- **Nanjing Association of Enterprises with Foreign Investment:** association that promotes foreign business investments.

In addition, Brembo is a member of various industry associations including the Hebei **Machinery Industry Association** and **Langfang Equipment Industry Association**.

India



- **Society of Indian Automobile Manufacturers:** brings together and represents the main motor vehicle and component manufacturers.
- **Confederation of Indian Industry:** promotes industrial development in India, representing the interests of the business community and fostering collaboration with the Government and civil society.
- **Maharatta Chamber of Commerce & Industries:** an association for the industrial and economic development of the Pune region.
- **International Market Assessment India Pvt. Ltd:** an association offering consultancy services. Brembo participates in the CEO & CFO forum.
- **Indo-Italian Chamber of Commerce and Industry:** promotes trade between India and Italy.
- **Automotive Research Association of India:** industrial research association formed by the automotive industry, the Ministry for Industry and the Indian Government.
- **Automotive Component Manufacturers Association:** association representing the interests of the Indian automotive industry.



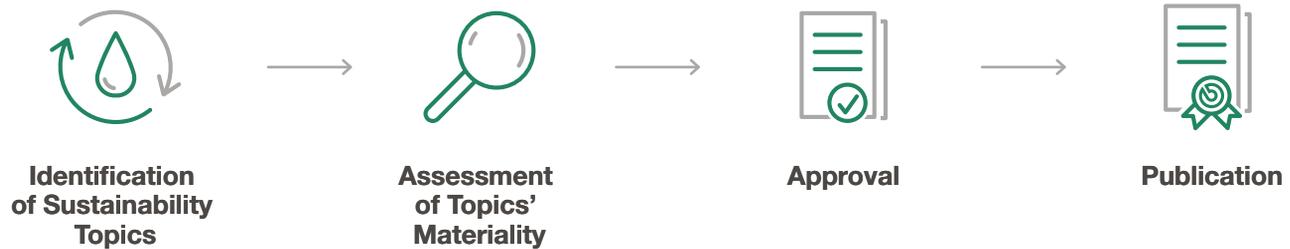
2.5 The materiality matrix

The definition of the topics that are relevant for its stakeholders is very important for Brembo to identify the contents of this Disclosure and direct its sustainability strategy. In such regard, the Group has adopted GRI Standards of materiality, inclusiveness, sustainability context and completeness in order to ensure to all its stakeholders a proper understanding of its activities, objectives, results and related impacts on the context in which the Group operates.

For this reason, the Group carries out each year the materiality analysis process in order to identify the areas in which its activities may have the greatest impact on natural ecosystems, as well as on the wellbeing of the community, individuals and all of its stakeholders.

When applying the sustainability reporting standard set forth by the GRI's Global Sustainability Standard Board, the material sustainability aspects were evaluated in terms of their capacity to have a significant influence on stakeholder decisions and opinion, as well as in relation to their impact on Group performance.

The analysis process, conducted by the Chief CSR Officer, with the involvement of top management and supported by an external consultancy firm specialised in the analysis, monitoring and reporting of the business activity's social, environmental and economic impact. This process was organised into four main phases:



The phase of identification of sustainability topics that are material for the Group's industry and situation took into account, as in past years, the following different information sources:

- ▶ corporate documents, including, among others, the Group's Annual Report, the Organisation, Management and Control Model according to Legislative Decree No. 231/2001, presentations, press releases and transcriptions of conference calls with financial analysts, minutes of the General Shareholders' Meeting, the Code of Ethics, Brembo's Policy on Non Discrimination and Diversity, the Code of Basic Working Conditions, as well as the Anti-bribery Code of Conduct, the *My Brembo* house organ, and Safety, Environment and Quality performance monitoring reports;
- ▶ external documents such as reports analysing scenario changes, prepared by the World Economic Forum and the GRI amongst others (Sustainability Topics - What Do Stakeholders Want to Know?), questionnaires evaluating Brembo's sustainability performance sent by the main customers, benchmarking analysis carried out on the main competitors, Internet searches, Brembo's press clippings;

- ▶ international standards and multi-stakeholder initiatives, including the Sustainable Development Objectives, the UN Global Compact, the United Nations "Protect, Respect and Remedy" framework, the OECD Guidelines for Multinational Enterprises, the European Commission's CSR Agenda for Action, GRI standards 101, 102, 103, 200, 300 and 400, the SASB standard, UNI ISO 26000 Guidance on Social Responsibility of Organisations and the CDP (former "Carbon Disclosure Project") Climate Change and Water questionnaires.

In addition, three Aspects were considered to be a prerequisite at the base of Brembo's sustainability model and so were not subject to further materiality analyses:

- ▶ the creation of economic value sustainable in the long term;
- ▶ the adoption of an effective and transparent governance system;
- ▶ the constant focus on compliance regarding standards and regulations.





The Materiality Matrix

In 2020, Brembo involved representatives of the company's top management in a process aimed at assessing and updating the Materiality Matrix. In line with last year, the potential new topics were identified by considering various sources: the issues reported in 2019, the subjects that emerged from interviews of top managers and members of the CSR Meeting (formerly CSR Steering Committee), and benchmarking activities. Moreover, considering this particular year, which was characterised by the Covid-19 crisis, in their assessments the interviewees sought to identify the impacts of the virus regarding material issues and which type of stakeholder it is important for the Group to work on, launching projects targeted at tackling the identified impacts.

The categories into which the topics are divided are the same as in 2019: 'Environment', 'Customers and Products', 'Suppliers and Local Communities', 'Human Resources Management' and 'Other Topics'. It bears emphasising, once again, that the aspects relating to governance, legal compliance and economic performance associated with the creation of economic value are considered prerequisites in the materiality analysis and will therefore be explicitly presented in the sustainability report, but will not be subject to specific assessment and inclusion in the Materiality Matrix.

When formulating the 2020 Materiality Matrix, the 17 material topics identified⁷ in the interviews were then rated on a scale of increasing importance of 1 to 5 by the CSR Meeting and external stakeholders. The CSR Meeting stakeholder group comprised the Chief CSR Officer, the Chief Executive Officer and 9 managers, who evaluated the materiality of the topics by completing an online questionnaire and expressing their opinions, both by taking Brembo's perspective and interpreting the views of the external stakeholders with whom they interface daily.

Differently from the previous year, a wider sample of external stakeholders was directly involved. For the current reporting year, a stakeholder engagement process involving suppliers and customers, together with trade associations and insurance companies, as its main participants was launched. For the

suppliers stakeholder group, the survey was conducted by sending an online questionnaire to a sample of more than 200 companies through the Brembo Supplier Portal. The customers stakeholder group, comprised of a cluster of twelve leading firms in the automotive sector, was contacted via an online questionnaire and, in some cases, via telephone interviews, in order to provide interesting areas for reflection regarding further developments of the subjects under analysis.

As regards the new stakeholder categories, Brembo involved some of the main Italian and international trade associations that the firm works with and a selection of the insurance firms that the Group deals with on a regular basis. The selected stakeholders were contacted by telephone and interviewed individually.

The response rate was particularly high for insurance companies and trade associations. The external stakeholder engagement for customers and suppliers witnessed an equally high response - rate 53% of the suppliers and approximately 67% of the customers contacted. In 2021, Brembo will continue the engagement process on which it has embarked, while also extending it to involve other stakeholders.

The combination of all evaluations received is illustrated in the 2020 Materiality Matrix, the basis for reporting valid for the three-year period 2019-2021.

The matrix includes the 17 most material topics, which are placed along two axes:

- ▶ the abscissa axis reflects the materiality of the topics for Brembo;
- ▶ the ordinate axis reflects the materiality of the topics for the Group's main stakeholders.

The matrix was reviewed and approved by the Board of Directors on 17 December 2020, following examination by the Audit, Risk & Sustainability Committee, in the meeting held on 10 December 2020. The different colours of the Topics identify the stakeholder category most influenced by the various sustainability aspects. The matrix will be subject to constant updates to take account of rapid developments in the sector and international megatrends.

⁷ As a result of the 2019 assessment, CSR Meeting did not consider the following to be material for the Group: Protection of soil against polluting leakage and substances, Protection of biodiversity, Conflict minerals, Responsible selection of materials, Proximity to reference markets for shared company-territory growth, Partnership with universities, Participation in system/sector initiatives,







In 2020, the materiality matrix confirmed once again how the continual promotion of ethical behaviours within the Group is an essential prerequisite for carrying out the Company's operations built on the production of a safe and quality product. A product created from a process of continuous innovation, the result of the enhancement and development of the people working for the Group. It is also important to highlight the major impact that Covid-19 and the healthcare crisis, which were with us throughout the entire year, had on the assessment of the material issues and stakeholder expectations.

In greater detail, following on from the interviews, the subject of **health and safety** in the workplace not only represents one of the most heartfelt aspects, as had already emerged the previous year, but has become the most relevant material issue, confirming the need for Brembo to adopt a structured approach in keeping with changes and trends recorded in regulations on the markets in question, as well as with the geographical diversification that characterises the Group in operational and strategic terms.

The strong relevance attributed to the **product quality and safety** topics became apparent. In fact, these are two fundamental aspects for ensuring Brembo's competitive edge and meeting the numerous customer requirements. The priority attributed to these topics is also the result of a global legal scenario and market trends that emphasise the need for greater attention to

be paid by companies such as Brembo to product quality and safety, together with a concrete commitment to the effective management of risks inherent in end consumer safety.

Finally, in line with the previous year, the theme of **continuous innovation** has been re-proposed, but with a broader meaning. Constant process and product innovation to ensure improved product quality and a constant attempt to reduce its impacts on the environment are a key factor of success for Brembo and its main stakeholders. This is essential both to opening the Company to new markets and to rising to the challenges posed by the effects of climate change, and therefore from the standpoint of efficiency and use of renewable resources.

We should emphasise the close relationship between the subject of **continuous innovation** and **carbon neutral mobility**, which Brembo is particularly aware of with a view to reducing the environmental impact of its products. Innovation, tied primarily to new component architecture and the selection of materials, is a necessary tool for succeeding in the challenges posed by the mobility of the future, represented by the process of electrifying and decarbonising the automotive industry. With regard to this aspect, it is also worth highlighting here that Brembo has established a team devoted to researching low-carbon products and actively assisting the Company in its decarbonisation process, ultimately becoming carbon-neutral by 2040.



The impacts of Covid-19 according to the stakeholders

Within this year's materiality analysis, the stakeholders involved were also requested to express an assessment of the virus impacts on topics identified as relevant so as to support the Group in the management of the same, with a view of ongoing improvement.

Both internal and external stakeholders agree that the topics that have suffered the most as a result of the pandemic relate first to workplace health and safety, which confirms to be a key issue.

Moreover, a careful management of relationships with the local community, as well as an adequate monitoring of relationships with employees and customers are fundamental, also following the introduction of new methods of interaction (remote working, the postponement of trade fairs, etc.).

It is interesting to note that as a result of the pandemic emergency critical issues arose internationally with regard to the management of global and delocalised supply chains raising the importance to manage and enhance a shorter and localised supply chain: with a view to business continuity, monitoring relationships with the suppliers that are closer to the Company and investing on them will allow the Group to ensure a higher resilience against external risk factors.

Finally, in this moment of disruption, it is essential to maintain a strong focus on issues such as ethics and the consolidation of the relationships with all stakeholders, while preparing to provide coordinated and effective solutions for new development models.

The analysis brought to light the need to attract and direct investments in order to promote innovation, with a focus on vehicle electrification, with particular regard to new component architecture and the selection of materials.



The 17 material topics identified through materiality analysis are thoroughly reported in this Disclosure with an increasing level of detail according to their importance to the Group and its stakeholders. A description is provided below in the interest of a better understanding of these topics:

Environmental footprint



Taking concrete actions for continuous improvement of the Group’s environmental profile through attentive management of environmental risks and adoption of increasingly structured and effective environmental management systems.

Energy efficiency



Seeking a constant reduction of direct and indirect energy consumption and making investments in adopting the best available technologies in terms of energy efficiency.

Climate change



Becoming a leading company in terms of commitment and ability to respond to climate change, through attentive monitoring and reduction of emissions of climate-altering gases generated by production processes and throughout the value chain.

Responsible use of water



Promoting the reduction of water consumption in production processes by thoroughly monitoring the quantities of water withdrawn, consumed and recycled, and by developing solutions for the reuse of water in process cycles.

Circular economy



Seeking to reuse and exploit waste materials, maximising recovery and minimising waste disposal and natural resource and energy consumption from the product design phase.

Carbon neutral mobility



Investing in the development of innovative brake systems designed to guide and support the process of electrification and decarbonisation of the automotive sector.

Customer relationship management



Placing customers at the heart of the Group’s decisions to understand and anticipate their present and future needs and to respond and promote the joint development of innovative new solutions in technological areas that have yet to be explored.

Continuous innovation



Promoting Constant process and product innovation to ensure improvements in product quality, also with a view to reducing environmental impact.

Product quality and safety



Improving the safety of products, in all their components, each day to offer customers and end users a guarantee of the maximum safety of the brake systems marketed.



Product design and style



Focusing on product quality in terms of form and aesthetics as well to be a pioneering Group in design and not just technology.

Sustainable and responsible supply chain



Responsibly managing relations with suppliers, promoting the integration of sustainability criteria into selection and qualification processes and forming partnerships for the joint development of new products.

Relationship with local communities



Promoting the growth of related local industry in the areas in which the Group has an operational presence, thus contributing to the creation of infrastructure, jobs, training and development of the local business community.

Diversity



Supporting and promoting diversity, in all of its forms and manifestations, in order to create an increasingly inclusive working environment, in which each person's perspective, voice, individuality and specific traits matter.

Fostering a positive working environment



Creating a positive working environment that increases the sense of membership and motivation of those who work for Brembo, while also consolidating Brembo's image as one of the "Best Places to Work".

People development and engagement



Providing Brembo's people with concrete personal and professional development opportunities by constantly monitoring their expectations and periodically honing their skills.

Health and safety



Promoting working conditions that ensure compliance with the health and physical wellbeing of employees through management systems that allow workplace accidents and occupational diseases to be prevented.

Brand reputation



Guaranteeing Brembo brand's distinctive features and protecting Group's reputation and brand value.



2.6 The 2030 Agenda: sustainable development objectives and priorities for Brembo

The Global Agenda for Sustainable Development and Sustainable Development Goals (SDGs)

On 25 September 2015, the governments of the 193 United Nations member states signed the 2030 Agenda for Sustainable Development, a programme containing 17 Sustainable Development Goals (SDGs) as a ‘call to action’ to all member states in an effort to steer the world along a sustainable path for the benefit of the people, the planet and prosperity.

Working for people, eradicating poverty in all its forms, working for the planet through conscious consumption and production, and working for prosperity, making sure that all of humanity can benefit from economic, social and technological progress, are the fundamental requirements for sustainable development.

In order to make a tangible contribution to the implementation of the Global Agenda, the UN members states set themselves 17 shared *Sustainable Development Goals* (SDGs), with 169 targets

to be reached by 2030. “Shared goals” means that all countries and all individuals are called upon to contribute, drawing up their own sustainable development strategy and involving all components of society: an active role is therefore also required from businesses, which can use their resources and skills to make a fundamental contribution to achieving the SDGs.

In 2018, Brembo has identified the links between the priorities defined in the materiality matrix and analysed their impact on each of the Global Agenda’s goals. From a long-term perspective, Brembo confirms again that it can contribute to the achievement of the following SDGs: SDG 4, SDG 6, SDG 8, SDG 9, SDG 12 and SDG 13. Aware of its global innovator role, Brembo decided to endorse the 2030 Agenda, advocating the sustainable development guidelines for all 17 goals.

SUSTAINABLE DEVELOPMENT GOALS



Learn more

United Nations Sustainable Development Goals
<https://www.un.org/sustainabledevelopment/>





In accordance with international best practice, Brembo has identified the links between the priorities defined in the materiality matrix and analysed their impact on each of the Global Agenda's goals.

The result of this activity is summarised in the table below.

Environment	Environmental footprint								
	Energy efficiency								
	Climate change								
	Responsible use of water								
	Circular economy								
	Carbon neutral mobility								
Clients and products	Customer relationship management								
	Continuous innovation								
	Product quality and safety								
	Product design and style								

* It should be noted that the matrix with material topics and the SDGs was updated based on the document "Linking the SDGs and the GRI Standards" – September 2020 edition.



Human resources management	Diversity	 
	Fostering a positive working environment	    
	People development and engagement	     
	Health & Safety	  
Supply chain & Local communities	Sustainable and responsible supply chain	  
	Relationship with local communities	  
Other themes	Brand reputation	





Solid foundations
for **responsible**
growth



An organisational structure founded on integrity and transparency. Professionalism and commitment to ensuring solid growth.





3. Organisational structure

3.1 Corporate Governance Model

Brembo has structured a sound Corporate Governance Model based on the recommendations of Borsa Italiana's Corporate Governance Code⁸ — which have been incorporated in its own Corporate Governance Code approved by the Board of Directors —, and best international practices, through which it meets the interests of all its stakeholders effectively.



3,490

Number of people trained on ethical topics



45%⁹

Proportion of women on the BoD



54.5%

of the BoD members with ESG-related skills



5

Annual meetings of the Audit, Risk & Sustainability Committee (ARSC)

Over the years, the Group has paid particular attention to ensuring that its business model always complies with best international practices, that its own reference Codes are kept up to date and its processes for managing both operating and sustainability risks are improved.

As in previous years, in 2020, which, as known, was hit by

the Covid-19 health emergency and the related extraordinary activities also in terms of corporate compliance, Brembo's Board Members, Executive Directors and the Management team, were able to set up corporate governance actions that ensured a high standard of governance, constantly aligned with national and international best practices.

⁸ Reference is made to the Corporate Governance Code approved in July 2018 by the Corporate Governance Committee.

⁹ Minimum quota of the less-represented gender in the corporate bodies of listed companies is **40%** (Law No. 160 of 27 December 2019), in force at the date of appointment of the Board of Directors (General Shareholders' Meeting of 23 April 2020) for the 2020-2022 term.



The new Corporate Governance Code

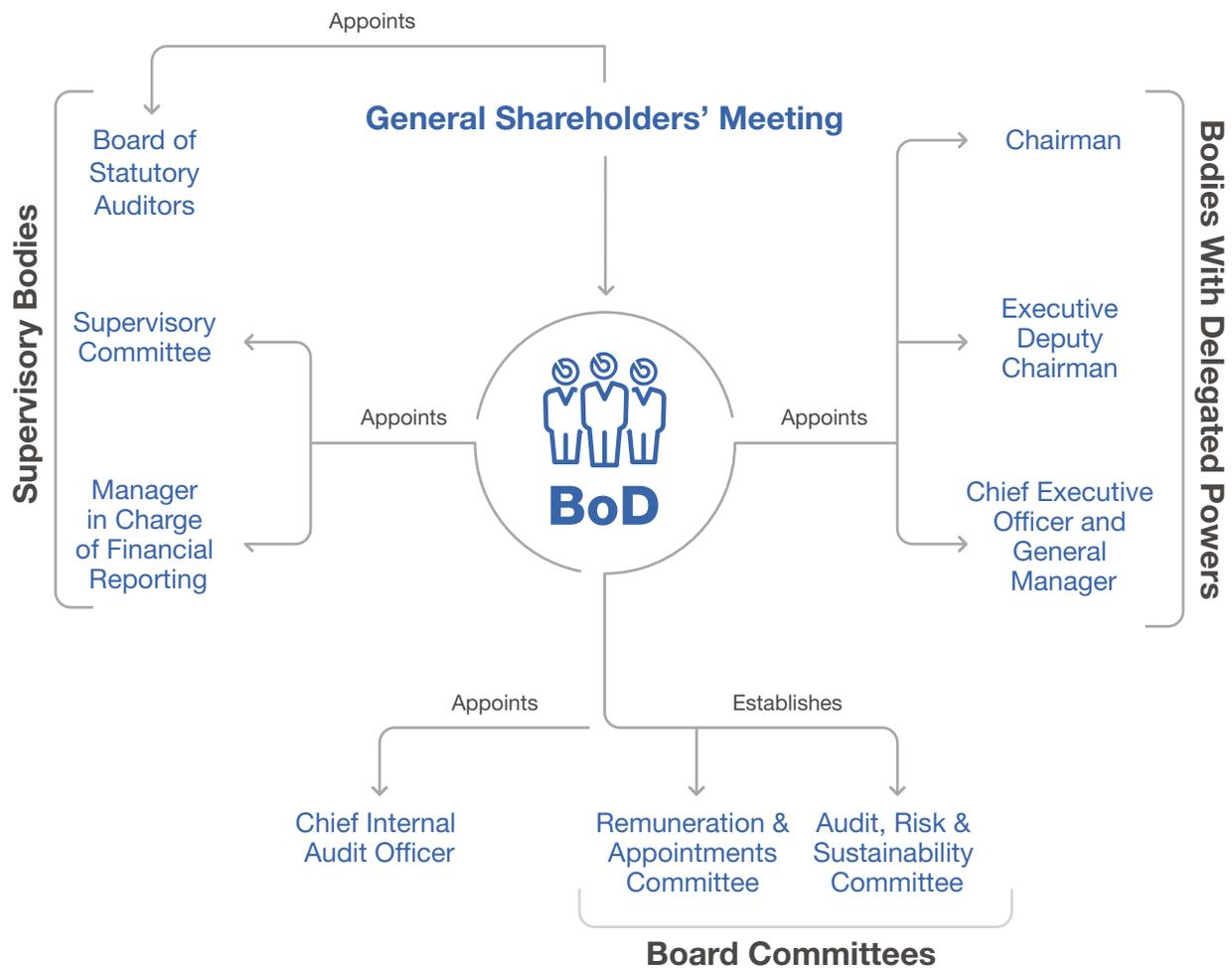
Since March 2020, Brembo has been working on developments of the new Corporate Governance Code, which came into force on 1 January 2021.

In order to promote a corporate governance model that devotes constant attention to all stakeholders, and in particular to institutional investors and the financial market, while also anticipating new needs and the most impactful trends, the Group constantly monitored governance principles and models widespread in Europe and internationally.

Through its Legal GCF, Brembo took active part in the most authoritative observers on the subject of corporate governance,

in Italy and abroad, and compared them with its own structural and organisational elements, for purposes of ongoing improvement. These include Brembo involvement in several meetings organised by Assonime.

Brembo S.p.A. has adopted a traditional governance and control system. Consequently, the Board of Directors is responsible for managing the Company, the Board of Statutory Auditors is responsible for supervisory functions, and the Independent Auditors appointed by the General Shareholders' Meeting are responsible for auditing and accounting control.





► Shareholders' Meeting.

It is the body through which corporate intentions are forged and expressed for subsequent implementation by the Board of Directors of Directors. It comprises Brembo's shareholders and meets regularly to pass resolutions according to the formalities

and on matters defined by the law, as well as by the Company's By-laws; the most important duties of the Shareholders' Meeting include selecting members of the Board of Directors and the Board of Statutory Auditors, as well as approving the Financial Statements for the year.

Major shareholders

	Declarant	Direct shareholder	Nationality	No. of shares	% of share capital with right to vote
Significance Threshold as per Article 117 of the Rules for Issuers					
1	BOMBASSEI ALBERTO	NUOVA FOURB SRL	ITALIAN	178,723,765	53.523
2		SPRUCEGROVE INVESTMENT MANAGEMENT LTD	CANADIAN	10,583,539	3.169
3		SMALLCAP WORLD FUND INC	U.S.	10,356,574	3.101
4		BREMBO SPA	ITALIAN	10,035,000	3.005
Below the Significance Threshold as per Article 117 of the Rules for Issuers					
5		COLUMBIA ACORN INTERNATIONAL	U.S.	3,710,346	1.111
6		PUBLIC PENSION AGENCY	ARAB	3,173,989	0.951
7		VANGUARD TOTAL INTERNATIONAL STOCK INDEX	U.S.	2,642,919	0.791
8		STICHTING BEWAARDER JUNO	DUTCH	2,326,500	0.697
9		AMERICAN FUNDS INSURANCE SERIESGLOBAL SMALL CAPITALIZATION FUND	U.S.	2,323,605	0.696
10		BROWN BROTHERS HARRIMAN & CO.	U.S.	2,173,276	0.651



Share capital

Brembo S.p.A.'s subscribed and fully paid-up share capital amounted to €34,727,914 and was divided into 333,922,250 ordinary shares, without nominal value.

The Shareholders' Meeting on 18 April 2019 approved the amendment to Article 6 of the By-laws, introducing — pursuant to Article 127-quinquies of TUF — the increased voting right mechanism.

The amendment aims to foster stable and loyal ownership by promoting medium/long-term investment in Brembo's share capital in order to support the Group's organic and non-organic growth, as detailed in the Illustrative Report to the Shareholders' Meeting.

The company's By-laws thus provides for the allotment of two votes for each share belonging to the shareholder requesting to be registered in the Special List — maintained and updated by the Company — provided that the said share is held for a period of no less than 24 subsequent months starting from the date of its registration in such Special List.

At 31 December 2020, only a few shareholders were registered in the Special List for the entitlement to increased voting right; as at the date of approval of this Report, none of these benefited from the entitlement since 24 months have not yet elapsed since the date they were registered in the same List.



► **Board of Directors (BoD).**

This is the administrative body that steers the Group and is responsible for managing the Company, except for any matters that fall within the scope of the duties fulfilled by the Shareholders’ Meeting. The Board of Directors is responsible for providing strategic and organisational guidance for the Company and the Group, verifying the adequacy of the organisational structure and the fitness of the checks needed to monitor the Company’s and the Group’s progress. The functions and duties described in Article 1 of the Corporate Governance Code also fall into the BoD’s remit and include assessing the types and levels of risk that are compatible with Brembo’s strategic goals, including from the point of view of the mid-to-long-term sustainability of the company’s activities. The Board of Directors is also responsible for analysing, sharing, approving and monitoring the annual

budgets and strategic, business and financial plans. It is also tasked with ensuring sustainable growth in the medium-to-long term through an adequate control and risk management system, including risks having an impact on sustainability, in addition to the utmost transparency towards the market and investors, with a particular emphasis on material changes in business prospects and situations of risk to which the Company is exposed.

Every quarter, the BoD examines, assesses and monitors the management performance, the Group’s strategic operations, the report of powers granted, the strategic projects and industrial plans, the Group’s growth strategies with related risks, as well as the suitability of the Internal Control and Risk Management System, the Governance and Compliance System and Brembo’s significant operations.

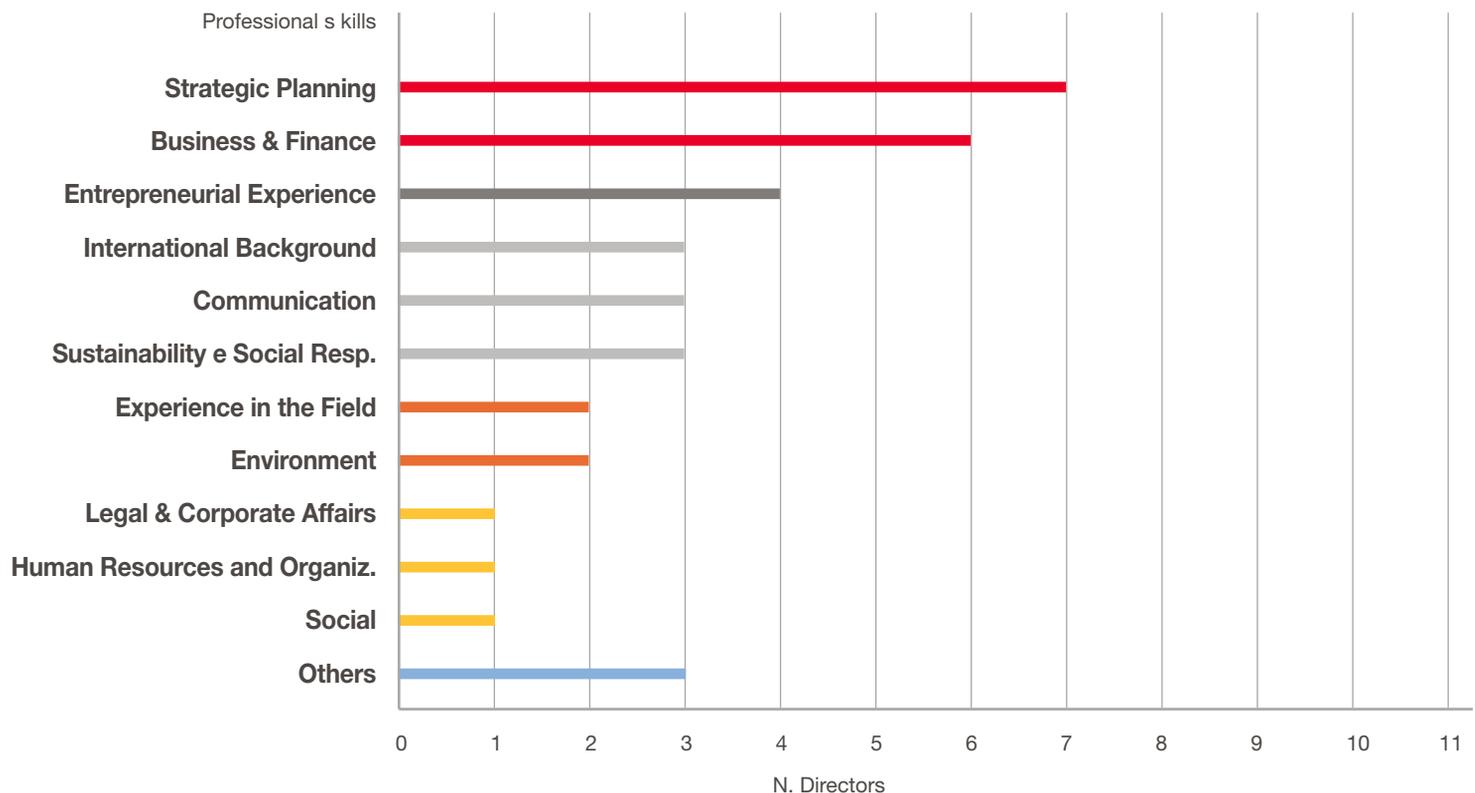
Members of the Board of Directors

The current BoD, which was appointed by the Shareholders’ Meeting held on 23 April 2020, is made up of 11 members will remain in office for the 2020-2022 three-year period, i.e.

until the Shareholders’ Meeting called to approve the Financial Statements for the year ending 31 December 2022.

BoD’s skill Matrix 2020-2022

Directors’ skills emerged from the questionnaire





Diversity policies and criteria for the Board of Directors

The competencies and experience of each BoD member constitute one of Brembo's key performance indicators of the Company's governance system. For this reason, ensuring a high level of quality and complementarity in the Directors' professional skillset and personalities is deemed necessary.

Brembo's Board of Directors approved the Board of Directors' Diversity Policies and Criteria, applicable with effect already from the Board's 2017-2019 term of office, in accordance with recommendations of Borsa Italiana's Corporate Governance Code. These provide for new criteria, based on as objective a foundation as possible, in addition to those established by applicable laws and regulations, relating to the professionals to propose as candidates in order to ensure that the composition of the Board of Directors is adequate to the Group's size, position, complexity and the specific nature of its business sector and strategies. These criteria, reported in the Regulations of the Board of Directors and incorporated in the Brembo S.p.A.'s Corporate Governance Code, aim at ensuring the appointment of members who have an optimal combination of skills and professional background and form the diversity policies for the Administrative Body's composition not only with regard to gender, but also experience, professionalism, age and other relevant aspects, as mandated by Article 123-bis, paragraph 2, letter d-bis), of TUF. Upon the renewal of the corporate offices by the General Shareholders' Meeting called to approve the 2019 financial statements (23 April 2020), in order to broaden the selection base to candidates with skills and standing recognised both at national and international level and particularly qualified in the professional, managerial and business world, the Board of Directors re-examined the aforesaid Regulations, particularly with regard to the diversity criteria, and confirmed, with the favourable opinion of the Remuneration & Appointments Committee, that the Regulations of the Board of Directors are in line with best practices, ruling:

- ▶ adjustment of the minimum quota reserved to the less represented gender in the corporate bodies introduced by Law No. 1605, of Law 27 December 2019, whose Article 1, paragraphs 302-303, provides for:
 - the three-year term of office to be extended to a longer term of six years (without however specifying whether the latter includes the first three already spent or not);
 - at least 2/5 (no longer at least 1/3) of the members of the relevant administrative or control body to be reserved for the less represented gender;
- ▶ the formulation of qualitative and quantitative criteria to be used to assess the significance of the relationships being examined for the purposes of assessing the independence of the directors.

The above-mentioned criteria constituted, *inter alia*, the basis for the orientation by the outgoing BoD for the managerial and professional candidates to be nominated for the incoming company officers during the General Shareholders' Meeting of 23 April 2020.

Within the periodical self-assessment process, it was found that the BoD currently in office represents a combination of professional skills and managerial expertise, including at an international level, that meets the requirements of integrity, independence and gender balance established in applicable laws, regulations, and the By-laws.

This is also borne out by the 2020 Board Performance Evaluation, the findings of which were examined by both the Independent Directors and the BoD during the plenary meeting of 19 January 2021 and in relation to which the Directors highlighted that the current composition and the size of the Board is assessed positively by all the Directors. The skill set (as shown in the Skill Matrix here below) was found to be adequate, including in terms of diversity of professional profiles — with a majority of directors having a managerial profile —, age groups and seniority of service, to the size, positioning, complexity, the specific nature of the Group's sector and strategies, which, additionally, represents a fundamental requirement for effective, competent management of the business.

For more information about the diversity criteria for the Board of Directors as defined by Brembo please refer to the 2020 Corporate Governance and Ownership Structure Report.¹⁰

¹⁰ <https://www.brembo.com/en/company/corporate-governance/corporate-governance-reports>



Composition of the Board of Directors and of Board Committees - 2020

Board of Directors													Audit Risk & Sustainability Committee/Related Party Transactions Committee		Remuneration & Appointments Committee	
Office held	Name and surname	Year of birth	Seniority of service ¹	In office from	In office until	List ²	Exec.	Non exec.	Indep. as per Code	Indep. as per TUF	Attendance rate at 2020 meetings ³	Other offices held ⁴	Member	Attendance rate at meetings ³	Member	Attendance rate at meetings ³
Chairman	Alberto Bombassei	1940	21.12.84	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Executive Deputy Chairman	Matteo Tiraboschi	1967	24.04.02	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Chief Executive Officer	Daniele Schillaci	1964	28.06.19	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Director	Cristina Bombassei	1968	16.12.97 (coopt.)	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x				100%	-				
Director	Elisabetta Magistretti	1947	23.04.20	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	2	x	100%		
Director	Elizabeth M. Robinson	1956	23.04.20	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	3			x	100%
Director	Laura Cioli	1963	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	3	x (Chair)	100%	x	100%
Director	Gianfelice Rocca	1948	29.04.11	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x ⁵	x	100%	8				
Director	Umberto Nicodano	1952	03.05.00	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x			87.5%	-				
Director (LID)	Valerio Battista	1957	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma		x	x	x	100%	2				
Director	Nicoletta Giadrossi ⁶	1966	20.04.17	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi		x	x	x	100%	4	x	100%	x (Chair)	100%
Number of meetings held during the year of reference											(2020)	BoD: 8	Audit, Risk & Sustainability Committee: 5	Remuneration & Appointments Committee: 2		
Directors who left office in 2020																
Director	Giovanni Canavotto	1951	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma	x				100%	-	-	-		
Director	Barbara Borra	1960	29.04.14	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma		x	x	x	100%	2	x	100%	x (Chair)	100%

NOTES

¹ This column shows the date on which the Director was appointed by the General Shareholders' Meeting as a Director of Brembo for the first time; 'coopt.' means the date of co-option by the Board of Directors.

² This column indicates the list from which each Director was appointed ("Ma": majority list; "Mi": minority list).

³ This column shows the Directors' attendance rate at the meetings held by the BoD or Board Committees in 2020 (No. of times attended/No. of meetings held during the Director's actual term of office).

⁴ This column shows the number of Directorships or Auditorships held in other companies listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies. Said information can be obtained from their respective statements. It should be noted that the maximum number of

Directorships or Auditorships in listed companies is set at four. Positions at listed companies in which the Director also holds a significant equity interest do not count.

⁵ It should be noted that Gianfelice Rocca qualified as independent due to the consolidated principle of the prevalence of substance over form (since the renewal of his appointment as Director of Brembo follows nine years of completed service in office). This was also in view of the professionalism and dedication that he has always shown and his active, punctual participation in Board meetings, and to his speeches and thoughts that have enriched and instilled quality into debate within the Board towards the resolutions passed while also maintaining complete independence of thought.

⁶ The candidature of Director Nicoletta Giadrossi was submitted by a group of Shareholders representing 2.27836% of the share capital - General Shareholders' Meeting held on 23 April 2020.





Brembo and the Governance Systems Excellence Index

On the 16th edition of the annual Corporate Governance Workshop, held in November 2020 in full digital mode, The European House - Ambrosetti presented the results of the **Governance Systems Excellence Index (EG Index)**, a tool that monitors the health of governance systems according to a set of qualitative and quantitative indicators. The EG Index 2020, which refers to the 2019 financial year and is based on public sources, shows the continuous improvement over time in the governance quality of the main companies listed on Borsa Italiana, especially large and medium-sized firms.

The topics addressed during the event ranged from the innovations brought about by the recent revision of the new Corporate Governance Code for listed companies compared to best practices in other international arenas, to the challenges raised by the economic-health emergency and its impact on companies and on organisational and decision-making processes, including for example the operating methods adopted by listed companies for holding their GM in 2020.

Brembo achieved excellent scoring in the EG Index, as it ranked among the top 5 companies in the FTSE ITALIA MID-CAP segment for the industrial sector out of a sample of 50 analysed companies. More specifically, the Group:

- ranked **fifth** in terms of functioning of the Board of Directors, which takes into account variables such as the number of meetings held, the rate of Directors' attendance at meetings of the Board of Directors, of the Audit and Risk Committee and of the Remuneration Committee, the number of other committees set up within the Board, the average number of other offices held by Directors and the Board Evaluation Process;
- ranked **second** for its Control and Risk Management System, which takes into account factors such as the number of Control and Risk Committee meetings, the presence of independent Directors, the Statutory Auditors' participation rate, the average number of offices held by Statutory Auditors, Risk Management and the definition of Succession Plans for the Top Management.

Remuneration policies

The BoD defines annually the Remuneration Policy for Executive Directors, other Directors holding special offices and Key Management Personnel.

It should be noted that in 2019 regulations governing the Remuneration Policy, included in Article 123-*ter* of TUF, was partially amended to be brought in line with changes to the law¹¹. The most relevant changes include the introduction of two distinct types of voting: a binding vote on the Remuneration Policy (Section I) and a vote on Remuneration Paid in the previous year (Section II).

The 2020 Policy was approved by the General Shareholders' Meeting on 23 April 2020.

The 2021 Policy¹², incorporated into the Remuneration Policy and Remuneration Paid, was examined by the BoD on 4 March 2021, on the proposal of the Remuneration & Appointments Committee, and subsequently disclosed to the public in accordance with the terms established by law for the approval by the General Shareholders' Meeting to be held on 22 April 2021.

11 Legislative Decree No. 49 of 10 June 2019 which adopted the directive on shareholders' rights (Directive 828/2017, hereunder the "Directive", which amended previous directive 2007/36/EC), involving changes to the content of the Remuneration Policies and the Report.

12 <https://www.brembo.com/en/company/corporate-governance/remuneration-policies>



The Report, prepared in compliance with Attachment 3A, Table 7-bis, of the Rules for Issuers introduced by Consob Resolution No. 18049 of 23 December 2011, as subsequently amended by Consob Resolution No. 21623 of 10 December 2020, consists of two sections:

- ▶ Section 1 illustrates:
 - a) Brembo's Remuneration Policy to be applied to members of the governing bodies, General Managers and Key Management Personnel at least up to the following year, and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, to members of the control bodies;
 - b) the procedures used to adopt and implement this policy.
- ▶ Section 2 provides:
 - a) details of each of the remuneration items, including the approach adopted when a term of office/employee relationship is terminated, showing how this is consistent with 2019 remuneration policy;
 - b) a detailed account of the compensation paid in 2020, in any capacity and form, by the Company and its subsidiaries and associates, by highlighting any components of the above mentioned compensation referring to activities carried out in years preceding the year of reference, as well as the compensation to be paid in one or more years for activities performed in 2020;

- c) a brief account of the extent to which the Company took into account the vote cast in the previous year on Section II of the Report.

In line with corporate values and consistent with company's regulations and stakeholders' expectations, the Policy, like previously, is structured so as to achieve a twofold objective:

- ▶ defining a remuneration system based on ethics, quality, proactivity, belonging and enhancement, and able to both attract and retain human resources who, thanks to their talent and excellent professional skills, can successfully manage and operate within the Company;
- ▶ motivating those resources to achieve increasingly challenging performance targets aiming at constant improvement, also through the adoption of incentive schemes designed to orient them towards the fulfilment of strategic business objectives, hence creating value in the medium-to-long term and aligning the management's interests and shareholders' expectations.

Finally, the Policy envisages that part of the Management's remuneration be linked to the achievement of performance objectives — which are set and established in advance — through a Management by Objectives (MBO) annual Incentive Plan and a Medium/Long Term Incentive Plan (LTIP).

Governance Committees

As required under the Corporate Governance Code, Brembo set up, within the Board of Directors, the Remuneration & Appointments Committee and the Audit, Risk & Sustainability Committee. The roles, composition and functioning of all

Committees are defined in specific Regulations fully implementing the principles and criteria set forth in the latest edition of the Corporate Governance Code of Borsa Italiana.

COMMITTEES	NUMBER OF MEETINGS	ATTENDANCE RATE	PRESENCE OF INDEPENDENT MEMBERS
Remuneration & Appointments Committee	2 ¹³	100%	100%
Audit Risk & Sustainability Committee (which also acts as the related party transactions committee)	5	100%	100%
LID (Lead Independent Director) + Indep. Directors	2	100%	100%

13 These meetings were accompanied by further induction and preparatory sessions in view of the meeting of July 2020 (4 skype calls on 26 and 29 June 2020 and 2 and 13 July 2020) concerning Brembo's remuneration policies and the impact of the Covid-19 emergency on short- and long-term remuneration systems.





Induction Programme

With reference to training and development of the skills of Directors, Brembo defined a dedicated induction programme, structured in several sessions, with the aim of providing all Directors and Statutory Auditors with a proper understanding of the Company and the industry in which the Group operates, its products, its organisation, business dynamics and trends, the principles of proper risk management and the relevant regulatory framework, as well as the main trends that could generate an impact on the current performance and on the Group's short-, medium- and long-term growth strategy.

At the end of its induction period Brembo offers to the members of the Board of Directors the option to engage in personalised in-depth training activities centred on each Director's specific interest areas or remits, as well as the opportunity to focus on specific subject matters prompted by new requests for more in-depth information arisen from Independent Directors' meetings or as a consequence of the Board Performance Evaluation.

Following the renewal of the corporate bodies by the Shareholders' Meeting on 23 April 2020 and the related new appointments, a specific induction programme was organised, divided into 10 sessions (average duration of 2 to 3 hours), dedicated to the newly appointed Directors and Statutory Auditors. The programme also included a session on Brembo's compliance system held by the Chief Legal & Corporate Affairs Officer. All the material presented in these sessions was then made available to participants on the Governance and Compliance Portal in the BoD section.

The induction programme sessions carried out in 2020 within the BoD's meetings dealt with the update of tax offences pursuant to the 231 Model, a detailed analysis of the Company's strategic market positioning and the new trends concerning products, production and development processes, and digital transformation of the automotive sector.

During the year, an in-depth study was also carried out for the

Control, Risk and Sustainability Committee and the Supervisory Board on the potential impact under Legislative Decree No. 231/2001 of the Covid-19 health emergency and the resulting direct and indirect 231 risks.

► Board of Statutory Auditors.

It is the body in charge of supervising compliance with the law and corporate By-laws, observance of the principles of sound management and adequacy of the organisational, administrative and accounting structures adopted by the Company.

The Board of Statutory Auditors has been identified with the "Internal Control and Audit Committee" pursuant to Legislative Decree No. 39/2010 (as amended by Legislative Decree No. 135/2016), with functions of supervision of the financial reporting process, the efficacy of internal control systems, internal auditing and risk management, the statutory auditing of the annual and consolidated accounts and the independence of the auditing firm.

The General Shareholders' Meeting held on 23 April 2020 appointed the new Board of Statutory Auditors for the three-year period 2020-2022 that will remain in office through to the date of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2022. The Board of Statutory Auditors is composed as shown in the table below, and was appointed based on the two lists presented respectively by the Majority Shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.27836% of the share capital, overall).

All members of the Board of Statutory Auditors satisfy the eligibility, integrity and professionalism requirements laid down by the law. In addition, the Acting Auditors shall be chosen from persons who qualify as independent as per provisions of the Corporate Governance Code.



Board of Statutory Auditors 2020

Office held	Name and surname	Year of birth	Seniority of service ¹	In office from	In office until	List ²	Indep. as per Code	Attendance to Board of Statutory Auditors' meetings in 2020 ³	Attendance to Board of Directors' meetings in 2020 ⁴	Weight of other offices held ⁵
ACTING AUDITORS										
Chairwoman	Raffaella Pagani	1971	29.04.2014	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi	x	100%	100%	4.55
Acting Auditor	Mario Tagliaferri	1961	20.04.2017	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	100%	100%	4.19
Acting Auditor	Paola Tagliavini	1968	23.04.2020	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	100%	100%	5.7
ALTERNATE AUDITORS										
Alternate Auditor	Stefania Serina	1984	23.04.2020	23.04.2020	Approval of the Financial Statements at 31.12.2022	Ma	x	-	-	-
Alternate Auditor	Myriam Amato	1974	29.04.2014	23.04.2020	Approval of the Financial Statements at 31.12.2022	Mi	x	-	-	-
Number of meetings held during the year of reference (2020)								Board of Statutory Auditors: 20	Board of Directors: 8	
STATUTORY AUDITORS WHO LEFT OFFICE IN 2020										
Acting Auditor	Alfredo Malguzzi	1962	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	Ma	x	100%	100%	N/A

NOTES

¹ The date of first appointment of each Auditor refers to the date on which the said Auditor was appointed for the first time (ever) as member of Brembo S.p.A.'s Board of Statutory Auditors.

² This column shows the list from which each Auditor was elected ("Ma": majority list; "Mi": minority list, submitted by a group of shareholders representing 2.27836% of share capital).

³ This column shows the percentage of Board of Statutory Auditors' meetings attended by Statutory Auditors in 2020 (No. of meetings attended/No. of meetings held by the Board during the Auditor's actual term of office); preparatory meetings and induction sessions are not included.

⁴ This column shows the percentage of Board of Directors' meetings attended by Statutory Auditors in 2020 (No. of meetings attended/No. of meetings held by the Board during the Statutory Auditor's actual term of office).

⁵ This column shows the number of other Directorships or Auditorships held by the Auditor within the meaning of Article 148-bis of TUF and relevant implementing provisions set forth in Consob Rules for Issuers, in addition to the weight calculated on the basis of Article 144-duodecies of these Rules. The full list of Directorships and Auditorships held is published on the Consob website pursuant to Article 144-quinquiesdecies of the Consob Rules for Issuers.





Diversity policies for the Board of Statutory Auditors

When the Company's Boards were renewed for the period 2020-2022, the outgoing Board of Directors provided the guidelines to the Shareholders for the assessment of the new members of the Control Body, with reference to the experience and professionalism of candidates, in order to ensure an adequate diversity within the Control Body.

In addition to current legal and regulatory requirements, in line with the Corporate Governance Code, the Board of Directors defined diversity criteria, including gender-related ones, aimed at ensuring that the composition of the Control Body is suitable for the Group's size, positioning, complexity, industry-related aspects and strategies.

In detail, the prerequisites for candidates to the position of Statutory Auditor include the following:

- minimum quota reserved to the less represented gender determined in accordance with the laws and regulations in force at the time of approval¹⁴;
- record of honouring shared ethical principles;
- overall experience of at least three years in professional or academic endeavours closely related to the Company's business; or
- experience gained in an executive position at bodies operating in sectors closely related to the Company's business; or
- experience gained in a governance or control role at companies in Brembo's sector and of the same size for a suitable period.

The periodic self-assessment of the Control Body's activities confirmed the following:

- all Statutory Auditors meet the qualitative and quantitative Additional Criteria set out in New Article 8.C.3 of Brembo S.p.A.'s Corporate Governance Code;
- at least one third of its members consists of the less-represented gender.
- from a qualitative perspective, the control body is composed of individuals deemed to possess adequate professional characteristics, with varied, diversified skills, strong experience in the Company's sector of operation, awareness of their powers and obligations, capable of devoting time and resources adequate to the complexity of their positions and who orient their actions to the pursuit of the Company's overall interest;
- professional refresher training: members of the control body attend conventions and training courses, some organised by the relevant professional associations, including in accordance with provisions on ongoing professional training;
- the adequacy of appointment processes and selection criteria are governed by the By-laws and the Regulations for Shareholders' Meetings adopted by the Company, clearly and transparently, avoiding references to or citations of agreements, organisations or entities external to the Company.

For more information about the Control Body's diversity standards as defined by Brembo, please refer to Brembo's Corporate Governance Code (Article 8., c.3), at <https://www.brembo.com/en/company/corporate-governance/governance-documents>

► Independent Auditors.

It is an external entity in charge of the statutory audit appointed by the Shareholders' Meeting. The audit firm EY S.p.A. has been appointed for the years 2013 to 2021. Given the imminent end

of the term of the current Independent Auditing Firm, on the occasion of the next General Shareholders' Meeting, convened for 22 April 2021, the new Independent Auditors are to be appointed, with term beginning from 2022.

¹⁴ For the three-year term 2020-2022, the 2020 Budget Law applies: 2/5, without prejudice to the rounding-down criterion to the next lower unit provided for in the case of company bodies composed of three members.



The management and development of the governance system is founded on a number of responsibilities, related to a system of procedures, practices and activities designed not only to meet legal requirements, but also to make the governance system effective as a whole. For this purpose the following tools are also in place at Group level:

• Delegation of Powers.

Brembo has established a system of delegated powers and powers of attorney to ensure that powers are segregated and the related flows and processes improved, for regulatory compliance purposes.

It is an integral part of Brembo's Internal Control and Risk Management System and is used as a tool for management,

oversight and supervision, including with regard to Legislative Decree No. 231/2001, because it permits:

- (i) the identification of persons whose actions may potentially be, or already are, externally relevant and may give rise to the commission of an offence;
- (ii) distribution of decision-making and commitments, including commitments to spend money, on the Company's behalf;
- (iii) prevention of the abuse of the powers assigned.

• Governance Model of Subsidiaries.

Brembo has fixed additional internal rules, in accordance with regulations applicable in each country, based on the size and complexity of each subsidiary, to define the corporate structure of subsidiaries so that this is compatible with the Parent's "traditional" structure.



BLGIS – Legal, Governance, Legal-Compliance and IPR System

To ensure compliance with all applicable laws and regulations in an increasingly complex legal framework, Brembo's Legal and Corporate GCF has developed a system called "Legal, Governance, Legal-Compliance and IPR System (BLGIS)", characterised by a common language and standards and by clear and shared objectives.

The Legal and Corporate GCF shares, adopts, promotes and ensures — within the BLGIS system — a culture of lawfulness, respect of the Group's values, openness to diversity, and the principles entrenched in Brembo's Code of Ethics and Antibribery Code of Conduct.

Moreover, the Legal and Corporate GCF avails of Legal Advisers/external Consultants for the BLGIS system full implementation and ongoing improvement in the multi-cultural context in which the Group operates with special attention to developing specialist, business-oriented know-how and soft skills required to contribute excellent support during negotiations and in managing critical situations.

Legal activities cover all contractual and litigation activities involving the knowledge and use of all legal aspects as levers for:

- ▶ **prevention of legal and/or reputational risk**, which is one of the cornerstones of Brembo's Code of Ethics;
- ▶ **dynamic management** of the business through the analysis, negotiation and drafting of several contracts and contractual Standards, capable of protecting Brembo's interests and/or preventing the risks and/or losses arising from non-performance or partial performance of those contracts and standards;
- ▶ **management of disputes that may** involve the Group, with the exception of those relating to the management of labour relations, which are the sole responsibility of the HRO function.

Noteworthy is also the use of Brembo Compliance Guidelines, which summarise the main rules of conduct and main control principles indicated in the Special Sections of the 231 Model which the Subsidiaries are required to adopt to prevent crimes within the meaning of Legislative Decree No. No. 231/2001. Compliance with said guidelines prevents from criminal liability being transferred to Brembo S.p.A. and its subsidiaries and corporate liability being transferred from the Subsidiaries to the Parent. They are approved by the Board of Directors.



3.2 Responsible business management system

For Brembo a correct management of company's activities means keeping a transparent, ethical and compliant conduct, under all aspects. This means not only observing the current laws and regulations, but also considering the expectations and aspirations of the various stakeholders.

In order to promote a Group's prevention policy, Brembo has implemented an integrated global compliance system, adopting a system of tools which apply to the entire Group (Brembo Corporate and Compliance Tools¹⁵) designed to ensure a high ethical standard. The Code of Ethics is the mainstay of this system, but the Code must be read and interpreted together with the documents considered essential for the development and dissemination of the Group's core values. These include the Anti-bribery Code of Conduct, the Code of Basic Working Conditions, Brembo's Policy on Non discrimination and Diversity and other codes of conduct, policies, procedures, guidelines and organisational provisions existing today. These documents meet the requirements of Legislative Decree No. 254/2016, which requires information to be provided on the policies implemented by the business for managing the impact of its activity in non-financial environments.

- ▶ **Code of Ethics.** This Code sets out the behavioural standards that must be adhered to by all those who, for whatsoever reason, work on behalf of Brembo, in order to support sustainable growth and protect the company's reputation, in compliance with the principles shared on a Group level, applicable laws and best practice, encouraging the understanding of and respect for diversity in countries where Brembo operates, and fostering a real culture of integrity with all the company's stakeholders. The third edition of the Code of Ethics, approved by the Board of Directors in December 2016, is available in the local languages of the Countries where Brembo operates.
- ▶ **Anti-bribery Code of Conduct.** This Code is aimed at maximising transparency, clarifying permissible behaviour, ensuring strict compliance with anti-bribery regulations in force in all countries in which Brembo operates and by any

person who, in any capacity, work for Brembo, maintaining the highest standards of integrity. It also defines, inter alia, Brembo's policy on giving and receiving of gifts, hospitality and entertainment, the free provision of goods and services for promotional or public relations purposes, financing to political parties, donations to charitable organisations. Any amendments to the Anti-bribery Code is submitted for approval to the Audit, Risk & Sustainability Committee, the Supervisory Committee and approval by Board of Directors. The second edition of the Code was approved by Brembo S.p.A.'s Board of Directors in July 2017 and circulated to all Group employees.

For China-based Group companies a China Anti-bribery Addendum has been adopted, which supplements Brembo's Anti-bribery Code of Code and introduces further specific rules, in compliance with local legislation and practices.

- ▶ **Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.** Brembo adopted its own Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter "231 Model"), approved by the Board of Directors and applied to Brembo S.p.A., compliant with Confindustria's Guidelines on Organisational Models, which is an integral part of the Internal Control and Risk Management System. The 231 Model is made up of:
 - a General Section illustrating the Company's profile, the regulations of reference, the purpose of the 231 Model and the ways in which it is constructed, the recipients, the Regulation of the Supervisory Committee, as well as the disciplinary system and the measures to be implemented in terms of staff training, dissemination, and amending and updating processes;
 - several Special Sections focusing on specific types of offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the Company; these sections define the principles of conduct and preventive measures that the Company has adopted;
 - Sensitive Activity Analysis Sheets that can be broken down by offence and sensitive area, and provide the following

¹⁵ The Brembo Codes of Conduct and Policies are available for public consultation at <http://www.brembo.com/en/company/corporate-governance/codes-policies>



information: (i) description of the underlying Offence; (ii) description of the Sensitive Area at risk of commission of the aforesaid underlying Offence; (iii) persons involved in the Sensitive Activity; (iv) Control Environment; (v) description of the Controlling & Prevention Measures in force.

The Model was updated in order to include, on the one hand, the management instruments and any penalties for the infringement of the measures to protect whistleblowing parties and, on the other hand, the definition of the instruments for the control and management of the formal communication channels to be used to report any infringements to the Supervisory Committee.

In 2020, the Company updated its 231 Model to reflect the legal developments introduced¹⁶ at the end of 2019. In detail:

- the list of predicate offences has been updated in the General Section by including the new “Tax Crimes”; in addition, reference has been made in Brembo’s Corporate and Compliance Tools to the Tax Control Framework and the new Tax Strategy of Brembo S.p.A., which were submitted for approval to the BoD on 7 November 2019 and 21 January 2020, respectively;
- a new Special Part dedicated to Tax Crimes has been drafted to describe in detail the relevant offences under Legislative Decree 231/2001 that could occur in specific activities and corporate areas, that are especially sensitive or most exposed to the risk of commission of the Offences, along with the conduct to be implemented to monitor such risk. In addition, following the risk assessment of the relevant sensitive processes, two new 231 schedules have been formalised, which describe in detail the preventive protocols that have been identified as safeguards against such criminal conduct.

In view of the possible effects that Covid-19 might have had on the 231 Model (which includes, *inter alia*, a Special Part dedicated to corruption and induction offences), in 2020 the 231 Contact Persons were asked to assess the impact, if any, on processes under their remit and on protocols, arising from the epidemiological situation with a view to proceed with any

necessary updates. In general, the analyses carried out did not reveal any significant changes in the control, monitoring and prevention of offences under Legislative Decree 231, which continued steadily throughout the year.

► **Local Compliance Programmes.** These are the compliance programmes (summarised in a specific document) implemented in each subsidiary (in Italy this occurs through the 231 Model) to prevent or mitigate corporate liability in accordance with local legislation, through a risk assessment process, a mapping of sensitive areas and preparing of the most suitable control protocols, which form part of each subsidiary’s risk control and management system. Each Country General Manager with responsibility for the operation of each company’s Risk Control and Management System acts as the contact person for implementation and monitoring of the local compliance programme project, with the support of the various officers responsible for process and the related organisational structure. It remains understood that Brembo’s Corporate and Compliance Tools are an integral part of the local compliance model.

► **Procedure for Related Party Transactions – Conflicts of interest.** The purpose of the Procedure is to ensure the transparency and the substantive and procedural propriety of Related Party Transactions, unless they are concluded at arm’s length, with a view to safeguarding the Company’s higher interests. In fact, a conflict of interest exists when a personal interest or activity interferes or could interfere with Brembo’s task. According to the Group’s Code of Ethics, any situation that could generate a potential or actual conflict of interest must be communicated to the immediate superior of the person concerned. The Guidelines set out procedures to ensure that decisions taken at any level are not influenced by personal interests and/or relationships, but are in the exclusive interest of Brembo; similarly, commercial agreements are to be signed or continued solely on the basis of objective criteria, including quality, price and reliability of the business partner in question. Brembo has examined and assessed the impact of Legislative Decree No. 49/2019 which transposed into Italian law the Directive EU 2017/828 (“the so called “Shareholders’ Rights II”) on related parties

¹⁶ Article 25-*quinquiesdecies* (“Tax Offences”) in the catalogue of Decree 231/01 predicate offences with Law No. 157 of 19 December 2019 (known as the Tax Decree) – converting Decree-Law No. 124 of 26 October 2019, “Urgent provisions on taxes and pressing needs”





and acknowledged the ensuing amendments introduced by Consob Resolution No. 21624 to the Rules for Issuers and the Regulations on Related Party Transactions on 10 December 2020, which will become effective on 1 July 2021. New developments are currently being analysed and examined with a view to updating the Procedure and introducing all new provisions by 30 June 2021.

► **Antibribery Code of Conduct.** This Code was approved by Brembo S.p.A.'s Board of Directors on 9 November 2017, to reinforce the business structure's sensitivity and culture regarding compliance with competition rules, also in light of the provisions of its own Code of Ethics, providing appropriate monitoring tools. It supplements the Antitrust Compliance programme already implemented in the Company and provides a practical guide, focused on the Group's business, that clearly illustrates the prohibitions imposed by antitrust legislation, the most widespread areas or situations where there is a risk of violations, as well as the correct conduct to be adopted to ensure full compliance with antitrust legislation in the various countries in which Brembo operates. The Code is a point of reference for the Company's compliance programmes and applies to employees of both the Parent and the European subsidiaries. In 2019, the local boards of directors of the European subsidiaries implemented the Brembo's Antitrust Code of Conduct with an Addendum (translated into the local language) with the aim, *inter alia*, of indicating and modifying (where necessary) employees' behaviour in accordance with local legislation.

In reference to the Covid-19 emergency, on the basis of the analysis and assessments conducted with regard to Brembo's compliance with the antitrust safeguards established in the code, the Company does not believe that there have been any particular impacts, in the sense that, due in part to the training activity performed and the progressive monitoring carried out within the framework of ordinary legal activities, the application of preventive provisions and measures continued constantly and positively. During this emergency phase, M&A activity was also carried out in accordance with the legislation and safeguards, for example through the formation of clean teams and the establishment of clean team protocols before launching any due diligence activity. During this emergency phase, the Company and its personnel acted in full accordance with the rules, proving full, concrete maturity in understanding and applying them.

No legal action relating to unfair competition, antitrust and monopolistic practices were reported in 2020.

► **Privacy Policy.** Approved by Brembo's Board of Directors on 8 May 2018, this policy outlines the core principles for the protection of Personal Data. More specifically, the Policy provides detailed instructions directed at all the Group's employees and contractors in relation to the handling of personal data, in compliance with the European General Data Protection Regulation 679/2016/EU. This document also identifies the parties and functions involved in the processing of Personal Data, their specific roles and responsibilities. Furthermore, the Group has established the dedicated email address privacy.italy@brembo.it, which stakeholders can use to bring any policy breach or any request for additional information relating to Personal Data protection to the attention of the Group's Data Protection Officer (DPO). This email address is also one of the main channels for data subjects to exercise their rights. The dedicated email is present in each European country where Brembo has a subsidiary; in any case, only the DPO and authorised personnel has access to it. In 2020 as well, the DPO's Annual Report was submitted to BoD and, on that occasion, it was highlighted that the GDPR compliance of the processing carried out by the Company is adequately monitored.

During the COVID health emergency, the regulatory framework was constantly monitored by the main functions involved (specifically, the GCF Legal and Corporate Affairs - Compliance function-, the GCF HRO, the DPO, the Privacy Oversight Board) on an ongoing basis, and all data processing provisions and measures (including the specific documentation implemented) were implemented in full compliance with the rules. The training and awareness-raising activities progressively carried out on these issues involving the various privacy contact persons and all employees contributed to this result.

In 2020, there were no reported instances of data protection breach or customer data leaks at Brembo.

► **Code of Basic Working Conditions.** Introduced in 2011, this Code highlights Brembo's commitment to the recognition that its most important asset is the workforce in all its worldwide sites. It sets out the underlying principles assuring a respect for workers' human rights.



When defining this Code, the Group was inspired by the main international sources and standards, including the United Nations Universal Declaration of Human Rights, the Tripartite Declaration of Principles concerning Multinational Enterprises, the ILO's Social Policy and the Guidelines for OECD Multinational Enterprises. The publication of this document, which expresses Brembo's attention and commitment to employee protection and local development, has enabled the Company to involve its own supply chain in this process and disseminate its own way of doing business ethically in accordance with the values set out in Brembo's Code of Ethics. In 2019, the Code was updated to include the issues associated with *human trafficking and modern slavery*.

- ▶ **Policy on non discrimination and diversity.** Through this policy, Brembo recognises and promotes the positive value of diversity and demonstrates its commitment to combating any form of discrimination, based on gender, race, colour, religion, creed, age, ethnic origin, national origin, civil status, pregnancy, disability, sexual orientation or any other characteristic or personal condition, within the context of all working relations. In particular, Brembo undertakes to ensure that all people have an equal opportunity to access work, services and programmes irrespective of personal characteristics not related to performance, competence, knowledge or qualifications.
- ▶ **Modern Slavery Statement.** In accordance with the contents of the British Modern Slavery Act 2015, Brembo S.p.A. publishes its Modern Slavery Act annually (lastly amended in May 2020). Said statement was adopted for Brembo S.p.A. and for some of the Group Companies concerned by the requirements specified in the legislation (Brembo Poland Sp.z o.o. and Brembo Czech s.r.o.). It should be noted that the Company AP Racing, wholly controlled by Brembo S.p.A., prepares and approves its own Statement and publishes it on its own website. The Statement describes the organisation, sensitive areas and actions and measures adopted by the Company to ensure the absence of any form of "Modern slavery, forced labour and human trafficking" both in respect of its own employees and those of the supply chain.
- ▶ **Supply Chain Policy.** Issued and published at the end of 2017 on the Company's website, the new version of the Supply Chain Policy expresses Brembo's commitment to selecting potential suppliers that are able to supply products and

services in line with the Group's approach to quality and customer satisfaction. The criteria and methods of selecting and interacting with the suppliers are designed to ensure that components purchased are of adequate levels of quality and reliability, and also that the related environmental aspects are managed correctly.

- ▶ **Supplier Code of Conduct.** Published in 2017, it summarises the principles contained in Brembo's sustainability policy, with which the Group's suppliers are required to comply. The signing of the Code is an essential prerequisite to register onto the "Brembo Supplier Portal". This entails for suppliers a commitment towards adopting the same sustainability behaviours defined by the Group, and to transpose them into their own supply chain. Additionally, the Code contains the guidelines for the control and monitoring of the implementation of sustainability principles by suppliers. In 2018, the Supplier Code of Conduct was published in the suppliers' section of the Group's website: <https://www.brembo.com/en/company/suppliers/supplier-policy>. Moreover, the Supplier Code of Conduct has replaced the Code of Basic Working Conditions in the list of annexes to the General Terms & Conditions of Purchasing that Brembo requires all suppliers to observe and that are included in every purchase order it issues. In fact, Brembo includes in contracts with its business partners specific references to the Code of Ethics, the Anti-bribery Code, the 231 Model and the Supplier Code of Conduct, mentioning the ethical and anti-bribery principles adopted by the Group and including withdrawal clauses should the other party be accused of predicate offences contemplated by Legislative Decree No. 231/2001.
- ▶ **Environmental Policy.** It constitutes a statement by Brembo of its full endorsement of sustainable development principles, substantiated by its commitment towards minimising the use of non-renewable resources, and keeping the use of renewable ones within the limits of their regeneration capability. In its capacity as a global and responsible corporation and by means of its Environmental Policy, Brembo wants to direct its activities through tangible steps towards a development model which strikes the right balance between economic and financial objectives and social and environmental responsibility, across the entire value chain.
- ▶ **Quality Manual.** This constitutes an important tool to guide and direct corporate processes towards quality improvements. It





describes the general organisational criteria and the corporate policies towards quality by laying down the core operational principles of every process involved.

- ▶ **Quality Policy.** It expresses Brembo's commitment towards Customer Satisfaction and continual improvement, constitutes an integral part of the Quality Manual. It lays down the main quality goals which, besides customer satisfaction and continual improvement, include constant product, service and internal process innovation, furthering the development and the engagement of suppliers into innovation and continual improvement processes, as well as the satisfaction of all employees by promoting the development of skills and encouraging professional growth.
- ▶ **Occupational Health and Safety Management System Manual.** Issued as of 2020 by the Parent, this sets out Brembo's commitment to a continual improvement in performance in the health and work safety area within the Group. It contains the principles, which are made public on the Company's

website, through the Safety & Safety Policy and the main goals related to these aspects, such as improving workplace health and safety, through integrated planning of the phases of each individual process, with the goal of minimising all risks for workers.

- ▶ **Global Tax Strategy and Brembo S.p.A.'s Tax Strategy.** Brembo Group adopted a Tax Strategy to bring Group companies in line with best practices with regard to tax management, both at global and local level. Both documents became effective as of 2020, after approval by Brembo S.p.A.'s Board of Directors, and are available to the public on the Group's website: <http://www.brembo.com/en/company/corporate-governance/codes-policies>

The Global Tax Strategy and Brembo S.p.A.'s Tax Strategy have been approved by the Board of Directors of Brembo S.p.A., which is therefore responsible for defining the guidelines included in the Tax Control Framework and are reviewed periodically by the Group Tax Office.



Principles of Health and Safety at Work

- ▶ Health, individual and collective safety are essential prerequisites: they steer the company's decision-making processes and individual behaviour.
- ▶ Brembo pursues sustainable development through integrated planning of the development phases and/or modification of each process in order to minimise any significant health and safety risk.
- ▶ Prevention of risks to workers is implemented through appropriate management of the processes and substances combined with correct operation, maintenance and control of machinery and equipment.
- ▶ The identification, dissemination across the Group and implementation of best practices and/or opportunities for improvement are the cornerstone of prevention.
- ▶ Training and information are the basic ways in which to inform workers about the principles, guidelines of the Management System for Workplace Health and Safety, and ways in which it is implemented.
- ▶ Brembo's propensity to reduce the residual risks of its business is also demonstrated by its directly communications with people and interested parties.
- ▶ Suppliers and contractors need to be involved with the Management System in order to reduce the risks of operations carried out at industrial plants.
- ▶ When evaluating its suppliers, Brembo carefully considers those who have a certified Management System.
- ▶ Brembo believes that the consultation and participation of its workers, or their representatives, are among the fundamental requirements for pursuing the ongoing improvement of health and safety aspects.
- ▶ Each worker must take care of their own health and safety and of that of the other persons in the workplace, also in accordance with the training received.
- ▶ Brembo encourages a widespread culture of safety involving all stakeholders.



Brembo's actions to combat corruption

As described in the preceding paragraph, Brembo has adopted various rules of conduct and general principles of behaviour that are contained in the Group's documents, in order to prevent the occurrence of bribery offences and monitor the risk of such offences being committed. The anti-corruption actions pursued by Brembo vary according to the type of counterparty and take various elements into consideration when assessing whether or not to include "231 Clauses" (as described below). These elements include the relationship developed over the years or the counterparty's commitment to compliance matters: the more consolidated the relationship and the more the counterparty shares and implements CSR and Compliance principles similar to those of Brembo, the more the latter is willing to accept "231 Clauses", thus allowing the Ethical and Informative purpose of such clause to be considered implied and achieved. With reference with joint ventures, Brembo shall ensure that the latter promote the principles and contents of the Model and Brembo's Corporate e Compliance Tools within the respective spheres of competence.

In regards to dealings with Business partners, Brembo has decided to give concrete application to the principles set forth in the Code of Ethics and 231 Model by adopting different measures according to the type of partner: These include:

- the undertaking of an ethics-specific due diligence on suppliers, to the sole exclusion of intellectual service providers through the Supplier Pre-assessment Questionnaire;
- the inclusion in the General Supply Terms and contractual specifications applicable worldwide¹⁷, of compliance clauses
 - the inclusion of clauses requiring compliance with Brembo's Code of Basic Working Conditions in agreements with suppliers;
 - the inclusion of "231 Clauses" in its contracts, including purchase orders, to emphasise the importance that Brembo attaches to the conduct of parties with whom it deals (ethical purpose); informing its counterparties of the Group's ethical values and principles of conduct, as set forth in its Code of Ethics and as provided for in Model 231,

which underpins Brembo's conduct (information purpose); protecting its reputation; the mentioned clauses entitle Brembo to suspend for precautionary reasons or terminate the contract/relationship if the counterparty is charged (even only in "interim" proceedings) with one of the "predicate offences" envisaged by Legislative Decree 231/2001 (precautionary purpose)¹⁸.

- the inclusion in intellectual service agreements of the ability to withdraw on a discretionary basis, i.e., the ability to withdraw for compliance-related or other reasons. In addition, whenever the Client proposes contractual clauses that refer to ethical values, Brembo requires that both parties assume an obligation to comply with its Code of Ethics.

The other principles pursued by the Group include:

- prohibition (i) to engage in conduct aimed at exerting pressure or undue influence in the management of relations with the Public Administration and (ii) to submit untruthful statements to national, EU or foreign public bodies;
- prohibition of any conduct that is intended to induce, or actually induces, any person to render false testimony before any judicial authority whatsoever;
- on the occasion of M&A transactions all related due diligence activities are completed in accordance with best practices, include without limitation, counterparty reliability assessments, especially with a view to verifying the appropriateness of the investment;
- "Gadget Catalogue" section which is constantly updated by the Communications Department, and includes an indication of the cost of each give-away. The Give-away Catalogue was set up to allow each employee to book corporate give-aways, specifying the intended beneficiaries;
- all payments made to third parties must be compliant with applicable prevailing corporate procedures and may in no event be made in cash. The Company does not make or accept payments in cash from customers;
- pursuant to the provisions of Legislative Decree 231/2007,

¹⁷ Brembo also requires its suppliers to comply with applicable regulations and the relevant provisions of Brembo's Model and the internal rules, but also submission to audits aimed at verifying that the supplier also properly fulfils its compliance obligations).

¹⁸ It is understood that, regardless of the inclusion of the "231 Clause," protection is nonetheless always considered achieved when Brembo is granted a discretionary withdrawal option in a contract.





as amended by Decree-Law No. 78 of 31 May 2010, the Company requires the use of non-transferable bank drafts for payments to third-party suppliers (who are very few in number), as well as for withdrawals effected to cover business operations (cash disbursements to employees seconded on missions, as well as for postal services, etc.);

- any and all forms of payments or donations to political parties or organisations or leaders of the same, must be made with a view to ensuring the utmost traceability and transparency of the payment, as well as in strict compliance with applicable regulations;
- the power to authorise specific donations or contributions to charitable organisations, business dealings with consultants and brokers, sponsorships is invested in a small number of persons, in accordance with Brembo’s system of delegated powers, tasks and authorisations.

Brembo is served by the following **bodies** to ensure that the founding principles, expressed in the Code of Ethics and other codes of conduct, are observed and that the control system set out in the 231 Model is implemented effectively:

- ▶ **Supervisory Committee.** The current Supervisory Committee is made up of 3 members, and was appointed in the General Shareholders’ Meeting on 23 April 2020 called upon to appoint the new Corporate Bodies. It will continue to serve until the end of the term of office of the BoD, thus until the approval of the 2022 Financial Statements. In accordance with Brembo’s 231 Model concerning the requirements for members of the Supervisory Body (autonomy, independence, integrity and professionalism), best practices and case law on this subject, the Supervisory Committee’s members were identified amongst persons complying with the above-mentioned requirements, as well as with specific inspective and advisory skills. Its Chairperson is external to the company’s organisation. The task of the Supervisory Committee is to monitor, receive and report to the Board any irregularity or breach of the Organisation, Management and Control Model, adopted pursuant to Legislative Decree No. 231/01 by Brembo S.p.A., as well as breaches of the Code of Ethics and Anti-bribery Code of Conduct, which apply across the Group. Bodies (collegial or single-member) with a similar function have been set up in both the Italian company La.Cam S.r.l. and in the Spanish company Corporación Upwards ‘98 S.A. (by virtue of the Spanish legislation on corporate liability). All members meet the requirements of autonomy, independence, integrity and professionalism

aimed at ensuring continuity of action and an effective and efficient implementation of the Model.

Members of the Supervisory Committee of BREMBO S.p.A.	Position
GIOVANNI CANAVOTTO	Chairman
ELISABETTA MAGISTRETTI	Independent Director
ALESSANDRA RAMORINO	Brembo’s Chief Internal Audit Officer

- ▶ **Internal Audit.** It ensures the performance of independent, objective assurance and financial advice activities aimed at improving the organisation’s efficacy and efficiency. Internal Audit is tasked with assisting the Group in achieving its objectives through a systematic professional approach oriented towards providing value-added services in all areas within its purview, to achieve ongoing improvement. It is also charged with verifying and assessing the operability and suitability of the Group’s Internal Control and Risk Management System, in a manner consistent with the implementing Guidelines and Policies approved by Brembo’s Board of Directors.
- ▶ **Legal & Corporate GCF** It draws up and executes programmes for preventing and mitigating the Group’s administrative and criminal liability, also with reference to anti-bribery and antitrust issues.
- ▶ **Human Resources & Organisation GCF** It receives and ensures that reports about the Code of Basic Working Conditions and the Policy on Non Discrimination and Diversity are analysed and handled correctly.

In addition, the Group has implemented the following **tools to assure that the compliance culture is disseminated** and the rules of conduct developed are implemented effectively:

- ▶ **Whistleblowing Procedure.** Designed to establish and properly manage direct communication channels for the timely reporting of any breaches or irregularities concerning the Organisation, Management and Control Model, the Code of Ethics or other provisions of Brembo’s Codes of Conduct. In line with Whistleblowing Law 179 dated 30 November 2017, the Group’s whistleblowing procedure is structured in such a way as to guarantee the confidentiality of the whistleblower and of the information received, as well as the validity of such information. More specifically, the Supervisory Body ensures suitable levels of protection against anyone



whistleblowing in bad faith, banning this type of behaviour, and informing the individuals or organisations involved in instances of proven bad faith. Furthermore, the procedure states that anonymous whistleblowing complaints will be taken into consideration only when properly substantiated and supported by facts. Under the Whistleblowing Procedure, any breaches, behaviours or practices not complying with the requirements of the Anti-bribery Code of Conduct must be reported directly to the Supervisory Committee, using one of the channels made available by the Procedure itself. All stakeholders have the option to report any cases of breach and irregularity, through the dedicated email organismo_vigilanza@brembo.it without fear of potential reprisals that such a report or any further related investigations could generate.

In 2020, there were no corruption-related complaints reported within the Group.

- ▶ **Training schemes.** Special training schemes for the Group staff are also provided to ensure compliance with and adherence to the principles of the Code of Ethics, the Anti-bribery Code of Conduct, the Antitrust Compliance programme and the 231 Model. The training initiatives, which include classroom lessons and e-learning tools, are tailored to the role covered and the level of risk to which individuals are exposed. In particular, the use of specific Corporate Governance and compliance tools (**Brembo Corporate and Compliance Tools**), available and downloadable from the company website, is important. In addition, a copy of the Code of Ethics is distributed to all those who work for Brembo and to all new recruits. In 2018, the Company posted a presentation onto the corporate Intranet detailing Brembo's Governance and Compliance System. This is meant to be used during training activities across all Group companies. Since the second half of 2019 Brembo's Training Catalogue has included courses on the Anti-bribery Code and Antitrust Code, which continued in 2020 as well.



3,490

Brembo People

received training in 2020 regarding Ethics, Antitrust, Anti-bribery compliance with the 231 Model, and privacy.

The training campaign on the corruption theme was launched in January 2012 (through an on-line course on Model 231/01, which includes a special part dedicated to this subject) and included classroom sessions (following adoption of the first edition of the Anti-bribery Code – November 2013).

The training campaign, which includes topics on ethics, antitrust, anti-bribery, compliance with Model 231/01 and GDPR, continued steadily in 2020 in remote mode, involving 31.62% of group employees, more than twice the number of the previous year (in particular, training at Group companies in China, India, the USA and Mexico increased). In particular, the total number of resources who have received anti-corruption training is 1,907, i.e. 17.28% of the entire workforce (including 35.7% managers, 28.05% employees and 12.24% blue-collar workers).

As far as Board members are concerned, the basic compliance training (including the Anti-bribery Code) is carried out routinely at the start of the term of office and specific matters are examined in subsequent years of the three-year term. In 2020, these focused on topics such as strategy, product diversification, cyber risk and the update of tax offences within the 231 Model.

The e-learning course on regulatory principles under the new General Data Protection Regulation (GDPR) and on the implementation of these principles in Brembo continues to be active; the course is addressed to all Authorised Personnel of Brembo S.p.A. and La.Cam. S.r.l. The course has been extended to all the Group's European companies, who are implementing it with the necessary local adjustments.

Antitrust training is an integral part of the company training scheme that is planned on an annual basis (Brembo Academy) and is constantly updated based on any requirements and needs that might arise. To this end, specific training sessions are organised periodically, usually in class and sometimes with external experts.



In 2020, the Brembo Academy proposed a selection of courses pertaining to Model 231 issues dedicated to specific roles involved in 231 processes.



3.3 Fiscal responsibility

An organisation's tax approach defines how it balances tax compliance with business activities and with ethical, social and sustainable development expectations.

In accordance with the principle of corporate responsibility, Brembo acts in accordance with the values of honesty and integrity in the management of its tax activities, being aware that tax revenues are one of the main sources of the Group's contribution to the economic and social development of local communities. Therefore, Brembo's conduct is oriented towards compliance with the tax rules applicable in the countries in which it conducts business, managing tax risk responsibly while protecting its image and reputation. In this regard, Brembo considers taxes as a cost of doing business, which must be managed as such, with the aim of safeguarding the company's assets and pursuing the primary interest of creating value for stakeholders over the medium to long term.

To ensure tax compliance, Brembo has adopted a Tax Strategy at both global Group and local level through the Global Tax Strategy and the Tax Strategy of Brembo S.p.A. The goal is to pursue:

- ▶ long-term growth of company assets and protection of the Brembo Group's reputation;
- ▶ proper, timely calculation and payment of taxes due by law and fulfilment of the related obligations;
- ▶ containment of tax risk, understood as the risk of violating tax laws or the abuse of the principles and purposes of the tax system.

The Tax Strategy, whose principles and guidelines draw inspiration from the Group's Code of Ethics, was approved in 2020 by Brembo S.p.A.'s Board of Directors and is available on the Company's website¹⁹.

Furthermore, the Group has a Group Tax Compliance Model, which identifies the roles and responsibilities of those involved in tax management, defining the information flows between these parties and the related processes to achieve an effective and, where possible, preventive control of tax risk; a policy is also

in place to manage the risk of interpretation of tax provisions.

In order to translate this Strategy into daily business activities, Brembo has set up a Group Tax Department, which is responsible for implementing the guidelines on this matter established by the Top Management; ensuring compliance with local and international tax obligations; monitoring the most recent updates and developments in tax matters; promoting a culture of compliance with tax regulations by providing training to all personnel, including those not involved in the Tax Function; assessing and monitoring the risk arising from the interpretation of new laws and/or tax provisions that create uncertainty; and updating the Tax Strategy.

The Group maintains a cooperative and transparent relationship with the tax authority, making sure that the latter can gain full understanding of the events underlying the application of tax rules. With a view to consolidating transparency in relations with the authorities, Brembo ensures the correct application of local national tax laws and regulations and of the OECD Transfer Pricing Guidelines. Brembo does not carry out transactions without valid economic reasons merely to obtain tax advantages, nor does it exploit privileged tax jurisdictions for tax avoidance purposes.

Moreover, Brembo actively participates in the technical debate on new tax policies, through dedicated working tables and trade associations, such as Confindustria and Assonime.

With regard to the management of reports of unethical or illegal conduct in tax matters, the appropriate information channels are the same as those provided by Brembo S.p.A. Supervisory Board to ensure the reporting of irregularities or breaches of the Code of Ethics, the Anti-Corruption Code of Conduct and the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001. These communication channels are also available from the following website: <https://www.brembo.com/en/company/corporate-governance/whistleblowing-to-supervisory-committee>.

¹⁹ Brembo S.p.A.'s Tax Strategy is available on the following website: <https://www.brembo.com/en/company/corporate-governance/codes-policies>





Tax Control Framework

The Tax Strategy is a fundamental element of the Tax Control Framework adopted by Brembo, which not only defines procedures for the sound and prudent management of taxation, but is also one of the instruments used to prevent offences that could give rise to corporate criminal liability, as enshrined in Italian law by Legislative Decree No. 231 of 8 June 2001, and the associated reputational risks. In this respect, the Tax Control Framework ensures the controls prescribed by the Organisation, Management and Control Model and, through a set of rules, procedures and organisational structures, it allows for the identification, measurement and management of tax risk, defined as the risk of infringing tax regulations or acting in a way that is in conflict with the principles and purposes of the law.

The Tax Control Framework, first implemented in 2020, is now fully in line with the OECD guidance, as implemented by the Revenue Agency.

The framework rests on four pillars:

- ▶ **Fiscal Strategy**
- ▶ **Risk assessment:** through appropriate checks to detect tax risks and mitigate their effects
- ▶ **Governance:** identification of the roles and responsibilities of those involved in tax management, definition of information flows between these parties and related processes
- ▶ **Monitoring:** periodic activities to assess the effectiveness of the Tax Control Framework.

In addition, the Tax Control Framework includes a General Report to inform the Top Management team, on an annual basis, on the performance of tax risk management.

3.4 Internal Control and Risk Management System

A company's ability to manage corporate risks effectively serves to maintain its value in the interest of long-term sustainability. It is for this reason that Brembo has defined a precise Internal Control and Risk Management System (ICRMS), which forms an integral part of the Group's Corporate Governance system. This system has been defined in accordance with best national and international practices and includes specific rules, procedures and organisational responsibilities for identifying and managing corporate risks correctly.

The Internal Control and Risk Management System reflects Brembo's Code of Ethics as it was set up to share ethical business principles and values, and seeks to establish over time a fully-fledged culture of corporate controls aimed at ensuring legality, correctness and transparency in all company operations, involving the whole organisation in developing and applying methods to identify, measure, manage and monitor risks. More specifically, the organisational structure designed to manage business risks is as follows:

Organisational Structure

- The **Audit, Risk & Sustainability Committee** has the task of supporting the Board of Directors' decisions and assessments regarding the Internal Control and Risk Management System and the sustainability aspects related to Brembo's activity and the dynamics of its interactions with all stakeholders;
- the **Executive Director in charge of the Internal Control and Risk Management System** is tasked with identifying the main corporate risks by executing risk management Guidelines and verifying their adequacy;
- the **Head of Risk Management**, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified,





adequately measured, managed, monitored, and integrated within a corporate governance system consistent with the strategic objectives;

- **Internal Audit** has the task of ensuring, on the one hand, that Brembo carries out the risk assessment and management procedures adopting a risk-based approach; on the other,

it serves to identify, manage and control possible negative events, in order to provide reasonable certainty about the achievement of the Group's objectives.

With reference to risk management, Brembo has defined the following Guidelines and procedures:

Risk management procedure

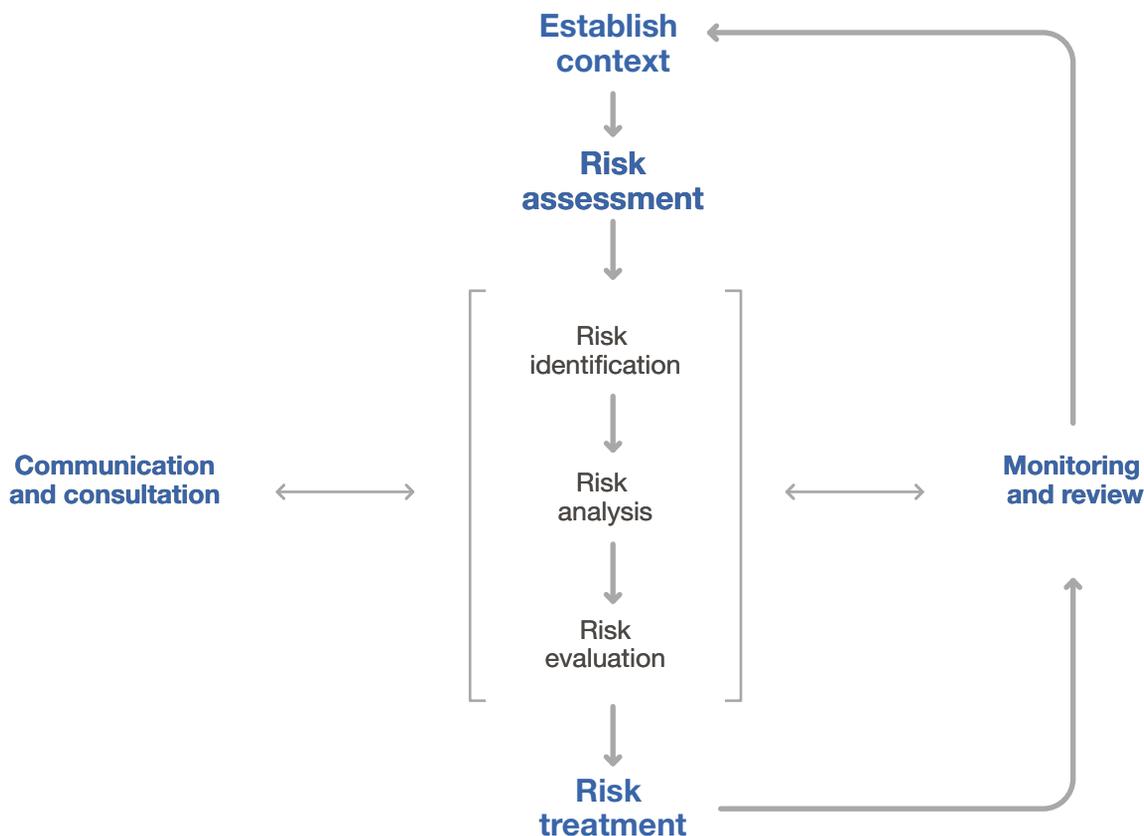
A **Risk Management Policy** based on **ISO standard 31000**, approved by the Board of Directors, which establishes the Group's general direction and policies relating to risks, risk management and harmonisation of processes. The risk management policy pursues a variety of aims, including:

increasing the likelihood that company objectives will be met, improving the identification of threats and opportunities, setting up a reliable base for the decision-making process and strategic planning, improving loss prevention and incident management, as well as improving organisational resilience.

Risk Management Procedure

A **Risk Management Procedure**, designed to provide Guidelines in terms of methodology and operating guidance

to support the risk management process, organised into the following series of consecutive phases:



- **Risk identification:** designed to identify the sources of risk, events and their causes, identifying the respective areas of impact and potential consequences, to create a complete risk catalogue including those in the areas covered by Italian Legislative Decree No. 254/2016: relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, relevant for and pertaining to the Company's activities and characteristics.
- **Risk analysis:** designed to assess the risks by determining the likelihood of occurrence and the impact, using exercises

and simulations identifying possible scenarios, causes and potential consequences, considering any cascading (domino effect) and/or cumulative effects.

- **Evaluation:** designed to support the decision-making processes by identifying risks that need to be treated and the related priorities for action or implementation.
- **Treatment:** designed to select one or more options for changing risk exposure, both in terms of impact and probability of occurrence, and to implement such options through specific action plans.

Risk Model

A risk management process founded on a **Risk Model** consisting of the following **risk families**:

- **external risks:** connected to the occurrence of external events that are difficult (or partly) difficult to predict or can be influenced by Brembo; based on its international footprint, the Group is exposed to the country risk, which is however mitigated by the adoption of a policy of business diversification by product and geographical area so that the risk can be balanced at Group level. In addition, Brembo constantly monitors the development of political, financial and security risks associated with countries in which the general political and economic climate and tax system could prove unstable in the future, also as a result of the effects of the Covid-19 emergency, so as to take any measures suited to mitigating the potential risks;
- **strategic risks:** connected to events that could influence strategic policies or the organisational and business model adopted by Brembo. This family includes risks related to the business model adopted, target markets, innovation,

sustainability and management of relations with stakeholders in general;

- **operating risks:** connected to inefficient and ineffective processes, with negative consequences for Brembo's value creation. This family includes risks concerning personnel, production, product quality, environment, health and safety, supply chain, information technologies, business interruption (linked to production sites being unavailable and their operating continuity), planning and reporting processes, as well as legal and compliance aspects;
- **financial risks:** connected to ineffective and inefficient management of events arising in key financial markets: market risk, commodity risk, liquidity risk and credit risk.

Risk management is an integral part of decision-making and business management processes, including strategic and operational planning, the management of new business initiatives and the associated change, as well as the preparation of specific reports for stakeholders.

Legislative Decree No. 254/2016

During 2020, Brembo continued along its development path designed to reinforce its Sustainability Model and comply with the non-financial statutory disclosure requirements, introduced with Legislative Decree No. 254/2016. Brembo has updated the risk assessment in the Sustainability area, using the assessment criteria aligned with the Group's risk management methodology. Set out below are the main risks identified by Brembo, taking also into consideration any implications inherent in the dissemination

of the pandemic, as well as the mitigation measures put in place to date and the future objectives for managing them.

Environmental risks. Brembo pays particular attention to compliance with the environmental requirements specified in legislation of countries where it operates, with a particular focus on atmospheric emissions, waste management and water discharges. It participates in local committees, through





membership of trade associations and uses specialist consultancy services, so as to identify new regulatory trends and comply promptly with the new regulations. Brembo also carries out regular audits to check that its production sites are in compliance with environmental requirements. The Group adopted an Environmental Risk Management System, an integral part of the Environmental Management System certified to ISO14001:2015. In 2020, Brembo adopted ORME, a new software developed for the purpose of strengthening this management system. The software will become operational in the course of next year, and training on use of the software has already been provided at each production site.

It is deemed appropriate to include in the range of environmental risks suffered the Group's acquisition of land for production purposes, or existing businesses, with contaminated subsoil caused by events prior to purchase. To monitor such risk, Brembo carries out environmental due diligence work to identify any critical issues within the acquisition process.

Recent years have seen an increase in the importance and likelihood of occurrence of risks related to climate change and the consequent worsening of extreme atmospheric events which may affect the Group's production sites and cause not only material damage and implications for production continuity, but also the potential dispersion of hazardous substances into the environment. To safeguard against such critical issues, the Group monitors emerging studies on the matter, above all in terms of assessment of such risks. In fact, based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations, Brembo has begun an assessment of risks arising from climate change, thus demonstrating a profound interest in wanting to manage its own exposure to the climate-related risk. The revolutionary reach of this methodology, whose results are expected by the first quarter of 2021, will allow Brembo to provide its stakeholders, including investors, with increasingly effective and comparable information about the link between climate and the Group's financial impact.

Risks relating to supply chain management and protection of human rights. These risks concern any failure on the part of suppliers to comply with Brembo's Code of Conduct regarding the sustainability issues, such as respect for human rights – including issues relating to human trafficking and modern slavery –, environmental protection, safeguarding workplace health and safety and the fight against corruption.

In this regard Brembo requires its Direct Material suppliers to complete a self-assessment questionnaire about its commitment to the aforementioned topics. The completed questionnaires are then analysed by the Company Departments involved with the aim of ensuring a consistent assessment of suppliers and the related sustainability risk profile, also through a dedicated IT tool. In addition, Brembo involves a number of Direct Material suppliers, selected based on the critical issues of the country and production process, in on-site sustainability audits. Finally, the Group requires its suppliers to develop and maintain an environmental management system compliant with ISO standards: 14001 and to base their own conduct on the main international declarations and guidelines on humankind and human rights. In 2020, the percentage of Direct Material suppliers that completed the self-assessment questionnaire exceeded 60%.

Regarding the participation rate for completing the questionnaires, the Group aims to achieve 70% coverage by 2021 and, at the same time, start a pilot project to extend questionnaire completion to Indirect Material suppliers so as to obtain a more complete view of the risk management needs.

In addition, one should note the peculiar regulatory context in China, where the introduction of more stringent environmental requirements, in line with the implementation of the China Blue Sky anti-pollution Plan, could generate a risk for Brembo regarding interrupted supplies from some companies located in those areas. In this regard, the Group continued to implement specific supplier monitoring activities with regard to compliance with the ISO:14001 standard and updating to the most recent local legislation, as well as diversification, measures to mitigate this risk, identifying and selecting alternative suppliers.

With the area of human rights, Brembo also assesses the potential risk involving non-conformity with the General Data Privacy Regulation (GDPR), which came into force on 25 May 2018, with implications both in terms of possible administrative sanctions and the loss of personal data relating to the Group's main stakeholders. To safeguard against this risk, Brembo has adopted and disseminated special policies containing data protection principles, acquired a Processing Record and defined an organisational structure with suitable privacy-related roles and responsibilities, also providing for continual training activities both of specific nature and devoted to all employees. Moreover, the Group has updated the clauses contained in the contracts, forms and documents about privacy. During the year,



Brembo monitored the legislative developments relating to the Covid-19 emergency, appropriately managing situations that affected personal data processing as a result.

Risks relating to human resources. Brembo identifies and monitors both risks relating to health and safety and risks relating to human resource management.

- ▶ Brembo's commitment to safeguarding and promoting workplace **health and safety** translates into a thorough risk management process, as described in the relevant section, through a continual analysis of the critical issues and adoption of a preventive approach. The Group is putting into place numerous mitigation measures. These include research into new load handling systems; testing of automatic systems within the sites; the dissemination of the LOTO (Lock Out Tag Out) procedure. The ongoing training and promotion of a culture of safety, health and ergonomics in all work environments is also key in the health and safety area.
- ▶ With regard to **human resources management**, there may be a risk related to difficulties in the recruitment process, especially in years characterised by greater employment stability, in some areas in which the Group carries on its activities. Brembo constantly monitors the job market in the geographical areas of interest and periodically reviews the salary entry levels for the most critical roles. To help with the personnel search and selection process, the Group also employs specialist companies, as well as structured and strategic partnerships with the academic world, local research bodies and educational institutions, within a broader context of talent attraction and retention policies. Finally, targeted communication campaigns with a particular focus on certain reference markets have been implemented for the Brembo brand to maintain a high level of attractiveness as an employer.

To tackle the risk related to the growing automation of the industrial processes introduced by technological innovation, Brembo carries out a periodic mapping of the skills of the professional manufacturing family, so as to identify the areas that, regarding the Industry 4.0 implementation plan, will be involved in targeted training pathways or will see development through the introduction of skills from outside. The Group is carrying out the training campaign dedicated to all manual and clerical workers in the Italian production sites, which aims to promote new skills and accustom the company's workforce with the new issues considered necessary for the digitalisation

process. In order to expand the depth and reach of the training activities organised in the context of the Professional Academies, there is provision for the training offer in the technical-specialist area to be consolidated and renewed constantly.

Risks connected to corruption and regulatory compliance. This area includes risks related to the **entity's corporate liability** in the event of breaches of anti-corruption regulations with particular reference to the countries considered to be most critical. To mitigate this risk, Brembo has adopted instruments such as: the Organisation, Management and Control Model (pursuant to Legislative Decree No. 231/2001), which ensures transparent, ethical behaviour by employees and promotes a preventive Group policy; the Anti-Bribery Code of Conduct, adopted for the first time in November 2013 (approved and circulated to employees) and updated, in its second edition, in July 2017, as well as integrated with a special Addendum for China; the Supervisory Board; and, finally, an entities' administrative and criminal liability compliance programme in accordance with applicable local legislation of countries where it operates through subsidiaries. Brembo promotes the implementation of the general principles of conduct at all subsidiaries through the Brembo Corporate and Compliance Tools. The system of delegation of power and authority, which is based on the separation of powers and ensures the full traceability and transparency of behaviour, in particular in cash transactions, is also an integral part of this system. The risk of corruption is also constantly monitored through regular audits. In addition, in order to spread and promote a culture of compliance and ensure the optimal dissemination and adoption of ethical values, specific training plans are conducted for all employees (in Italy and internationally) on general principles of conduct. 2020 reconfirmed Brembo's commitment to monitoring, updating and refining the compliance system in order to ensure maximum adherence to the regulatory changes in the Countries in which it operates.

Social risks. The very nature of the sector in which Brembo operates makes the **quality and safety of products** one of the major risks pertaining to the social sphere, with particular regard to new and innovative products that require specific know-how both during the supplier selection and assessment phase and during the production process. To best tackle such risks the Group has acquired a Quality Management System, featuring Guidelines common to all plants, in order to manage all phases of the production process (design, development and production)





based on homogenous quality standards and indicators. Again in order to ensure maximum safety, Brembo carefully controls the supplier selection and monitoring process through supplier site visits to check their ability to meet the quality and process requirements.

In addition, Brembo has defined a structured process to monitor internal and supplier performance with the aid of specific KPIs, through which the Group is able to measure any deviations from the objectives defined and/or areas for improvement. Finally, as far as managing the quality and safety of new and innovative products is concerned, over the years

the Group reinforced its structure responsible for managing work connected with developing new solutions in the area of mechatronics. Particular attention was paid to improving the quality of mechatronic products purchased from suppliers and monitoring the production processes. In particular, Brembo has developed a common Quality Management Model for mechatronic products at Group level, conforming to ASPICE certification and consistent with ISO – 26262. Finally, mention should be made of the continuous benchmarking analysis carried out to allow the internal teams to identify and adopt the best market practices for consolidating and reinforcing the internal processes.

Emerging risks

Effective risk and crisis management is crucial to ensuring long-term business soundness and continuity. As a result of the financial crisis first, and the pandemic emergency now, risk management has become especially important, making it clear that companies must implement internal control processes capable of ensuring organisational flexibility and of responding to change.

In this regard, in 2020 Brembo updated its risk assessment in the area of sustainability by introducing two new risks:

- ▶ **Risk related to failure to achieve the carbon neutrality objective within the deadlines set by Customers**, who are increasingly aware of environmental issues and are defining increasingly stringent deadlines to be met as an essential condition for the future awarding of new contracts starting from 2040. It is precisely in response to this challenge that Brembo has set up a task force dedicated to defining and implementing the action plan aimed at achieving the carbon-neutrality targets on time.
- ▶ **Risk related to an extraordinary and unforeseen shortage of personnel due to the current Covid-19** emergency with potential repercussions in terms of production continuity. Quarantine situations, including preventive quarantine, and/or generalised confinement in certain geographical areas can result in a slowdown in activities. Brembo has been able to cope with the emergency by adopting agile working practices for all those tasks that allowed for this mode of work while monitoring developments in regulations in order to adapt its internal protocols accordingly.

Data and information security management is another area that is gaining increasing attention today, especially in view of the new technologies being increasingly adopted following the pandemic and the explosion of cyber attacks during the lockdown. The current drive towards digitisation has led, especially in the last decade, to an exponential increase in breaches of information security and IT infrastructure, resulting in high operational and financial costs as well as significant damage to an organisation's reputation. For this reason, being able to manage risks, such as those arising from technical failure, human error or malicious attacks, without neglecting the confidentiality and privacy of information that must be preserved, becomes crucial for a company in a business continuity perspective.

To safeguard the Company against the risk of cyber attacks and ensuing operational downtime, Brembo has an ICT Department that deals with the application of security infrastructures at a global level, reporting to the Chief Information Officer (CIO). At local level, security activities are delegated to IT Managers subject to control and verification by the Central Office according to Group procedures. The CIO participates in Board of Directors' and Risk Control Committee's meetings. In addition to the ICT Committee, the IT Information Security Committee was set up, consisting of the CEO and the Legal, Human Resources, Quality and ICT Functions, which meets twice a year to monitor and audit the information security process.

In 2020, Brembo launched a major virtualisation process at worldwide Group level, which allowed for an efficient and safe



management of this extraordinary year, favouring an agile working approach as the pandemic profoundly affected working methods. Brembo had already launched a pilot remote working project in 2019, but the emergency accelerated the process, further pushing the transition from a predominantly physical corporate infrastructure to a virtual one accessible in any place. The virtualisation process has not only led to a more efficient way of working, but has also increased the security standards of information management systems. The user's attitude towards learning and using new working tools has been encouraged: the desire to get involved and collaborate has in turn been a major factor in speeding up the change management process, which is ongoing and is being carried out by the Group with a view to continuous improvement.

With a view to inform and assist users in the virtualisation process, the IT Department and Help Desk first implemented

an important support activity through phone calls and chats, to help people adopt the new working tools. Subsequently, more specific training activities were introduced, especially in the cybersecurity area. A new worldwide virtual training on all remote working tools is currently being developed.

For the management of security incidents, a reporting procedure is in place for users, with the Help Desk as the first point of contact, which in turn refers to the central IT department. In addition, there is a 24/7 monitoring service that uses an alert system to report any malfunctions that may affect business continuity. An Emergency Management Plan is in place for critical situations. Although the Group already performs vulnerability analyses, it is currently working on a software that will enable it to verify its effectiveness and operability in real time on a worldwide basis. To date, there have been no proven cases of data breaches.



Security: a new standard under ISO 27001

In 2020, the Group's three Italian companies, Brembo Spa, BSCCB1 and La.Cam. S.r.l., became certified according to the ISO/IEC 27001 international standard, which defines the requirements and methods for properly managing information security in the company.

The new management system, described in Brembo's Information Security Policy and in line with international best practices, aims to ensure the confidentiality, integrity and availability of information of all kinds, from industrial and market information to research and development information, regardless of the medium.

Within the next two years, the system will also be implemented in the Group's worldwide plants, starting with North America, Poland, the Czech Republic and China, with the aim of obtaining the ISO/IEC 27001 certification in these countries and protecting under a certified system all the information exchanged between the various Brembo plants around the world, starting with customer information.

To raise awareness on the importance of a correct use of information, Brembo has organised training courses for all those within the company who handle confidential and reserved data.

* Brembo SGL Carbon Ceramic Brakes GmbH, not included in the reporting scope of the Non Financial

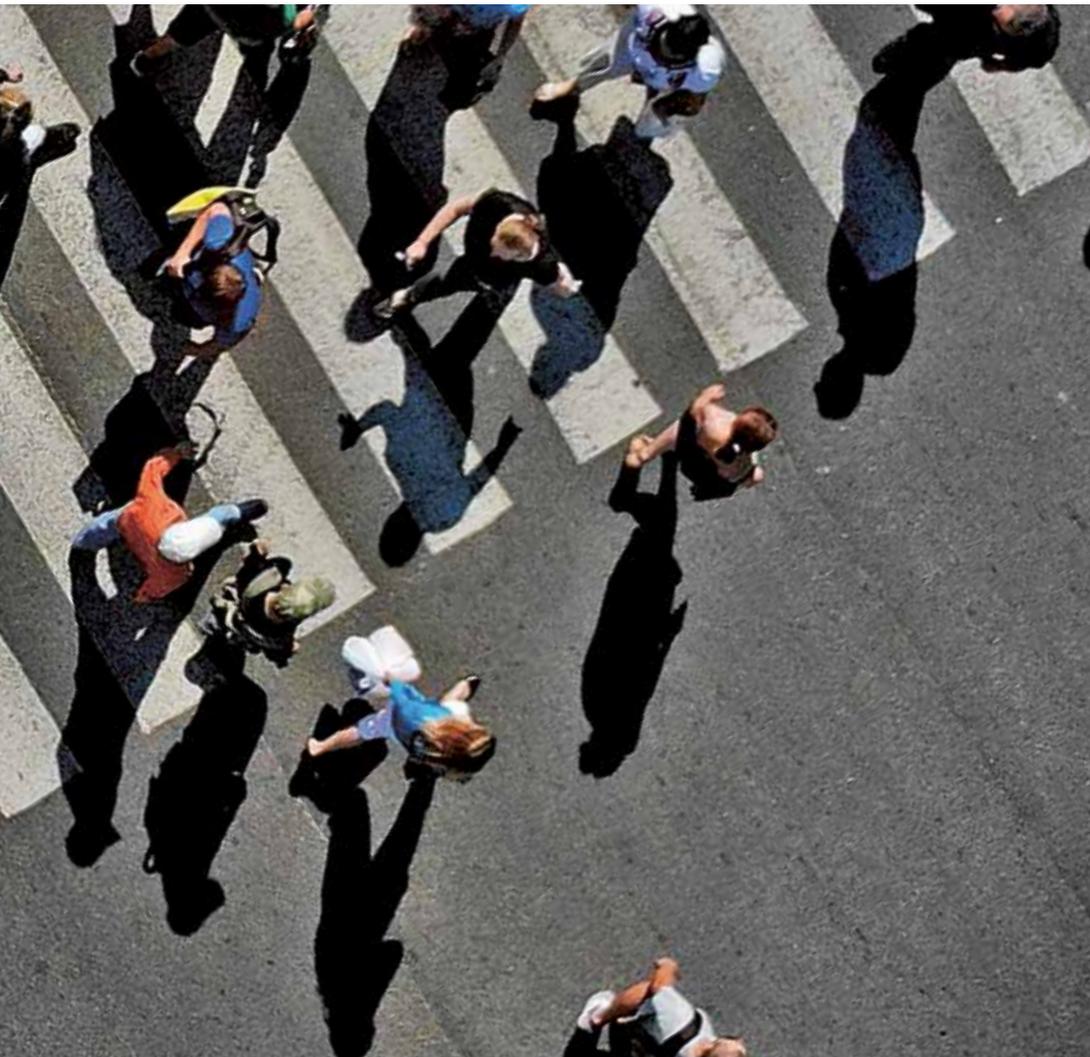




People at the centre



Harmony and balance are amidst the features of a highly-developed organism that we call 'business'. Converting thought into concrete action, training into skills, merit into growth, health into wellbeing, diversity into wealth.





4. Brembo People

4.1 Group that grows with talented people

Human capital represents the most important strategic wealth for Brembo, which firmly believes that the knowledge and skills of each and every one constitute the real competitive advantage behind the Group's ability to innovate and pursue excellence when manufacturing all its products.



+1.6%

Workforce increase compared to the previous year



Over **150,000**

Training hours provided during the year



100%

ISO 45001 certified plants

For this reason, Brembo, in line with its strategy's pillars, promotes the growth, development and continual enhancement of its employees' skills. Today, more than 11,000 people work for Brembo every day with dedication and passion.

Aware of the huge strategic value of its People, Brembo works constantly to boost, on the one hand, the sense of belonging and the motivation of everyone who works for the Group and, on the other, to consolidate its image as a "best place to work", as witnessed by the places obtained in Employer Branding-related rankings, such as the 2020 ranking drawn by Statista which saw Brembo among the best employers in Italy, and its presence in the ranking including the European companies that stood out in diversity-related issues.

The Brembo brand's major ability to attract talented people, distinguished not only by their professional experience and abilities, but also by their passion, their upholding of the Group's values and their ability to work very effectively with others, is

also reflected in the growth in the workforce recorded by the company during 2020, with a positive balance of 171 new staff compared to the previous year.

Brembo Group is thus able to rely on a dynamic, highly professional and qualified team, with 74% of the workforce having achieved a mid-high level of education and over 23% having a university qualification, of whom more than 1,680 People, 15% of employees, trained in engineering or other technical-scientific disciplines.

Constant research for talents able to stand out for their ability to make a personal contribution and tackle and anticipate future challenges in a continually evolving context such as the one in which Brembo operates, is a priority for the Group. The Company has structured a search and selection process, defined within the framework of the Group's specific Guidelines, also founded on the principles of diversity and equal opportunities, that allows each candidate's skills and value to be appreciated fully and



11,039
Brembo People



39.37
Years:
Average age



+171
People. Headcount increase in 2020



without discrimination. It also works to offer its people a positive and stimulating work environment with concrete opportunities for professional growth and job stability, also in dialogue with the trade union organisations where present. As proof of this commitment on the matter of employment more than 80%

of staff are hired with an indefinite-term contract. In addition, the Group, consistent with the contents of the Code of Basic Working Conditions, applies collective bargaining when the law or social system so require. In particular, as of today, 70% of the workforce is covered by a collective bargaining system²⁰.

People hired by geographical area²¹ and gender (No.)²²

Geographical area	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Europe	748	152	600	138	344	93
America	475	113	434	128	482	89
Asia	317	49	308	27	868	48
Total	1,540	314	1,342	293	1,694	230

People terminated by geographical area²¹ and gender (No.)²²

Geographical area	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Europe	532	99	569	100	456	102
America	333	78	390	102	367	65
Asia	184	34	422	32	714	48
Total	1,049	211	1,381	234	1,537	215

People hired and terminated by age in 2020²²

Age group*	Hired	Terminated
≤30 years	1,306	972
31-40 years	400	373
41-50 years	179	226
≥ 51 years	39	181
Total	1,924	1,752

* The breakdown of employees by age is based on the following categories: ≤30; 31-40; 41-50; ≥51

20 The percentage difference of workforce covered by a collective bargaining system compared to 2019 is attributable to a change of classification criterion in Poland.

21 The three macro-areas include the countries specified below:

Europe: including Italy, Poland, United Kingdom, Czech Republic, Spain and other Countries;

America: including Brazil, United States and Mexico, as well as Argentina until 2018;

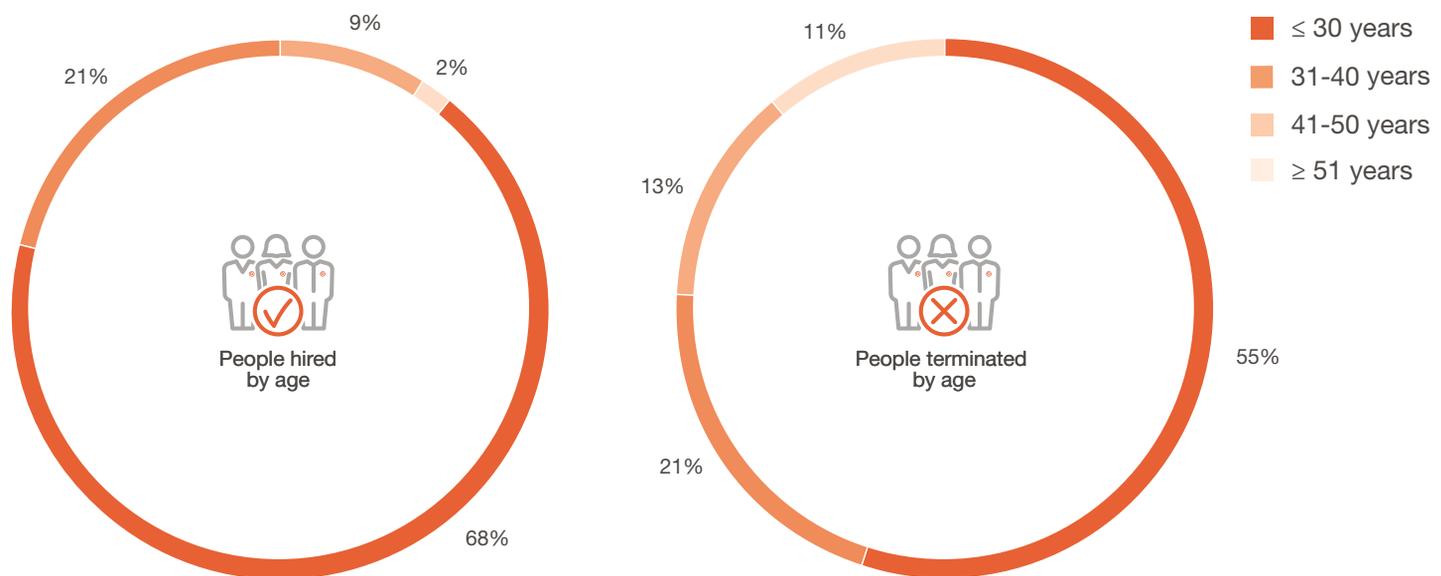
Asia: including China, Japan and India.

22 The difference between headcount for the year being analysed/headcount for the previous year and the balance between people hired/terminated for the year being analysed is due to the treatment of terminations at 31 December each year, in addition to the calculation of some other specific cases according to different national regulations. The figures referring to Brembo People on International Assignment are not counted in the number of people hired and terminated but they are included in the year-end workforce figure. An International Assignment is an overseas posting that may range in length from six months to three years and is governed by a specific letter/contract. Brembo People on these postings are not included in the turnover table, as this is an intercompany transfer.





People hired and terminated by age



The turnover rates do not represent a critical issue for the Group, as the figures show. Sometimes, the new entrant turnover rate may show higher values than normal, for example due to the start-up of new plants. The Group does its utmost to apply a number of different strategies to tackle issues relating to talent attraction and retention, such as close collaboration with Educational and Training Institutions and Bodies and regular analyses concerning the Engagement Survey. Non-financial reporting is seized by the Group as an opportunity to analyse consolidated annual data: if critical issues arise during this phase or at other times of the year, the resources in the Human Resources and Organisation GCF allocated in the various organisational and/or geographical units are involved immediately. If the critical issue is confirmed, the various remedial measures are activated as necessary, in the broader context of the corporate events provided for by Brembo’s annual Corporate Meeting System.

As already mentioned, the Group believes that active collaboration with the higher education institutions (for example, including, amongst others, those in the Bergamo province, Italy), and the university institutions present in the various local areas where it operates, is a key part of its own talent search and selection process. In order to place itself as a point of reference for many talents, Brembo has set up structured and strategic partnerships with more than 25 Universities worldwide (including

the most prestigious in Italy, Sweden, Germany, Czech Republic, Poland, the United Kingdom, the United States and Mexico). This heritage is mapped in detail through the annual structured “University Relations Mapping” process involving all the Group’s companies.

Together with many of these Universities, during 2020 Brembo took part in multiple *virtual job fairs*, organised company presentations and promotes at distance initiatives aimed at both making contact with those about to graduate and new graduates interested in the Group – informing them about the career opportunities – and fostering dialogue and contacts between the Company and the external context, local communities and the academic world.

With reference to the world of work, maintaining these communication channels with the Universities is hence proving to be fundamental, both for promoting a constant interchange of experiences, and for multiplying the occasions for reciprocal knowledge and bringing together valued people interested in the world of Brembo and its wealth of job opportunities.

In this regard, another activity that plays a major role in developing such synergies is the organisation of specific training paths during which Brembo’s professionals and researchers make available their skills and experience to students. They do



this both by giving students the opportunity to spend time in the Company's laboratories on thesis, research or internship projects and by providing Brembo specialists to teach as part of certain specific training initiatives, such as the Accademia del Freno organized by remote in collaboration with the Polytechnic University of Milan.

Collaboration with training and research Bodies and Institutions is also instrumental to promoting, within the reference areas, the development of essential technical and scientific skills to meet the constant market changes effectively, as well as investing in training and development of competences — and the subsequent employment of qualified resources — also in areas generally characterised by low unemployment, such as for example in the Czech Republic and Poland.

In parallel, through another set of initiatives, the Company offers its collaboration in matching job supply and demand firstly, Brembo S.p.A.'s active participation in the We4Youth project, promoted by the Sodalitas Foundation. In fact, the Group takes an active part in the policy and management committees for the training offer of various universities (such as, *inter alia*, the Steering Committee of the Degree Course in Modern Foreign Languages and Literatures at the University of Bergamo), supports specific training/apprenticeship programmes and puts in place initiatives to support young people in actively approaching the world of work.



The following are some of the most significant sponsorships or partnerships in the academic and scientific area for Italy:

Accademia del freno, Polytechnic University of Milan

Begonnen: Learn German with Brembo
Polytechnic University of Milan

Masters in Motor Racing Engineering,
Professional Datagest

Brembo Co-op Program – Kattering University, Michigan, USA – aimed at developing engineering skills of young students

Every two years Brembo launches and manages the LIFT Leaders' International Fast Track programme to provide young people with a further opportunity, support them in approaching the world of work in the best way and create a bridge with the world of education. This inter-functional training pathway, which is coordinated by the Parent, runs for more than two years and represents the opportunity for brilliant new graduates to take part in a job rotation scheme over three positions belonging to different business areas (production plants, platforms, technical and testing areas), including at least one in a non-Italian company. In addition, the young people are shadowed throughout the process by a mentor identified from amongst the line managers, a selected tutor in the Human Resources and Organisation GCF and a sponsor belonging to the C-Suite (the Group's first organisational line).

This Corporate level initiative is supplemented by others carried out at local level including the programmes for Emerging Leaders in Poland, Czech Republic and the USA, which form part of the general framework of the Group's Talent Management processes and tools.

Brembo thus offers those embarking on their professional career in the Group — as an integral part of its Employee Value Proposition — a stimulating and positive environment, in which to develop and feel themselves to be leading players. This is confirmed — net of other consultation initiatives — by the results of the Group Engagement Surveys carried periodically amongst all Brembo's staff worldwide to collect in an anonymous form opinions on the business culture, level of motivation and engagement resulting from their own professional experience in Brembo.

For example, the most recent analysis carried out in 2017 and reported in early 2018 saw more than 74% of the workforce take part and highlighted a notable propensity for Brembo People to feel involved in the Group's objectives and corporate project, consolidating the response rate growth trend for the fourth time running, with the average Engagement Index at Group level standing at over 77%, up compared to the previous edition's results.

It was not possible to produce the new edition of the Engagement Survey in 2020, due to the exceptional year marked by the Covid-19 pandemic emergency. The Survey was, therefore, postponed to the following year.





Focus on digitalisation: towards a new human resource management process

Brembo has started a major process of digitalising human resource management processes through implementation of a new Human Capital Management System. The aim of the project is to update and integrate the activities currently performed in this area into a digital database, available for the entire Brembo Group at global level.

Digitalisation and standardisation will bring multiple benefits within the Group, including the employees, such as:

- ▶ Uniformity and synchronisation of processes in the Human Resources area for all Brembo countries
- ▶ Simplification of KPI reporting and analyses
- ▶ Consolidation of Human Resources data at Group level
- ▶ Improvement of the Brembo employee experience
- ▶ Increase in people engagement

The new initiative, which forms part of the broader corporate strategy to make Brembo a Digital Company in all respects, started in 2020 and will continue with the implementation of activities and guidelines that will accompany Brembo people on the path of change.



Brembo China Campus Recruitment: Recruiting Online for new talent

In October 2020 Brembo China trialled the new “Brembo China Campus Recruitment” project to search for high-level talent and profiles online, especially technicians and engineers to work in the R&D Centre and in the Discs and Systems GBUs in China. The event took place through two online conferences, in which a number of company managers, after giving a video presentation of the campus, provided the young graduates with an illustration of the Brembo world, automotive sector and the increasingly new innovation needs linked to braking systems. During the meetings, there was also discussion of the careers in Brembo, the positions sought and the professional path offered by the Company, as well as the living conditions in Nanjing, Brembo China headquarters.

More than 48,000 people watched the video, more than 500 graduates attended the two online conferences, and 1,900 talented individuals finally sent a CV to Brembo China.

Three channels have been used to promote the Brembo brand on the large Chinese market:

- China Top 1 Fresh graduate job search, the most widespread recruiting website
- WeChat, the messaging platform
- Online meetings held on the “Tencent meeting” channel

Mention should also be made of the Group HR Function that supports China in the recruiting process, putting it in contact with the Italian Universities — Turin Polytechnic, Milan Polytechnic and Bologna University.



The media aimed at Brembo employees

Brembo strongly believes in the importance of internal communications: informing employees about what is happening in the Group at all levels (both business and geographical), sharing company addresses, celebrating successes and telling the stories of people who work in the Company means involving them and creating a sense of belonging to the Company and the Brand.

Brembo achieves this goal primarily through two tools: the Intranet Red Portal, which can be used by all employees who have a computer, and the House Organ *MyBrembo*, also accessible to those who work in production in the plants.

The Brembo Intranet features editorial content produced in seven languages (Italian, English, Polish, Spanish, Czech, Brazilian Portuguese and Chinese), published periodically and relating to company's main activities.

The main indicators of the effectiveness and efficiency of Red Portal are, on the one hand, the number of news items published and, on the other, the number of users who access this content monthly. During 2020 both indicators recorded a slight decline, attributable mainly to the Covid-19 pandemic and the changes in daily operations resulting from the health emergency.

The House Organ *MyBrembo* consists, on the other hand, of a quarterly publication of 12-16 pages, produced in 8 languages (Italian, English, Polish, Spanish, Czech, Brazilian

Portuguese, Chinese and Hindi) and distributed to all Brembo plants worldwide. Since 2020 the publication has also been available in all the languages on the Intranet Red Portal.

The topics covered are of a diverse nature, ranging from institutional (events, awards) and business matters (products, applications, fairs), to motorsport (products, victories) and news about the plants (growth, technology) to understanding topics relating to the environment, people in the various locations around the world and information on Corporate Social Responsibility activities.

The main indicators relating to this means of internal communication are the number of news items published, which indicates the degree of adherence to the company and its activities, and the number of copies printed and distributed in all the plants worldwide, which measures its level of dissemination amongst employees. Both indicators declined in 2020, as the result of the restrictions caused by the Covid-19 pandemic.

over 90	news published on the Red Portal in 2020
over 2,050	monthly users viewed at least one editorial content on the Red Portal
over 60	news published in <i>the MyBrembo</i> House Organ
over 13,200	copies of the House Organ <i>MyBrembo</i> distributed worldwide

Intranet Red Portal	2018	2019	2020
No. of pieces of news published during the year	129	127	92
Average No. of users who viewed at least one editorial content	2,116	2,184	2,051
Brembo's House Organ			
No. of news published during the year	89	96	64
No. of copies distributed worldwide	21,972	20,876	13,240



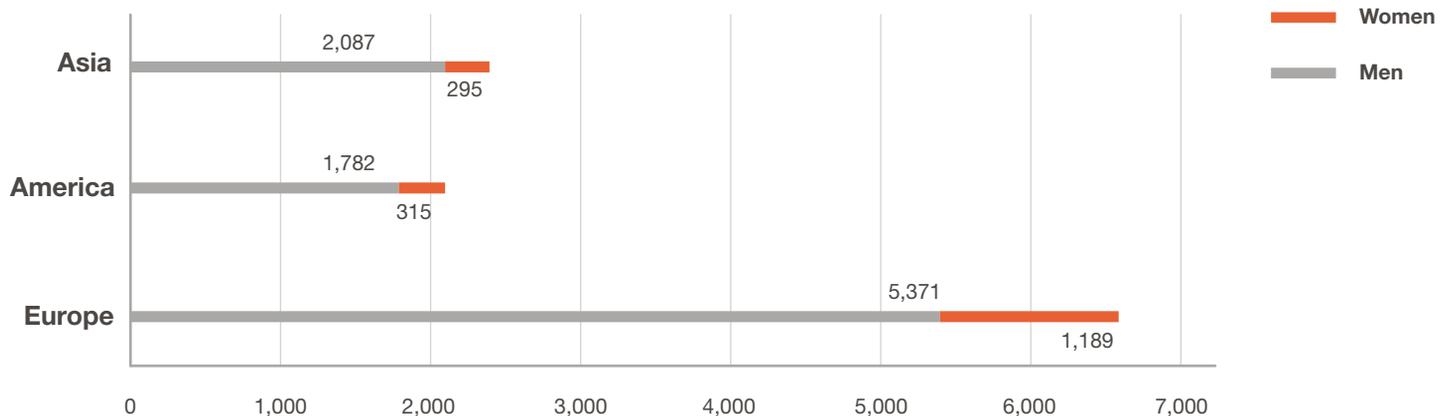


4.2 Different ways of being Brembo People

Diversity is a strength for a global Company like Brembo, which operates and is constantly confronted with very diverse situations from the economic and cultural point of view. Every day Brembo is committed to promoting an inclusive environment that ensures people’s sense of belonging and encourages them to feel they are leading characters in the Group’s success, fostering a culture of diversity from the moment they are hired and respecting the points of view, voices, individualities and special qualities of each person.

An awareness of the value and the opportunities arising on diversity has led Brembo to create a highly multicultural team in which, out of 100 Brembo People, 29.02 work in Italy, 19.24 in Poland, 13.98 in China, 10.89 in Mexico, 9.16 in the Czech Republic, 7.44 in India and 6.11 in the United States, while the remaining 4.16 are distributed between Brazil, the United Kingdom, Spain, Japan and other countries.

Brembo People by geographical area* and gender (No.)



Personnel changes by geographical area compared to 2019

- 128 Europe

+ 135 America

+ 164 Asia

* The three macro-areas include the countries specified below:

Europa: including Italy, Poland, United Kingdom, Czech Republic, Spain and other Countries;

America: including Brazil, United States and Mexico, as well as Argentina until 2018;

Asia: including China, Japan and India.

As far as gender differences are concerned, men make up the predominant percentage of total workforce. In fact, 84% of employees are men against a female component of 16%, which also reflects some of the intrinsic characteristics of the Automotive jobs market. The female component is in any case in line with the previous year and is more significant amongst clerical staff, representing 26% of the workforce in this category. Brembo also promotes the integration of different age bands, giving a voice to the young and valuing the competencies of

senior staff. More specifically, the distribution of People by age band sees 24% under 30, 32% between 31 and 40, 29% between 41 and 50 and 15% over 51.

Brembo’s focus on diversity and inclusion also takes shape in the recruitment into the Company of people with disabilities, in accordance with the rules and practices laid down in applicable legislation. In particular, 121 people with disabilities were working in the company at 31 December 2020.



Brembo considers diversity as a priority in its approach in people management. This translates in the application and respect of codes and internal policies, as well as the promotion of special training paths included in the broader context of the Group's training offer dedicated to management and employees. The Group is committed to making a concrete contribution in this area, making people aware through a training offer focused on enhancing the level of knowledge and understanding of diversity themes. In particular, the Group provides support and assistance to people through various types of initiatives, both ad hoc and in the broader context of leadership paths, with a particular focus on the roles of intermediate managers. This is without overlooking the role of individual contributors, namely

every employee who, although not responsible for a team, can and indeed must contribute to maintaining work environments that encourage the promotion of diversity. More specifically, a particular emphasis has been placed on diversity in terms of gender, cultural background, generational membership and finally personal characteristics. In this regard, in 2020 Brembo continued to provide the two key training packages for Brembo Academy both for managers and indeed for professionals.

Finally, these initiatives are supplemented by social events to disseminate a culture in which diversity is appreciated, such as for example the activities normally organised in Brazil, India and the USA to mark Women's Day.

People by age and gender (No.)

	2018			2019*			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
≤ 30 years	2,274	361	2,635	2,400	357	2,757	2,377	329	2,706
31–40 years	2,874	584	3,458	2,828	627	3,455	2,881	622	3,503
41–50 years	2,381	605	2,986	2,489	610	3,099	2,571	638	3,209
≥ 51 years	1,365	190	1,555	1,358	199	1,557	1,411	210	1,621
Total	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039

* As of 2019 the breakdown of employees by age is based on the following categories: ≤30; 31-40; 41-50; ≥51

People by classification level and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	467	65	532	478	77	555	473	76	549
White-collar workers	2,036	685	2,721	2,017	688	2,705	2,004	698	2,702
Blue-collar workers	6,391	990	7,381	6,580	1,028	7,608	6,763	1,025	7,788
Total	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039



STEM in Pink

This year as well Brembo participated in the work of the “STEM in Pink” project group of Confindustria Bergamo, for the promotion of workshops focused on the topic of women in business and guiding young female students towards technical-scientific degree courses. The proposal stems from the desire of certain major companies in the area to reinforce the recruitment of female staff and to dispel preconceptions in favour of gender parity. This falls within the broader 2019-2020 Orientation Plan of the Ministry of Education, Universities and Research Regional Education Office for Lombardy. It is a project that confirms and strengthens the Group commitment to enhance the development of female talent and an increasingly inclusive corporate culture.





91% of **Managers** were born in the country where they are working for Brembo today

A further sign of Brembo’s commitment to developing an organisation that is as multicultural and as aware of local issues as possible, as well as deeply-rooted on the local territory, starting with the managerial team, is that the clear majority of local managers at all Group Companies comes from the local area: out of 549 Brembo managers in the different countries, 91% were born in the country where they are working.

With reference to the protection of diversity and respect for people and workers’ human rights, Brembo has formalised, in addition to the provisions set out in the Group’s Code of Ethics, the Code of Basic Working Conditions and the Policy on Non Discrimination and Diversity (both of which are available from www.brembo.com/en/company/corporate-governance/codes-policies). Both documents reflect and represent the universal beliefs of the Group and the foundations of the employer-worker relationship. In detail, they confirm and establish rules of conduct regarding on the one hand child labour, forced labour and the treatment of human beings, harassment, discrimination and corruption; on the other hand regarding freedom of association and collective bargaining, the right to work, health and safety, working hours, remuneration, environment, sustainability, social commitment and relations with local communities.

In order to monitor the effective implementation and the respect of the Code of Basic Working Conditions and the Policy on Non Discrimination and Diversity, beside the protection by the Human Resources and Organisation GCF and the related management safeguards present in the organisational units in the rest of the world, as well as the presence of the institutional Whistleblowing channel managed by the Supervisory Committee, a specific mechanism has been put in place to gather any reports on behaviour that does not comply

with company policies, including a dedicated email address working_conditions@brembo.it, accessible from both inside and outside the Company. Another channel for reporting, investigating and/or managing these issues is the usual upward hierarchy within the Company, including the meetings provided for within the context of Brembo Corporate Meeting System.

In this regard, two episodes that the reporting person considered to be possible workplace discrimination was brought to Brembo’s attention in 2020. They were immediately analysed and managed internally, and are being solved.

Finally, the Group has defined more targeted tools for safeguarding diversity that are included in the framework of the local *Employee Assistance Programs* (EAP). For example, In Italy Brembo has for years run a “Sportello di Ascolto” (Listening Service) which offers employees the opportunity to meet and receive support from a professional outside the Company, when they are faced with particular situations that present personal and temporary difficulties. In addition, the Group in the USA and the UK has set up structured EAPs that are available to employees in partnership with local operators and/or vendors.

Brembo is also a Group that promotes precise policies to create a positive and inclusive work environment and define organisational tools able to improve people’s work-life balance, fostering in this case as well a constructive dialogue between the Company and the external context. This area incorporates a wide variety of projects covered by EAPs, but with a strong focus on matters of work-life and welfare balance: the Brazilian “Bem Nascer” programme (health and wellbeing for employees and family members of pregnant employees), the well-constructed North American scheme known as “Brembo Strong”, but also the Polish initiatives providing financial support for employees’ children to attend summer camps.

In this area the Group offers its employees the option to subscribe to part-time working schemes, which were taken up, in 2020, by 263 employees, of whom 83% were women.

Brembo People with part-time contracts by gender

2018			2019			2020		
Men	Women	Total	Men	Women	Total	Men	Women	Total
49	211	260	52	219	271	46	217	263



As far as family is concerned, during the year Brembo organises social events for employees, when personnel together with their family are invited to take part in workplace visits and entertainment. These events were organised in numerous countries, including Brazil, India, Poland, Czech Republic, and the UK. In addition, in Italy Brembo runs the “Brembo Kids” programme for its staff with school-age children. Unfortunately, it has been suspended due to Covid-19. As part of this project the Group sets up a recreational centre at the Stezzano site, which operates during the school summer holidays and offers facilities and services suitable for children aged from 3 to 11. The centre involves the children in fun and educational activities structured around programmes where they try out different art forms with the aim of stimulating their creativity and teaching them how to share their ideas with others.

It is important to highlight that the external factor represented by the Covid-19 pandemic has had a major impact on the “Bsmart” Remote Working project introduced in 2019 in Brembo S.p.A. with the aim of allowing employees to have a greater degree of flexibility and autonomy in the choice of spaces, times and tools to use in their working activities, in respect of a greater focus on results and responsibilities. In fact, during 2020 the project launched as a trial on a sample of 150 people in different organisational units and company offices took off apace until it became the main way of working for all company personnel. Again during the year, it should be highlighted that the company welfare system, launched in 2019, was working at full steam. The new system, through a dedicated Internet platform, offers Brembo SpA employees the possibility of using various types

of services (for example education, transport, welfare), and enabling them to add their production bonus to their own welfare portfolio and thus enjoy preferential tax and contributions treatment for these amounts.

Many initiatives were promoted, also in relation to health: from continuation of the WHP (Workplace Health Promotion) accreditation in Italy (and all the related initiatives, including the Food Education Desk and the Listening Desk, which focused a service line on problems linked to the pandemic during the Covid period). Mention should also be made of the initiatives taken forward by the AP Racing Group brand, which in 2020 introduced the first “company clinic” allowing employees to have the flu vaccine free of charge. In addition to the major effort promoting mental health through the increase in the number of Mental Health First Aiders in the field, the Company is also promoting constant collaboration with charity associations in the automotive sector, which offer 24/7 telephone support and sessions with expert counsellors. These are in addition to education and training initiatives generally conducted in India on domestic safety (so, well outside the business scope) and HIV transmission, in Mexico, Poland and the USA on damage from tobacco, as well as the prevention of breast cancer in Brazil and again in Mexico.

Finally, mention should be made of the projects and initiatives to bring the Company into even closer dialogue, through the workforce, with local communities regarding the environment and the safeguarding of green areas, such as Brembo Green Army in India and the public area cleaning activities periodically organised in the Czech Republic.

4.3 Training and development of skills

For Brembo, being able to rely on competent trained people means having the measure of the value that each employee personally contributes to achieving the common goals. For this reason, the development of talent in the different geographical areas and professional families, the growth of potential and enhancement of its employees’ skills are aspects of fundamental importance for the Group that it undertakes to guarantee through training and continual professional growth, always in keeping with the company’s values and strategy. Moreover, for Brembo it is essential to promote the ability to experiment and innovate, as well as the development of a strong tension to the

future, so as that its People are able to anticipate market trends, promote continual product and service innovation and offer customers high-quality solutions.

To ensure an adequate response to the training needs of the company’s entire workforce, the Group has therefore designed a well-structured training offer targeted at the different professional families with the aim of involving all the levels inclusively whilst, at the same time, bearing in mind their specific needs. Lastly, employees are given access to a number of specific tools (individual or Group coaching paths), as well as personal support programmes to complement the training and development



offer. In 2020, on average each employee received 14 hours of training, with this figure reaching an average of 15 hours per year for white-collar workers, around 16 hours for managers and around 13 hours for blue-collar workers. Over the course of the year, 18% of People participated in training about human rights and the associated procedures (Code of Ethics included), for a total of more than 2,890 hours.



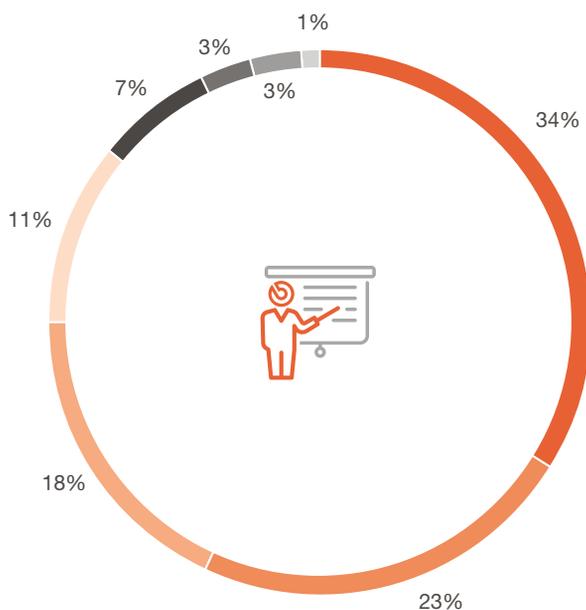
Over 150,000 hours of training provided in 2020.
In 2019: over 250,000
Over 89% of training hours delivered in classrooms in 2020



Online Training and Knowledge Management

Due to the worldwide pandemic emergency, 2020 saw classroom training opportunities slow down, if not come to an actual halt in the most critical months. Despite this, Brembo did not stop and worked to make online training increasingly accessible, also investing in Knowledge Management and Train the Trainer activities for the enhancement of online teaching.

Training provided by type of content (% on total hours)



- Training on product/process quality management and improvement
- Health and Safety training
- Professional training
- Training on environmental management
- Managerial training
- Code of Ethics and compliance with Leg. Decree No. 231/2001
- Language training
- Other



Average hours of training by classification level

	2018	2019	2020
Managers	30	28	16
White-collar workers	37	38	15
Blue-collar workers	17	18	13

Average hours of training by gender

	2018	2019	2020
Men	23	24	15
Women	20	21	10

Average hours of training by employee

	2018	2019	2020
	23	23	14

To control and manage training activities, Brembo has defined a specific Group procedure (a pillar of the Quality System, together with the Organisation Management Procedure) that defines the methods and organises the various phases of the

process, starting with identifying the annual training needs of the corporate population.

More specifically, Brembo defines the annual training plan based on a survey of the specific areas and topics which individual organisational units believe need to be analysed in more depth and improved, also taking account of the views expressed in the *Brembo Managerial Competencies Model* and *Technical Competencies Libraries*, where – such as for example in the case of Industrial Operations and ICT functions – the technical competencies required within specific professional families at global level are mapped and formalised, also in the context of other company projects and processes relating to Digital Transformation. In terms of self-development, Brembo resources can also access training courses by self-enrolment authorised by their direct manager.

In addition, Brembo offers its employees the opportunity to take part in special *coaching, mentoring and tutoring* programmes, such as for example the “Internal Buddy” in Poland, so as to personalise their own personal and professional development path. Thanks to these programmes the Group aims to nurture and empower its People, involving them proactively in defining their own personal learning and development path, starting from their very first day within the Company.



The Brembo “Purpose” Cascading Process

During 2020, Brembo set itself a new challenge: to become a *Solution Provider* for the automotive industry and be a key partner in developing the new mobility of the future and addressing the new challenges of electrification, autonomous driving and digitalisation.

Consistent with the action taken with the press and customers and with the measures planned with suppliers in 2021, since October 2020, management and people in all the Group companies have been involved in the information and communication campaign on the new corporate Purpose, namely how the new vision and mission find practical application in daily work. The different cascading initiatives organised in synergy by the HR and Communication functions have talked about, on the one hand, why it is important to define and spread the Purpose itself, and, on the other, illustrated the elements correlated with that Purpose, first and foremost objectives, challenges and values.

This new campaign has used evocative stimuli to inspire the vision and strategy that the new Brembo must work towards, without forgetting its more concrete application, also sharing a number of actions to be adopted in everyday working life, because this new starting point is an inspiration and behavioural guide to implementing new projects based on the three essential pillars of the Purpose: Digital, Global and Cool Brand.





Finally, during the last year as well the Group's Training and Development offer continued to be enriched — online on the Company's portal —, both regarding managerial and technical-specialist topics, in order to make it simpler, featuring increased accessibility and immediacy of consultation. In 2020 the "catalogue" was further enriched to feature, amongst other things, the training offer in the Digital field (with a particular focus on the "Culture of Data") and strengthening remote or e-learning provision. Included in the broader framework of personal development and skill enhancement designed to support the

Talent Management and Succession Planning system in place within the Group for years, it is focused on several annual phases that, following completion of the Performance Reviews in the different countries worldwide, leads every geography, business area and function to create its own Talent Portfolio, which is later consolidated centrally by the Development Committees attended by Top Management. The catalogue currently offers 130 different subject titles (in addition to those in the Environment Safety area), allowing the user to find the desired course interactively using a tag and keywords.



Fostering knowledge sharing among the Brembo Group's competence centres



brembo
academy

The Brembo Academy of Brembo S.p.A. was set up to promote the invaluable know-how developed by the various offices and teams in Brembo companies around the world. This authentic corporate training school, with UNI EN ISO:9001 quality certification, draws also upon the knowledge of teachers from within the Company, pursuing the objective of enabling structured sharing of Brembo expertise across the Group.

Precisely in order to strengthen the ability of Brembo experts to transfer their knowledge, experiences and best practices, the training course for trainers at the Brembo Academy itself was updated and relaunched. The Academy offers numerous courses: from more technical and engineering-related courses focusing on product research, held by R&D Academy experts, and courses dedicated to competences specific to the production process and included in the Manufacturing Academy programme, to courses focused on the efficient organisation of office processes, with the editions of the "Brembo Lean Office".

What is more, the coverage of the Brembo Production Laboratory System or BPS Lab programme, developed at the Curno site (Italy), was expanded on a global level. Most of the Group personnel were given the opportunity to attend training courses in a classroom located in different countries and created specifically to make it possible to carry out practical experiments that simulate production processes, with the objective of improving their technical skills in accordance with Brembo Production System criteria. Moreover, learning programmes related to the Brembo Production Development System can be found within the training offer. These cover both the development process for the phases, responsibilities and interactions that take place during a project and the FMEA process for preventing and eliminating all possible faults during the product development phase. And this is in addition to the Design-to-cost programme, designed to increase competences and tools to support the design process, in order to develop new products whilst at the same time continuing to be highly aware of the cost target. Finally, looking to the future, the training paths also include courses dedicated to Additive Manufacturing technology to inform its employees of the innovative industrial process that creates physical products designed digitally with software and fabricated by 3D printing machines.

In 2020, with regard to the digital ecosystem, Brembo launched training activities to properly develop Domain Experts through a specific Knowledge Management programme.



4.4 Professional growth through recognition of merit

The performance assessment represents an important element for Brembo, as well as an essential tool for ensuring continual improvement of its People and retain talents and skills within the Company. For this reason, the Group has defined structured individual performance and professional development assessment plans aimed at ensuring to employees on the one hand well-defined career developments and on the other the certainty of being able to build their own professional pathway within the Group.

Within this area, the Group has activated special processes at world level, designed to regulate the performance management and assessment flows, as well as define special management tools. These processes are representative of Brembo's Human Resources Management Model, which is based on measures of performance, competencies, potential and motivation.

In particular, the System for professional development and for recognising each person's contribution to the company's success is structured into three phases: the constant sharing of business expectations with employees, defining expected performance and accurately assessing the results achieved during the year.

A wide variety of qualitative-quantitative objectives may be included in the personal schemes within the general context of the Annual Incentive System. These include, for example, implementation of specific projects, meeting one's own spending budget targets, the results of the Engagement Index for a given area or specific KPIs linked to the efficacy of training initiatives. For the white-collar worker population Brembo's assessment process focuses on the Brembo Yearly Review, an opportunity for discussion between managers and employees, during which the year's results are analysed, the future objectives to be pursued are defined, along with the preparation of any improvement plans, and future growth paths are identified.

The performance assessment for employees working along the production lines, on the other hand, falls under the Brembo Production System and is based on a multi-functional and multi-competency analysis of individuals in relation to specific metrics and matrices.

In 2020, 75% of Brembo People (76% of men and 70% of women) were included in a periodical and structured performance assessment process, with a rate of 76% for blue-collar workers, 65% for managers, and 71% for white-collar workers.

Brembo People involved in the regular performance assessment process* out of the total of the category to which they belong

	Men	% on total men	Women	% on total women	Total	% on total
Managers	320	67%	40	52%	360	65%
White-collar workers	1,518	75%	412	60%	1,930	71%
Blue-collar workers	5,014	76%	798	78%	5,812	76%
Total	6,852	76%	1,250	70%	8,102	75%

* Data refer to the 2019 performance assessment process ended in April 2020 and refer to workforce at 31 December 2019.

Moreover, in order to further promote the personal and professional development of its People, Brembo has promoted the use of internal mobility tools, so as to facilitate employees in accessing new job opportunities within the Group. The Internal Job Posting is a very widespread tool. Where present,

it advertises worldwide open positions currently unfilled and collects the related applications. This is supplemented by other tools including Job Rotation which allows people to express their willingness to change function/role even regardless of the opportunities available at that specific moment.





4.5 Safeguarding workers' health and wellbeing

As a world leader in vehicle brake systems, Brembo has always believed that its safety guarantee goes hand-in-hand with its commitment to produce increasingly advanced brake systems. Accordingly, for the Group this issue does not end with ensuring that its products are reliable; rather, it is always pursued — with equal dedication — by promoting health and safety at all its production facilities. The Group's commitment translates into organised management of these aspects aimed at positively and tangibly meeting the needs of all stakeholders, while also ensuring that all may access its offices and facilities safely.



New standard: 100%
of Brembo's plants is
ISO 45001:2018 certified

To guarantee the highest health and safety standards for its own People, Brembo has adopted an increasingly structured approach, especially with regard to workplace health and safety, which also takes into account the challenges and peculiarities linked to the Company's geographical diversification. To achieve this, the Group complies with local legislative requirements in activities relating to its production facilities, while promoting constant dialogue with its personnel and ensuring that access to all company facilities and outsourced processes takes place in a fully safe manner.

An effective management of these issues is formally defined within a special Workplace Health and Safety Policy outlining the guidelines followed by Brembo. The document, which was signed by Brembo's Chairman, has been distributed to all the Group's employees and contractors and was made available on the corporate Intranet to provide all those interested — including customers and suppliers — with detailed information about optimal behaviour to be adopted, thus privileging preventive actions and aiming at ongoing improvement.

The Health and Safety Policy was updated in February 2020, coinciding with the release of the Occupational Health and Safety Management System, which incorporates the new ISO

45001 standard, introduced to replace the previous OHSAS 18001. The Policy contains the principles laid down in the new ISO 45001 standard, which are reflected in the Worker Health and Safety Protection Management System Manual, Guidelines and Safety Document System (BSDS)²³. The application of the principles enshrined in the Manual and/or Guidelines is the responsibility of the facility General Manager, who sets them out explicitly in local procedures, identifies any cases in which they do not comply with applicable legislation and implements any modifications. The prevalence principle applies: if local legislation is less strict than the Manual and/or the Guidelines, the latter documents prevail. Conversely, if local laws are stricter, they supersede the Manual and/or the Guidelines.



Each facility applies its own Management System, which refers to the Group Management System. This organisational model ensures oversight of health and safety aspects in accordance with local procedures and instructions, while also maintaining the Group's high ethical standards.

To ensure the full and effective implementation of the Policy's provisions, the Group voluntarily submits to regular independent third-party audits to verify that said Management System has been effectively implemented at all the different manufacturing plants. Furthermore, at local level all manufacturing sites undergo a third-party statutory yearly audit to verify and ensure compliance with applicable laws and regulations in every country where the Group operates.

Verification of audit results and annual performance, activity planning and medium-/long-term goal setting in this are entrusted to the Industrial, Health and Safety and Environment & Energy Committee in which take part, *inter alia*, the Chief Executive Officer, the Chief Industrial Operations Officer and the Chief Human Resources and Organisation Officer. This is also where the findings of the analysis of the situation

²³ Brembo Safety Document System (BSDS): this document correlates the structure of the Management System Manual and the Guidelines to the ISO 45001 standard. Said document is available both at Group and plant level.



conducted at the Group level are presented, along with risk mitigation activities identified as significant, which may compromise Brembo's ability to achieve the expected results, as established in the Management System. The Committee's decisions are circulated to all affected parties, and in particular to the General Managers of the plants, to whom the Health & Safety function undertakes to send the goals, targets and projects relating to the reduction of the risks identified. The General Manager sets goals and plans activities at the plant level, considering all information received, the analysis of the Group's situation and the expectations of the plant's various stakeholders. In particular, he or she identifies dangers, assesses risks and plans actions to take advantage of opportunities for improvement; determines the applicable legal requirements (or those to which the organisation has subscribed); sets the goals and identifies the steps to achieve them, so as to improve the Management System constantly; and informs Group Health & Safety of the plans and targets set and achieved. Moreover, on a site level, in keeping with rules established by the Group, committees or work groups meet to discuss aspects of health and safety. All the workers are represented in these groups.

The Group's approach as part of the Health and Safety Policy entails analysing, on a plant level, potential sources of risk for its personnel and putting the most effective solutions into place to prevent, reduce and, where possible, eliminate such risks: from appropriate handling of substances and processes to the correct operation, maintenance and control of machinery. The risk identification and assessment process inside each plant involves an inter-functional team consisting of the Health and Safety Officer, Occupational Physician, process supervisors and, last but not least, the employees through interviews or specific requests for opinions. Where necessary, the process

involves external roles that support the plants in carrying out practical surveys aimed, for example, at assessing noise or chemical risk level. Once identified, all the risks (both generic and specific) are added to an assessment scale that allows identification of the priorities in terms of mitigation actions. The precise goal of each prevention and protection measure for employee Health and Safety is to reduce, if not to eliminate, the existing risk.

The Group's commitment to overseeing workplace health and safety issues also reflects into a systematic approach for monitoring trends in accidents, near misses, unsafe acts and objective conditions²⁴. Based on problem solving principles, if indicators are revealed that are not in line with the pre-set objectives or critical issues inside Brembo sites, each individual plant engages in improvement plans and actions setting up, where necessary, ad hoc working groups. Once the efficacy of the actions adopted has been verified, these are shared within the Group to allow all the plants to implement the same solutions promptly, if necessary. The value added of this process lies in continual search for improvement by involving all employees in collecting ideas and suggestions in the area of workplace health and safety.

Annually, the Group defines quantitative targets to be achieved for the accident frequency rate. Specific objectives are then defined for each site, based on the previous year's performance and the results of the assessments and periodic audits. In 2020, Brembo reported for employees an accident rate of 1.01 (excluding en route accidents), the lowest figure ever reported; an accident occurred that led to an absence of more than 180 days. The main types of accidents are connected to the use of machinery, transport of materials and product manual lifting, in other words connected with the work environment and the operations carried out therein.

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Workplace accidents by gender (%) - employee	92%	8%	87%	13%	82%	18%

²⁴ An objective condition is a condition not caused directly by the action or inaction of one or more employees in an area. It may result in accidents or injuries if not corrected in a timely manner. It may be caused by a defective design, incorrect fabrication or construction or inadequate maintenance procedures and resultant deterioration. Objective conditions differ from unsafe acts because they are beyond the direct control of operators in the area in which the condition is observed.





Health and Safety within the Plants: ISO 45001 replaces the previous OHSAS 18001 Standard

2020 saw the conclusion of the update of the Workplace Health and Safety Management System in accordance with the new principles defined by recent standard ISO 45001. Initially applied to three pilot sites, the new standard was extended to the rest of the Group, reaching 100% of plants in December 2020.

The new standard is intended to improve and facilitate integration with other ISO standards for management systems, while introducing important changes compared to the past. These include, for example, the introduction of analysis of the context with the goal of identifying risks and opportunities that extend beyond the plant's perimeter, to also embrace the potential risks of customers, suppliers and stakeholders in the community, and the request that the risk analysis be conducted in a "participatory" manner.

In addition, the update of the Management System made it possible to adapt it more effectively to both the Group's growing organisational size and the Legal Compliance principles that Brembo has adopted: occupational health and safety aspects are fully reflected in these principles and indeed represent a substantial part of them. The Health and Safety System is an integral part of Brembo's Organisational, Management and Control Model.

The introduction of the new ISO 45001 standards is consistent with the new company vision, which expresses Brembo's desire to be recognised as a trusted partner to all its associates. The Group's primary objective is to prevent the occurrence of occupational accidents and illnesses for employees and all stakeholders, sharing responsibility for implementing, maintaining and continually improving the new Management System with the entire company organisation. The focus is beyond short-term issues, to consider what all current workers and stakeholders expect.

Accident rates of employees*

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate** (No. of workplace accidents / No. of hours worked) x 200,000	1.28	0.66	1.18	1.38	0.91	1.29	0.99	1.14	1.01
Accident frequency rate with serious consequences*** (No. of workplace accidents with serious consequences / No. of hours worked) x 200,000	0.02	0.07	0.03	0.05****	0.05****	0.06****	0	0.07	0.01

* The calculation of reported accident rates takes into account only accidents occurred to employee that have taken place at the workplace. The "Appendix" section provides further details in order to meet the GRI 403 Standards (2018) disclosure requirements. Compared to the 2018 Disclosure of Non-financial Information, the method used to calculate accident rates relating to employees and workers who are not Brembo employees, operating at the Group sites has been aligned to the new reference Standard.

** The frequency rate takes into account both accidents with lost days and those without lost days apart from the day on which the incident occurred (e.g., medical treatment or change in work duties).

*** "Serious consequences" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.

**** Data has been adjusted as three accidents that had occurred in 2019 led to an absence exceeding 180 days in 2020, thus qualifying as "accidents with serious consequences".

Brembo pays constant attention to the health and safety of all those people who, despite not being Group employees, operate in the Company plants or office facilities. The accident frequency

rate stood at 0.82 during the year, whilst the frequency rate for accidents with serious consequences was 0, in line with the 2019 figure.



Accident rates of workers, who are not employees, operating at the Group's sites*

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate ** (No. of workplace accidents / No. of hours worked) x 200,000	0.90	1.88	1.02	0.92	1.97	1.05	0.79	0.96	0.82
Accident frequency rate with serious consequences*** (No. of workplace accidents with serious consequences / No. of hours worked) x 200,000	0.06	0	0.06	0	0	0	0	0	0

* The calculation of reported accident rates takes into account only accidents occurred to employee that have taken place at the workplace. The "Appendix" section provides further details in order to meet the GRI 403 Standards (2018) disclosure requirements. Compared to the 2018 Disclosure of Non-financial Information, the method used to calculate accident rates relating to employees and workers who are not Brembo employees, operating at the Group sites has been aligned to the new reference Standard.

** The frequency rate takes into account both accidents with lost days and those without lost days apart from the day on which the incident occurred (e.g., medical treatment or change in work duties).

*** "Serious consequences" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days

With regard to contractors, in 2020 Brembo reported 4 workplace accidents, none of which with serious consequences. Finally, no fatality was reported during the year.

In 2020, 15 cases of employee occupational diseases were reported. Said cases are not directly connected with the employee's working activity.

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Recordable occupational diseases (No.) - employees	8	7	15	12	5	17	8	7	15

People training on workplace health and safety

Brembo is firmly of the belief that promoting continuous health and safety training for all its personnel is essential to ensuring that the work environment is safer than ever, as well as to preventing the risk of accidents. Because of this, general health and safety in the workplace courses have been developed in compliance with current legislation and are provided to all company personnel, with a particular focus on new employees.

Brembo is committed to keeping all staff responsible for managing workplace health and safety issues up to date with professional training, as well as adapting training content to the different functions in accordance with the risk assessments and training needs triggered by organisational changes, process changes or internal improvement programmes. The teaching staff chosen to hold the training courses are generally external teachers selected following an assessment of their qualifications and experience.

In addition, during the year the Group defined specific health and safety training paths, dedicated and personalised based on the different professional profiles and risk levels, in order to transfer the right knowledge, skills and values for "working in safety", in a bottom up approach. The training is planned on an annual basis and is provided during working hours. In the event that it is carried out outside normal working hours, employees are paid for this time.

In 2020, Brembo continued to invest in training and workshops by providing online courses, in compliance with Covid-19 regulations.



Over 34,680
of training regarding Health
and Safety provided in 2020





In particular, the Group conducted training initiatives with the aim of presenting the innovative features of the new Management System, conforming to ISO 45001. For this purpose training courses were run for the Plant Health and Safety departments and for General Managers and the Employers. Said training, started as of 2019, was completed

in 2020 with the provision of online courses, in particular at Chinese production sites. The Company also continued its commitment to raising awareness about the “10 Life Saving Behaviours” that all employees must comply with at the workplace, through ongoing initiatives to spread the knowledge and implementation of said behaviours.



In addition, in the wider, more positive and inclusive sense of Promoting Workplace Health, a number of sensitisation and prevention initiatives regarding specific illnesses were carried out in each site, such as: WHP (Workplace Health Promotion) in Italy; “Pink Week” (on breast cancer) which ran in Mexico and Brazil, and targeted programmes against tobacco addiction conducted in the United States, Mexico, Poland and Italy. Moreover, Brembo supports a variety of sports-related initiatives

promoting the positive values of physical exercise, including the Brembo Sporting Event in the Czech Republic, Running, Volleyball and Football Teams in Poland, Brembo Ski in Italy. Worthy of note in this context are also “Brembo Strong”, a wellness and welfare corporate programme carried out in the USA aimed at encouraging healthy behaviour alongside discounts on medical insurance.





The Pink October and Blue November Campaigns in Brazil

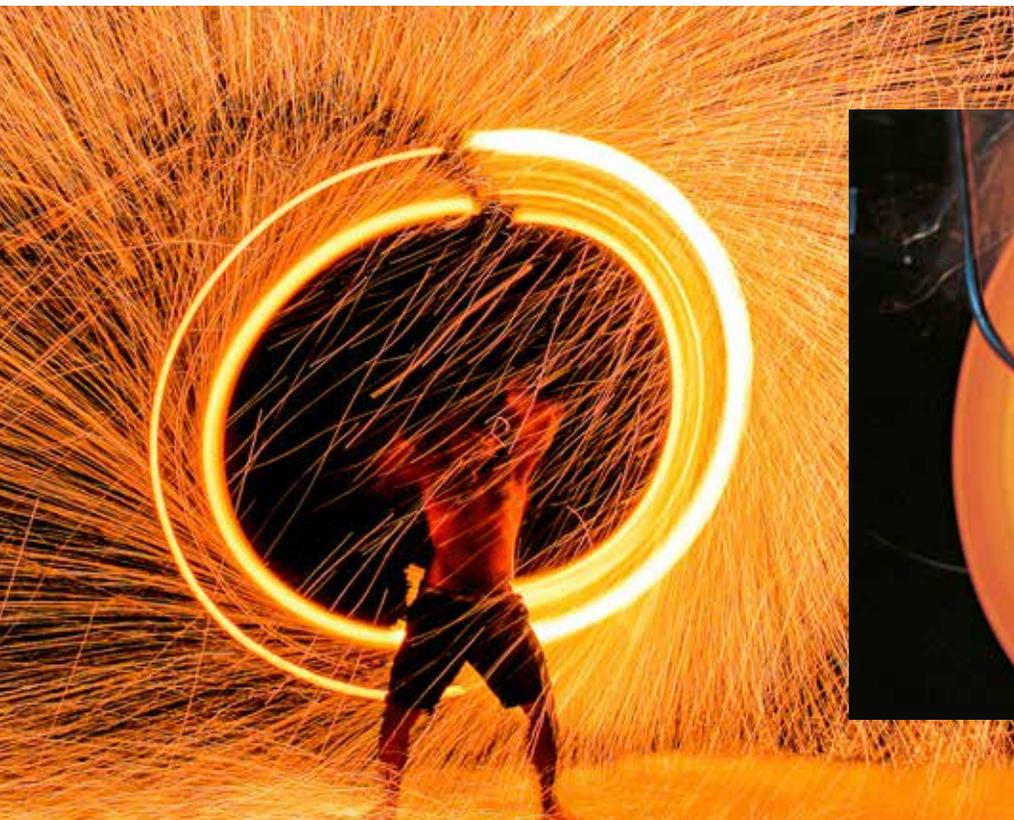
During October and November 2020, Brembo do Brasil launched an awareness campaign involving everyone working at its plant, to draw their attention to important health and prevention issues: Pink October & Blue November.

October was the month dedicated to breast and womb cancer: all the women were invited to attend a lunch where these issues were discussed, emphasising the importance of prevention and early diagnosis. November was the month for raising awareness about prostate cancer, involving all the male workers.

In addition to these meetings, the company offered women over 40 the chance to undergo breast examinations, while men were able to do a PSA test at a medical clinic partnering Brembo do Brasil.

The campaigns aimed to promote healthcare and psychological support, both of which are fundamental to people's wellbeing. Furthermore, the company restaurant was decorated with the colours symbolising the awareness campaigns, reinforcing Brembo's ongoing support for the cause.

This initiative represents a tangible step towards archiving the 17 Sustainable Development Goals set out in the UN's 2030 Agenda, particularly SDG 3, targeted at the health and wellbeing of people around the world.





Open dialogue and discussion for continual improvement

This year's update to the Management System made it even more important to ensure that all Brembo people played an active role in managing health and safety issues in view of continuous improvement of the Group's performance to prevent accidents.

<p>Local Health & Safety Committees</p>	<p>At all Group sites, the workers and management meet at least on a half-year basis to discuss and take decisions on open health and safety issues and identify specific solutions. In particular, they include the General Manager, HS, the Workers' Representative and the Physician, along with the heads of plant functions. The subjects dealt with are circulated to workers through their representatives or, subordinately, in the minutes of the meetings. The issues handled include topics such as risk assessment, accident and occupational illness performance, training and information programmes, opportunities for improvement identified, the nature of accidents, <i>near-misses</i> and non-conformities and the results of measures taken to mitigate them, together with any best practices.</p>
<p>Prevention through information sharing</p>	<p>In order to encourage information sharing and discussion about problems, an IT portal facilitates the prompt communication and analysis of information regarding incidents, accidents or near misses at the various Group sites, improving management effectiveness and above all efficiency in preventing incidents. In fact, the platform facilitates the analysis of each event and the identification of the root causes, as well as makes it possible to structure the information in a single archive accessible to all Group sites. In this way the plants not involved in the incident are able to rapidly assess whether what happened could repeat itself at their facility and to implement appropriate preventive actions.</p>
<p>Promoting worker wellbeing</p>	<p>The Group's commitment to promoting the health and wellbeing of its workers has received this year as well, for the ninth year in a row, recognition from the Associazione Confindustria Bergamo, which rewarded Brembo together with other firms in the area for its participation in the WHP — Workplace Health Promotion project, for which the Group has been one of the main advocates since 2011. This initiative, in partnership with the local health authorities and Bergamo's entrepreneurial association, is designed to promote healthier lifestyles and eating habits among workers of the companies involved. On the basis of recommendations from the World Health Organisation, Brembo employees (Stezzano plant, Italy) have been involved in an awareness-raising process regarding individual behaviours that can have the biggest effect on people's health and psychological and social wellbeing, such as cigarette and alcohol addition, a sedentary lifestyle, eating habits and driving style.</p>





Brembo's Health Service

Brembo's plants offer a free Health Service for employees, comprised of a doctor, first aid teams and paramedical personnel. The Health Service also uses facilities external to the plant in order to look after all aspects of employees' health in the best possible way, such as carrying out blood tests, X-rays and spirometry tests, as well as first aid in emergency situations.

The doctors and paramedical personnel are normally present in the plants during the main shift. Some plants guarantee a continuous presence across all shifts. The First Aid Team is made up of suitably trained employees and covers all the work shifts.

As well as carrying out the more institutional tasks, such as writing the health monitoring plan, the activity progress report, carrying out medical check-ups and issuing certificates of suitability to work, the Health Service also:

- participates in the assessment of risks, accidents, near misses and the identification of the relative mitigation actions, which also involves sharing the results of the monitoring activities in an anonymous form;
- visits the departments and takes part in the H&S Committees on a plant level;
- trains the First Aid teams and provides workers with support for health issues, including those not directly related to work.

Access to the Health Service is guaranteed for employees thanks to proper activity planning during working hours and information activities designed to encourage employees to use the services provided (e.g. through noticeboards, website, training courses). However, if employees have to visit external facilities, they will receive additional days off or be paid for the hours taken up by the medical visits (e.g. medical check-up during working hours). The Services is also available for any requests made directly by employees.

The General Manager periodically monitors the activities provided for by the Health Monitoring plan to make sure they are being carried out properly. This is achieved by monitoring specific KPIs, employee interviews, ensuring that employees attend their medical check-ups or undertakings, checking and filing reports written by the Health Service.

Brembo guarantees the confidentiality of the data managed by the Health Service, absorbing and applying legislation in the sector, including as regards contracts stipulated with external health services.

Lastly, Brembo also makes it easier for employees to access healthcare services outside working hours, for example:

- private health insurance for employees and their families;
- annual physical check-up;
- partial reimbursements for the use of sports centres and discounts for spas and fitness centres;
- flu vaccine;
- free Covid-19 testing;
- 24h medical advice and access to medical services.



Methods and tools supporting workers' health and safety

<p>LOTO (Lock Out-Tag Out) Guideline</p>	<p>To ensure that the necessary level of safety is constantly maintained for the operation of, and access to, the robotised lines and machinery, on the basis of the guidelines relating to the LOTO standard, applied at all plants, in 2020 specific audits were conducted with the aim of verifying the correctness of application of the LOTO standard.</p>
<p>Brembo Best Practice and technical standards</p>	<p>Thanks to the section of the company's Intranet portal, dedicated to gathering and sharing Safety Best Practices implemented in Group plants, Brembo has the opportunity to select, collect and share the best solutions identified in the various production plants to resolve specific Health and Safety problems. Said solutions often originate from reporting (Near misses) and ideas (ideas related to social issues) coming from the main players involved, namely the workers.</p>
<p>10 Life Saving Behaviours</p>	<p>They represent a Brembo's rule book on safety principles that People must apply to operate in work environments. In 2020, the Company continued its activity to raising awareness about the 10 life saving behaviours.</p>
<p>Workshop 'Melting deck'</p>	<p>The activity aimed at completing the application and implementation of standards identified and designed during previous years workshops intended to identify the greatest risks in the melting furnace area, to devise solutions to eliminate or mitigate those risks, and to standardise methods and tools for managing emergencies continued.</p>
<p>Workshop 'Robot line'</p>	<p>Following the workshop held at the end of 2019 which involved the central technologies and several disc mechanical processing facilities, the basic criteria and safety standards (the "safety concept design") have been defined to design and build future robotic production lines and the same have been gradually introduced in supplier specifications of new lines.</p>
<p>Workshop 'Aluminium Foundries'</p>	<p>In September a series of meetings was launched in remote online format (similar to those organised for the Cast Iron Foundries), involving the Operations Department of the Aluminium Foundries (Technology and Production), which resulted in the identification of the main risks and the formulation of countermeasures and mitigation of the risks concerned. This initiative will be developed during 2021.</p>
<p>'Safety Walk'</p>	<p>Each plant, depending on specific local circumstances, provides for employee consultation and participation activities. One example, in Italy, features the 'Safety Walks', in which the Employer and Worker Representatives jointly carry out a monthly audit in the sections regarding the operational aspects of health and safety.</p>

Dedicated company notice boards, projections on screens inside the factories, booklets and information leaflets, as well as the company's Intranet portal and the quarterly House

Organ MyBrembo supplement the range of participation and information tools available to employees.





Behaviour Based Safety: Pilot Project in Dabrowa

An innovative project, Behaviour Based Safety, designed to promote safe behaviour in the workplace and lower the risk of accidents, is in progress. The project is inspired by the assumption that approximately 75% of accidents derive from incorrect behaviour, and that only 25% are due to objective conditions. The goal of Behaviour Based Safety is to reduce that 75% to at least 50%.

The initiative is based on operators' observations in the field and is designed to reinforce their positive behaviour and correct that considered most at risk of accidents. It is fundamental that the facility's workers be involved, since after adequate training they are tasked with identifying such behaviour.

The Project began last year with the preparation and processing of content and then continued with the training and implementation phase. Next year, after the observation phase ends, an action plan will be formulated to improve the critical areas identified and provide a measure of the programme's efficacy.

The project has currently been implemented at the Polish facility in Dabrowa, but the Group aims to make it into a global working standard at Brembo sites through a process of change lasting several years.

Due in part to this initiative, accidents at the Dabrowa hub fell by over 50% on 2019.

It should be recalled that Brembo continues to focus closely on issues relating to the safety of its workers, including through the House Organ MyBrembo, used as a tool for spreading information.



Continuous collaboration





A road that we have made our own, step by step.
So as to be closer and closer and more connected
in meeting our customers' challenges, together.
In moving towards the new mobility paradigms, together.



5. The Supply Chain

5.1 Ancillary companies and supplier network

The Group relies on the contribution of more than 6,000 businesses located in more than 16 countries throughout the world to carry out its own activities. These provide essential goods and services for Brembo's industrial processes.



1,441 € million
Procurement value



87%
Local supplies, i.e., supply from supplier located in the same countries where the Group operates



70%
Suppliers of direct materials involved in socio-environmental audits (in terms of value of supplies)

During 2020, the total number of raw materials, components, materials and auxiliary production services processed and integrated in Brembo products generated a purchasing value of more than €1,324 million, in addition to about €118 million for machinery and industrial plant. In 2020, the scope of the analysis, in line with the previous year, continued to also include services not closely linked to production such as costs of ICT, cleaning, security, canteen and other outsourced services, so as to provide a more comprehensive view of the total value managed by the Procurement function.

The supply of raw materials, such as ferrous scrap (amounting to more than 357 thousand tonnes), aluminium (about 37 thousand tonnes), cast iron goods, binders and refining agents directly used in the Group's foundries are fundamental to the Group and accounted for an overall purchase value of nearly €390 million in 2020.

Equally significant, worth a total of more than €550 million, are components and outsourced processing.



Value of supplies* by category (€)

	2018	2019***	2020
Raw materials and cast iron goods	517,712,952	477,100,854	387,680,031
Components and outsourced processing	618,946,043	637,224,059	555,096,440
Ancillary products and services	321,047,338	417,749,405	380,926,578
Total	1,457,706,334	1,532,074,318**	1,323,703,048
Industrial assets	222,235,816	154,620,841	117,701,757
Total	1,679,942,150	1,686,695,159	1,441,404,805

* This includes the costs of purchasing goods and services directly involved in the manufacturing of finished products, namely purchases of: raw materials, components, semi-finished and finished products, ancillary materials and services (mostly transport, utilities, packaging and MRO).

** In 2019, Brembo Argentina S.A. was not included for the Company's months of operation.

*** In 2019 the scope of analysis was expanded to also include the provision of services not closely associated with production, such as the costs of ICT and telephony, cleaning, security and canteen services. Tax and legal advice, insurance, sponsorships, business travel, recruitment and training activities and building leases are excluded.

Value of supplies by geographical area (€)

	2018	2019*	2020
Europe	795,607,951	885,417,700	747,028,764
North America	267,622,478	275,773,880	237,376,285
South America	38,910,812	34,183,929	21,024,009
Asia	297,901,862	334,770,342	315,020,934
Other	57,663,231	1,928,467	3,252,957
Total	1,457,706,334	1,532,074,318	1,323,703,048

* As of 2019, the item "Other" includes Russia, Australia, United Arab Emirates and Libya. All the other countries, which in 2018 were included under the same item, were reclassified in the respective geographical areas.

Brembo pursues an international development strategy with a central focus on the local area and a commitment to create stable relations with local communities. This is proved by the high percentage of purchases received from local suppliers in the same country where the Brembo Group operates, equal to 87% of purchases²⁵.

	2019	2020
Europe	87%	87%
North America	86%	83%
South America	99%	99%
Asia	92%	93%

²⁵ This percentage is only calculated with regard to the purchase categories of raw materials and cast iron goods, components and outsourced processing, and ancillary products and services (excluding industrial assets).



5.2 Promoting sustainable business models through responsible purchasing practices

For Brembo, supply chain management is a priority and is essential to ensuring responsible supplies, with a focus on environmental protection and the rights of workers and local communities. Over the years, the Group has established a structured supplier management process that seeks to promote the development of stable relations with its partners, as well as ensuring continuous innovation and improved quality and sustainability throughout the supply chain.

This process is structured into three main phases:

1. Clear communication of the standards that Brembo expects from its business partners in terms of product and service quality, correct environmental management and proper working conditions.
2. Assessment of suppliers' capacity to meet technical specifications and requirements both during the qualification phase and during the business relationship.
3. Providing suppliers with support to continually improve their own performance and strengthen their ability to innovate.



Clear communication of what the Group expects from suppliers



In light of the complexity of the production and technological sector in which Brembo operates, it asks the Group main suppliers:

- to implement a quality management system certified by independent accredited bodies, promoting where possible, the use of Automotive IATF standard 16949 among the suppliers of direct materials;
- to develop and maintain an ISO 14001-compliant environmental management system, preferably obtaining third-party certification;
- to apply an effective safety management system in accordance with ISO 45001/OHSAS 18001 standards or equivalent, preferably obtaining third-party certification;
- to base their conduct on the Universal Declaration of Human Rights, the ILO's Tripartite Declaration on the Principles Concerning Multinational Enterprises and Social Policy, as well as the OECD Guidelines for Multinational Enterprises;
- to adopt the Supplier Code of Conduct which summarises the guidelines set out in the Group's sustainability policy, the rules and principles that Brembo's suppliers are required to uphold.

Supplier selection and assessment



Brembo has defined a structured process for the assessment and approval of new suppliers.

- The first phase of the process involves inviting suppliers to register with Brembo's Supplier Portal and asking them to complete a pre-assessment questionnaire (the questionnaire is also available online on the website <https://www.brembo.com/en/company/suppliers/criteria-for-selection>). The questionnaire also includes a CSR section, intended to assess aspects relating to safeguard workers' rights, counter corruption and minimise the risks for the environment. In this latest version of the questionnaire drawn up in 2018,

the selection parameters linked to sustainability are more detailed and it now includes a specific section dedicated to Risk Management activities linked to supplier management. This initial analysis phase enables Brembo to identify any critical elements associated with potential new suppliers in advance and to implement improvements designed to ensure they meet the minimum expected requirements. The questionnaires are analysed by the Purchasing, Administration & Finance, Quality & Corporate Social Responsibility Departments with the aim of assessing the operating, financial and sustainability profiles.

- In 2020, Brembo consolidated the use of the “Brembo Supplier Portal” to facilitate the exchange of information and documents with Brembo’s suppliers. The portal provides, inter alia, for the computerisation of the pre-assessment questionnaire and the related internal approval. From this year onwards, the Supplier Portal also includes the management of Requests for Information (RIF) for data collection, such as the “Conflict Minerals” survey, the “Engagement Survey” and the “Covid-19 Survey”.
- Once the pre-assessment phase is concluded positively, all potential suppliers of direct materials receive onsite visits from the Quality GCF and/or any other Brembo personnel to check that the quality and process requirements are met effectively.
- Once the approval process has been completed, the supplier becomes part of the supplier base to which Brembo can award orders. The assignment of a specific supply takes place by benchmarking the various offers received on the basis of the following assessment criteria:
 - A. Compliance with technical specifications
 - B. Technological and innovation capabilities
 - C. Quality and service
 - D. Economic competitiveness.
- In pursuit of a virtuous process of continuous improvement in product quality and risk management, for its most important suppliers Brembo regularly assesses quality and risk indicators relating to the supply chain, such as the increase in supply costs, suppliers’ dependency on Brembo and Brembo’s dependency on the supplier, non-compliance

with quality standards and the presence of possible critical situations. In 2020, 29 risk events were monitored. Where a situation considered at risk were to threaten business continuity, Brembo has a plan in place to set up a Crisis Committee composed of a interfunctional team to take the measures needed to minimise the impact.

- In addition, in consultation with experts, Brembo has conducted assessment audits of suppliers for the past several years with the specific goal of assessing compliance with the sustainability standards mandated by the Group.

In 2018, Brembo issued the Procedure for Managing CSR Audits, which defines the procedures for selecting suppliers involved in audits, the processes for managing third party-audits, related follow-ups and any corrective actions. The parameters for selecting suppliers involved in CSR audits are: the country of origin of the supplies, the turnover with the Brembo Group and the type of production process.

Beginning from 2019, continuing with its campaigns of onsite audits, Brembo extended the use of the self-assessment questionnaire to increase the number of suppliers subject to assessment.

The objective of the third-party audits and self-assessment questionnaire is to identify critical affecting areas such as: working conditions, related remuneration and working hours, health, safety and the environment. The Supplier is required, for each non-conformity reported, to develop corrective action plans, which are then monitored by Brembo using the same third-party assessment body.

To date, Brembo has involved 92 suppliers in sustainability-related audits, of which 10 in 2020, namely 1 audited on-site and 9 through the self-assessment questionnaire from the Supplier Portal. The percentage of the turnover monitored further increased by 6%, reaching 70%²⁶ of the overall purchase costs for direct materials. In addition to the new assessments, the Group carried out follow-up activities involving suppliers which had obtained a score not considered to be sufficiently adequate during the previous assessments. Said suppliers were asked to prepare and implement improvement plans.

26 The focus of CSR activities is on direct suppliers classified as Relevant — a term that refers to suppliers that account for at least 80% of total suppliers’ sales in the three organisational dimensions of purchasing: Commodities, Regions and GBU. There were 201 relevant suppliers of direct materials in 2020. The list is revised annually on the basis of suppliers’ sales to Brembo in the previous year.



Five suppliers who had already undergone previous audits with a positive outcome were assessed again in 2020 to ensure that the results were being maintained over time.

The pandemic has had a significant impact on the number of CSR audits and follow-up activities, particularly as regards on-site audits, in view of the Covid containment measures put into place.

Brembo is currently planning remote follow-ups for its American suppliers and is committed to continuing its audit activities in 2021, considering the possibility of introducing remote methods in keeping with the developments of the pandemic situation.

The Purchasing GCF and the Quality GCF regularly present an update to the CSR Meeting, to which they belong, of work in progress regarding the supply chain and sustainability-related issues.

Development and capacity building



The continual innovation and quality improvement offered by Brembo require the constant involvement of suppliers, to ensure the development of a supply chain network able to make an active contribution to this goal.

It is for this reason that the Group promotes opportunities for supplier development, through collaborative initiatives that encourage direct discussion and the sharing of best practice.

Examples include the projects, coordinated by Brembo's Supplier Quality function, involving a number of suppliers in tutoring activities with regard to quality performance. In 2020, activities were carried out to provide with remote support suppliers which proved to have critical issues in terms of quality, namely through improvement plans and quality workshops. These projects aim to support the development of Quality competencies in managing production processes, by analysing the processes themselves, sharing experiences and approaches with the aim of identifying the improvement solutions to be implemented.



Brembo Supplier Portal: a new area dedicated to Sustainability

In 2020 the Group expanded its use of the Brembo Supplier Portal, the online platform dedicated to information and document sharing between Brembo and its suppliers. In greater detail, the Portal was used to conduct a series of surveys for the first time this year, proving itself to be an excellent, flexible and effective tool that will also become a reference point for the future. The main surveys carried out in 2020 included:

- the Engagement Survey "Materiality Matrix", which saw the participation of approximately 230 relevant suppliers;
- the Engagement Survey "Conflict Minerals", performed on a panel of 200 relevant suppliers and with a 94% response rate, up compared to the previous years;
- the Covid-19 questionnaire, performed on a panel of 450 relevant suppliers, with a 72% response rate.

Given the versatility of the platform, the Purchases Office and the CSR Office have decided to create an area dedicated to sustainability that is available on the Portal home page to encourage effective communication, share best practices and develop greater awareness regarding issues of sustainability through further study of particular subjects (e.g. use of critical materials and sustainable materials). By way of example, a brochure providing detailed information about conflict minerals was shared via the portal.

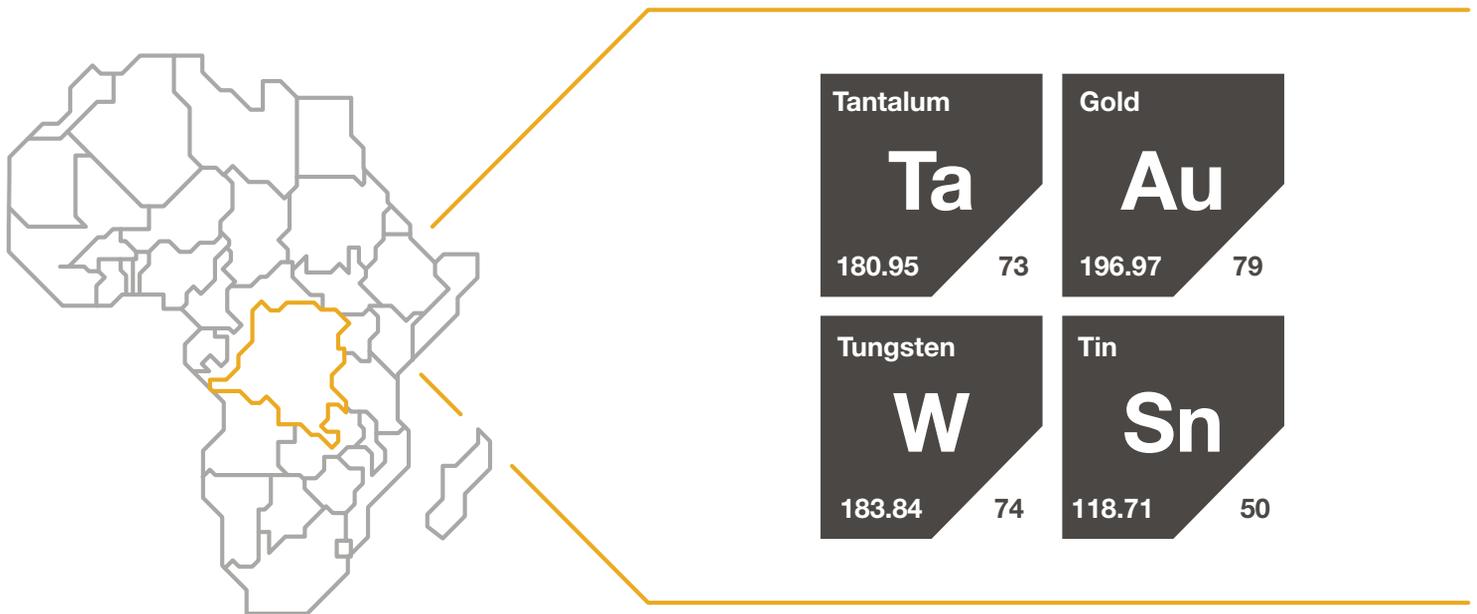


Combating the use of conflict minerals

“Conflict minerals” are metals such as gold, coltan, cassiterite, wolframite and their derivatives such as tantalum, tin and tungsten coming from the Democratic Republic of the Congo (DRC) or in neighbouring countries.

These minerals are subject to international regulations, including

section 1502 of the Dodd-Frank Act, a 2010 U.S. federal law which discourages their use because their trading could fund conflicts in Central Africa, where there are reports of serious violations of human rights.



Promoting the full protection of human rights in its own supply chain as set out in the Group’s Code of Ethics and the Code of Basic Working Conditions, Brembo does not directly purchase minerals from conflict zones and requires its suppliers and commercial partners to declare the presence and provenance of metals for Brembo Group supplies so that a check can be

made that they do not originate in countries at risk. To this end, Brembo investigates its supply chain, in compliance with the provisions of the Organisation for Economic Co-operation and Development (OECD), which specify the due diligence activities required.



The passion
that drives us is
pure energy



Research aimed at ever more sustainable solutions and processes, for mankind and for the planet. From the intangible flow of ideas, perceptions and data to the world's most innovative, high-performance brakes.





6. Production Process

6.1 Designing innovation

The transport sector has to tackle the challenges posed by climate change and air pollution. Brembo, through its Research and Development activity, monitors the continuous evolution of the sector, directing research into the best braking system toward solutions able to meet the challenges of the future such as electrification, autonomous driving and digitalisation.



2,925

Patents, utility and designs models



1,160 FTE

People employed in R&D activities



100%²⁷

Plants with IATF 16949 quality certification

Brembo, aware of the environmental impacts generated by the production processes typical of the automotive market, is committed to strengthening the development of innovative and carbon neutral products, convinced that purchasing decisions will be increasingly driven by environmental impact, but especially by the will to consolidate the change to sustainable mobility and reduce the environmental impact of the Group's entire value chain.

The work supported by the Group covers all brake system components (caliper, disc, pad, suspension, control unit) and guide Brembo in testing revolutionary solutions that can improve the comfort and environmental sustainability of products, as well as the application of a design that can combine functionality, comfort, durability and aesthetics. Therefore, the aim of the Group's research and development work is to:

- ▶ **increase braking system performance**, while ensuring

maximum reliability and improving comfort through solutions that can reduce braking action noise, vibrations and harshness;

- ▶ **prolong the life of Brembo's products**, while minimising disc and pad wear, in the framework of circular economy;
- ▶ **reduce the environmental impact** resulting from the use of vehicles in terms of greenhouse gas and particulate emissions into the air, through the reduction of the weight of Brembo's products and the control of the dispersion of braking-related dust, thus contributing to combating the climate change;
- ▶ **reduce the final weight of vehicles** using increasingly lighter alloys to obtain lightweight products;
- ▶ **enhance the style content** so as to offer products that can interpret concepts of prestige and elegance, thus becoming new status symbols.

The operating model, shared with the Environment and Energy function to reduce the impact on climate change by gradually

27 Net of the Zaragoza site in Spain, which is ISO 9001-certified. It should be noted that the Carbon Factory will be certified by 2022.



neutralising GHG emissions, is now divided into the following action areas:

- ▶ Understanding of the impact throughout the production chain (Life Cycle Assessment);
- ▶ Definition of the project criteria (Process and Product);
- ▶ Involvement of the supply chain;
- ▶ Energy efficiency and transition to renewable energy sources through contractual forms of Power Purchasing Agreements and an increase in the capacity to self-produce electricity.

Firmly believing in the collaboration with the value chain and in order to improve its management approach to this issue, Brembo is involved in external initiatives by taking part to workshops, conferences, webinars and participating in the Green Economy Observatory promoted by the Bocconi University; it also promotes experience-sharing activities among Customers and Suppliers such as meetings on climate change, which are promoted by industry unions such as Assofond, Confindustria, FIRE, ANFIA and CLEPA.

The operating model rests on the accuracy of impact data gathering, opening up possibilities for developing a software capable of measuring impacts such as those linked to raw materials production.

Brembo reports information on GHG emissions through a special reporting process, in accordance with specific procedures. Furthermore, through the internal communication systems, such as the House Organ and Red Portal, the Group communicates the relevant information to all its employees worldwide, so as to disseminate an internal culture on these aspects. Any requests from stakeholders on the subject in question are referred to the CSR Office, which deals with them by involving and coordinating the corporate functions concerned and following specific procedures.

Brembo's capacity to innovate and exploit its own expertise as a strategic lever for maintaining its technological and commercial leadership at global level can also be gauged by the patents

filed by the Group over time: 2,925 patents, utility models and designs divided into 511 families have already been registered in the world in little more than fifty years since its foundation. In 2020 the Group filed several patent applications for cast-iron brake discs and light brake discs, made possible by research, development and testing of unconventional solutions based on the study of shapes, materials, technologies and surface treatments capable of meeting the needs of next-generation hybrid and electric drivetrain vehicles or conquering new segments of the market. In 2020, 29 patents and 1 design models were filed, for a total of 30, in addition to 54 filed the previous year and 47 in 2018. This year, Brembo also registered 13 new trademarks, bringing the total registered since its foundation to 255, divided into 5 families that globally become 60 families.



2,925

**patents, utility
and design models**

filed by the Group since it was founded

Continuous innovation is the stylistic approach taken by Brembo to 100% of its products and processes, both existing and in development, with regard to quality and environmental impact, including through prior analysis of the relevant laws and regulations in force in the countries where the product will be marketed, with an eye towards a future in which the Life Cycle Assessment method will be extended to all products and processes.

Brembo views innovation as a direct expression of the constant search for beauty and style in its products. Focusing not only on the technological profile, but also on the impact caused by its shape and aesthetics, means becoming increasingly familiar with, and adaptive to, the various design guidelines of Brembo's customers, while ensuring consistency in the choice of the names and colours of the end product.



Brembo: Carbon Neutral by 2040

During 2020, Brembo, as a responsible Company, decided to contribute to the containment of global warming by setting itself the goal of achieving carbon neutrality by 2040.

In this regard, Brembo has set up a dedicated Working Group that will deal with the study and implementation of carbon neutral products to steer the Company toward a gradual process of decarbonisation.





Brembo's Digital Lab

Brembo has set up the Digital Lab, in line with the digitalisation process undertaken by the Group to become a “Digital Company”. This is a digital laboratory that is responding to the Group’s mission to develop a “data culture”, increasingly considered as a corporate asset for creating new business opportunities and supporting partners in the challenges of the new mobility.

The aim of the Digital Lab is to design and implement the digitalisation projects in which three new players operate: the “Domain Experts”, “Data Scientists” and “Digital Project Managers”. The projects will then be evaluated by the Global Digital Innovation Committee (GDIC) which will decide on which ones to implement and identify the priorities. Finally, the digital ecosystem includes ICT, the corporate Information Technology unit, which has the task of providing support through the entire infrastructure.

6.2 Partnerships to improve the environmental impact of products

As indicated previously, innovation, for Brembo, aims to ensure not only increasingly cutting-edge products able to anticipate and meet the new needs typical of the automotive industry, but also products that allow the environmental impact to be improved, through:

- ▶ the selection of low-impact raw materials;
- ▶ the reduction of GHG emissions thanks to the use of light alloys allowing to limit braking systems weight;
- ▶ the reduction of particulates during braking, harmful for human health;
- ▶ the development of smart products such as mechatronic components.

In a perspective of open-innovation, and to improve the effectiveness of research in these areas, the Group encourages collaboration, through networks and joint work projects, with other players in the automotive sector: Research Centres and Universities both at Italian level (the Milan Polytechnic, the University of Padua, the University of Trento, the Mario Negri Pharmacological Research Institute and other) and at international level (where Brembo continues to partner with the Royal Institute of Technology in Stockholm).

Also important was the collaboration between eNovia and Brembo for electronic development and the development synergies that will allow both facilities to grow in the coming

years. eNovia brought to market bicycles with an ABS brake system based on the concept developed and patented by Brembo Performance in 2016, whereas Brembo brought electromechanical systems in which the electronic component was developed according to its specifications by eNovia to the racetrack.

In the Aeronautics project, Brembo (certified by the EASA as a qualified developer and designer of complete brake systems and by the Italian Civil Aviation Authority – and by ENAC for the manufacture of front and back wheels) is successfully completing management of several client orders, in keeping with its decision to refocus solely on its core business.

The customer’s approval and validation tests on the brake system according to aeronautical standards (ETSO) were successfully completed. At the end of 2019, Brembo was one of six brake system manufacturers in the world to possess the technical and manufacturing qualifications required to bring brake systems to the aeronautical market.

Brembo subscribes to various coordinating organisations that promote industrial research in the automobile field, including AIRI (Italian Association for Industrial Research), ATA (Technical Automobile Association), Automotive SPIN Italia, CAAR (Automotive Cluster of Aragon Region) and the Lombardy Mobility Cluster.



During 2020, in continuity with the previous year, Brembo took part in the following joint research projects:

IMPROVES: a project to develop and validate high performance electric motors to be used in the next generation of braking and electric propulsion systems for electric vehicles. The project meets the sustainability goals of the Group that has decided to invest in the production of electric motors with a potential significant impact on the environment, thanks to the reduction in fossil fuel consumption. Brembo successfully completed the design of brake system motors and their production process, with an initial series of prototypes created and tested. June 2020 saw the installation at the plant in Stezzano (Italy) of a pilot flexible production line to demonstrate the efficacy of the Internet-of-Things and Industry 4.0 paradigm, applied to specialised production.

MODALES (MODify Drivers' behaviour to Adapt for Lower EmissionS): this project is the clearest expression of Brembo's commitment over the past eight years in the field of non-exhaust particulate emissions produced by brake systems through European Union projects of the calibre of Rebrake, COBRA and LOWBRASYS. This project, in which Brembo takes part as a developing partner, involves analysing driver behaviour, not only as a consequence of the particulates emitted by brake use, but also with regard to tyres, exhaust systems and problems relating to maintenance and tampering. Once the behaviour that has a negative influence on overall emissions levels has been identified, a strategy will be developed to guide drivers' behaviour to be more respectful of the environment around them.

For further information <http://modales-project.eu/>

ENSEMBLE: the main goal of this project is to support the adoption of a multi-brand truck platooning in Europe, by working on standardisation, universal communication projects and international legislation. Improved traffic security, productivity, fuel savings and, overall, a direct positive impact on total emissions represent the immediate benefits connected with the implementation of this initiative. These benefits will be demonstrated by guiding up to six trucks of different brands in one (or more) platoons in real traffic conditions across national borders during the final event.

For further information <https://platooningensemble.eu/>

EVC1000: The EVC1000 project seeks to further increase user awareness and acceptance of electric vehicles (EVs) by developing components and systems independent of the brand using an integrated in-wheel propulsion architecture and proposing an approach to managing EVs implemented on second-generation electric vehicles. The goal of EVC1000 is to exceed the ERTRAC efficiency targets for EV2030+, demonstrating a range of 1,000 km with a maximum of 60-90 minutes of additional travel time thanks to faster recharging, while also reducing costs by at least 20%. This would also make it possible to achieve greater convenience and comfort in long-distance trips. Brembo will contribute to achieving these goals by developing and supplying a Brake By Wire system that will include brake mixing strategies and other advanced features developed with the consortium to optimise regeneration and residual resistance, thereby increasing the vehicle's overall efficiency and range by 10% in real working conditions.

For further information <http://www.evc1000.eu/en/>

MODALES

€ 5,088,302.50 budget for the project
7% of the costs financed by Brembo, which performed particulate desk tests and will organise site pilot tests

IMPROVES

€4,013,870.18 budget for the project
€3,049,100 invested by Brembo as Project Coordinator





6.3 The results of innovation

The automotive market is on the brink of one of the most important revolutions in its history, which could radically alter the concept of the car and its use. A profound transition as a mark of the new electric drive systems, autonomous driving and integration of different vehicle systems, where the car is increasingly more able to carry out independent actions and provide assistance to the driver in real time. In particular, over the next few years we will witness a sharp increase in cars fitted with hybrid and electric motors in response to the new European regulations.

This is a revolution for which Brembo has been preparing for almost twenty years, due to an ever-greater focus and investment spending on electric braking system research and development. The Group has developed and presented the Brake By Wire system in this direction. This will enable the vehicles of the future to have braking electronically controlled using sensors and control unit, developed on mechatronic bases. The new brake system will also be able to communicate with all the vehicle's other systems and particularly the electric

motors, allowing effective use of 'regenerative' braking, typical of these new motors.

In particular, Brembo's Brake By Wire system will provide car drivers with increasingly higher safety standards, thanks to a significant reduction in stopping distances compared to a traditional system, and unprecedented driving comfort, the result of the system's capacity to ensure braking that can automatically adapt to the vehicle's load conditions, whilst maintaining constant stopping distances.

The advantages of the Brake By Wire system do not end with benefits in terms of safety, performance and comfort for the driver, but also extend to the topic of environmental sustainability. On the one hand, integration with the regenerative systems optimises energy use in hybrid and electric cars; on the other, in the traditional combustion engine car it reduces the phenomenon known as 'residual torque', caused by intrinsic and unwanted friction between disc and pad outside the braking phase. This causes the car to brake, albeit imperceptibly, increasing its fuel consumption and as a result its emissions.



The Carbon-Carbon brake system

Carbon-Carbon project activities for racing applications continued in 2020. The project, divided into three strategic areas, involves:

- ▶ the development and fine-tuning of carbon/carbon disc and pad manufacturing technologies and the start-up of the first needle-punching machine for constructing preforms from carbon fibre.
Brembo filed a patent application for a new carbon preform made from a new fibre with a new construction to replace the previous preform. Alongside this research, the Carbon Factory project was launched in Curno (Italy), making available nearly all the production technologies required to develop and manufacture carbon discs and pads.
At present, installed capacity is limited to a small monthly quantity, which, however, is sufficient to commence the manufacture of the first prototypes of the Formula 1 2021-2022 discs, which will be completely different to those in use today;
- ▶ the development of new systems on the basis of the Formula 1 discs and research into Formula 1 disc and pad architecture and fibre to extend this technology to other categories. In the case of the Formula 1 pad in particular, research will focus on various areas, including friction and mechanical and thermal characteristics;
- ▶ the development of new Formula 1 systems for the 2021-2022 season, with a particular focus on systems dedicated to discs.

In view of, and in preparation for, the Formula 1 2021 Tender, all technical development areas within Performance have been involved to a significant degree to ensure that Brembo will be capable of offering all components of the brake system for all Formula 1 vehicles starting in 2021.



This phenomenon is already minimised by Brembo's traditional fixed hydraulic calipers but is extremely reduced thanks to the Brake By Wire system, which actually allows CO₂ emissions to be reduced.

In 2019, an electromechanical Brake By Wire project, with hydraulic actuation and a safety concept, was launched in partnership with a Formula 1 customer, enabled by the experience gained in the Formula 1 sector itself. The project, which entered the vehicle testing phase in mid-2019, was then used in a race on four vehicles at the beginning of the 2019-20 season and a further development has been already agreed upon for 2021.

Brake By Wire systems have now reached a high level of performance, thus ensuring that the electrical braking system is ready for distribution. In this area, collaboration with the new players entering the electric vehicle sector becomes a strategic priority for the Group which has received a mandate to supply the brake system for a commercial electric vehicle from a major American manufacturer. The planning and industrialisation phase for the production launch has started and the project would result in Brembo being the first company in the world to enter into production in 2022.

Mechatronics and system integration entail the development of new components for Brembo's products, including sensors, mechanisms and electric motors. Brembo is therefore coordinating a group of companies based in the Lombardy region within the framework of the funded project "Inproves", with the aim of creating brushless motors based on permanent magnets offering very high levels of performance, specifically designed for the brakes of the future. The first prototypes of motors designed by Brembo for its By Wire actuators were created in 2019, while a prototyping line for these motors was built in 2020.

In addition, Brembo continued to conduct R&D activities in cooperation with international universities and research centres with the aim to constantly seek out new solutions to apply to brake discs and calipers, in terms of new materials, innovative technologies and mechanical components. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials, such as technopolymers or reinforced light metal alloys, to produce structural components. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools. Another initiative in this area is Brembo's

investment in Infibra Technologies, a spin-off of the academic institution Scuola Superiore Sant'Anna in Pisa, specialised in developing photonic sensors through the use of fibre-optics as the sensor element.

With reference to the Car and Commercial Vehicle GBU, the goal of using the braking system to help reduce vehicle consumption and resultant CO₂ emissions and particulates is being pursued through the development of new solutions. In detail, the use of methodologies to minimise caliper mass for the same performance, the improvement of caliper functionality by defining new characteristics for the pairing of seal and piston and optimisation of a new-concept pad sliding system continue to feature among the main areas of development.

After consolidating the technical solutions for fixed calipers, resulting in the assignment in 2019 of a share of the business relating to a platform of fully electric vehicles created by a major German manufacturer, the Group's focus shifted to the study and application of floating calipers for commercial vehicles. The concept approval phase was successfully completed and the product, which represents the current state of the art, was proposed in the first half of 2020 to a major European customer for the renewal of its range of commercial vehicles.

Overall, the main areas that reflect the Group's capacity to develop new generation brake systems are as follows:

Discs and calipers



In the area of cast iron brake discs, in 2020 Brembo consolidated the results of its research activities to identify parameters for improving the comfort characteristics of brake systems and continued to cooperate with various organisations to explore methods for ensuring system comfort and fluid dynamic calculations for discs, while taking account of airflow throughout the wheel side. The Group has also continued with studies researching into new geometries that would allow a significant reduction in mass and an improvement in disc performance, also from the environmental standpoint, an aspect that has become even more important with the entry into force of the new European regulation on the reduction of CO₂ emissions for car and vehicle manufacturers.

The year 2020 also saw the Group engaged in developing and testing new non-conventional solutions to be applied



to cast iron discs and the new generations of “light” discs through the study of forms, materials, technologies and surface treatments in collaboration with research centres and European suppliers designed to meet the needs of hybrid and electric vehicles, which use regenerative braking and thus introduce new requirements for brake discs.

Regarding commercial vehicle applications, Brembo continued to develop a new light disc solution that reduces weight by up to 15%, thanks to the combination of two different materials. In particular, it is due to this solution that Brembo has been chosen as the brake disc supplier for all the new generation rear-drive cars produced by a leading German customer. The new “light” disc has also been tested successfully by other leading manufacturers. The application development phase for the new models — some of which are fully electric — was completed in 2020.

Work on discs for heavy commercial vehicles continued to focus on improving performance in this application segment, which is of particular interest to Brembo. In this area, the Group carries out intensive research activities with different customers, not only European, the application development phase of which is expected to be completed in the next two years. Moreover, the Group further increased its market share in this segment through the acquisition of the business of an important European customer.

The innovation solutions proposed by Brembo are all designed to reduce their environmental footprint in terms of lesser impact, less fine particulate matter and wheel dust, while also maintaining the Brembo brand’s distinctive qualities in terms of design and durability.

Production of the first vehicles equipped with this type of disc by a German customer began in 2020. Finally, negotiations are in progress with a major customer to introduce an update of the CCMR Brembo carbon ceramic disc for upcoming Gran Turismo vehicles.

In the motorbikes sector, the Group confirmed its objective to develop composite discs for road use, setting usage limits and finalising mechanical processing; bench performance and durability tests were passed. New samples will soon be arriving so that concept validation may be finalised.

In addition, during the year a specific design was formulated for new mid-range pumps developed on the basis of two Brembo

patents, while development of the brake pump and clutch pump — also suited for use as a rear brake pump for scooters — remains ongoing. As part of this process, the concept for the rear pump with integrated microswitch was validated. In 2020 as well, a new version of the arm/lever variation device that allows the feeling to be adapted was developed for off-road master cylinder.

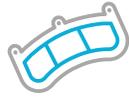
The Group continued in its commitment to innovate the feeling/distance regulation system for front pumps to formulate the Brembo concept to brought to market. Off-road components are constantly evolving and the Group has redesigned the contents of such components with regard to calipers, and intends to do the same with regard to brake and clutch pumps as well. The end of 2020 saw the end of phase two relating to the development of Brake By Wire for motorcycles when the project was shared with the customer, whilst the definition of the second test plan for high performance discs with innovative materials was deferred. A further new concept for motorcycle discs was evaluated in the second half of 2020 on the weight/performance topic. Finally, Brembo is evaluating new types of product in the two-wheeler field and has defined a Motorcycle Innovation Road Map, which includes 10 projects for which the requirements, resources to be assigned and related timelines have been defined.

As far as the Indian market is concerned, the phase for the designing the first single-piston floating rear calliper has been completed and the design of the four-piston front calliper and the handlebar master cylinder has been defined in accordance with the family-feeling chosen for this new range of products. The components in the proposed new style are part of a broader project for various platforms used by an important Indian customer. In relation with the same market, in-vehicle development for the new disc/bell concept with a reduced tendency to jolt also continued, and an advanced configuration that facilitates assembly of the component has been identified and tested. Moreover, the product plan for developing specific components for the scooters to be manufactured by Brembo Brake India is being prepared.

In motorbikes, Brembo made new systems with an amplified anti-drag calliper available to all customers in the MotoGP and Superbike categories. A new valve to reduce piston knock-off was also brought to market, improving on certain characteristics of the old valve used in the previous two years.



Pads



The structure dedicated to the study and production of brake pads, called **Brembo Friction**, is now a well established, stable reality, in constant expansion and focused on ongoing product improvement in accordance with the company philosophy of innovation and technological development. Friction materials — increasingly flexible and designed to meet individual clients' various needs — represent a specific, reactive response made possible by the synergy of the work carried out by the Research and Development department and all the other Brembo's departments. One example is the joint effort to develop new

friction materials suitable for the production of pads for electric parking brakes or to be paired with new applications that involve the use of discs that are much lighter than standard but offer a high level of heat and mechanical resistance. The search for innovative friction materials also embraces the development of new environmentally friendly solutions with an increasingly limited environmental impact. In 2019, the first motorbike pad prototypes based on Brembo Friction's COBRA technology were created and bench-tested. In the second half of the year planning continued on the second phase of development of Affida pads for Motorcycle applications. This was despite the slowdowns suffered as the result of the Covid-19 pandemic that marked the start of 2020.

Brembo's capacity to achieve significant results in all areas where the Group is committed to product and process innovation is the result of:



The work of 1,160 People
(Full Time Equivalent) engaged in Research and Development activities



More than 20 years
of refining the **Brembo Project Development System** methodology which structures phases, roles, responsibilities, controls and tools for the innovation management process

Innovation by Brembo also has a design component, become the success story of a brand known worldwide

“Brand reputation” or “company reputation” is a fluid concept: it refers to several aspects such as the ability to attract and retain talented individuals, social responsibility towards the community and environment, the degree of innovation, the quality of products and services, the use of company resources, financial solidity and the value of investments. It is nonetheless possible to identify a common element which connects these aspects to brand reputation, namely customers' expectations towards the brand. Brembo's goal is precisely to consolidate trust in the brand to the extent that consumers expect that the products and services offered will also be of high quality.

Product brand and design share the same spirit: innovation. Design innovation means strengthening the identity of a product so that it becomes recognisable even in the absence of the brand, thus conveying a message of innovation and value.

If a car's design is often one of the reasons for purchasing it, then Brembo has a part to play in determining the car's particular character. Brembo is an industry leader due to its focus on brake system aesthetics. Technology and innovation, excellence in braking performance and style have made it the market leader for over 50 years. Technological innovation and





design render the vehicle unique and can be summed up in the phrase that accompanied the award of the Compasso d’Oro award in 2004: “If it wasn’t a brake, it would be a sculpture worthy of any modern art museum.”

In 2019, Brembo reinforced its unique nature and attention to detail by launching Brembo Style, a think-tank where styles, approaches and methods fuse technology, style and design into a new aesthetic language that strengthens the brand’s identity.



Brembo Style

“Brembo Style” was presented at the Frankfurt IAA (International Motor Show) in September 2019 with a large video installation at the Group’s booth. Set up as a part of the Marketing GCF, Brembo Style acts as a home to the knowledge and experience gained by the Group thus far in the style arena. A key partner for the customers with which Brembo has been collaborating for years in developing new projects, Brembo Style will be the place in which to increasingly define the brand’s identity through product design.

Planning a Style project involves a number of activities and divisions: from market to style research, from surveying customer needs to celebrating innovative aspects, from the values and positioning to convey to identifying the language to be used, in terms of colours, offerings and even names. Only in the last two years have the style projects managed by the Group involved the Systems GBU* (Mazda, Infiniti, Volvo, Lamborghini, Jaguar Land Rover, as well as the specific product Enesys), the Motorbikes GBU (Stylema, Bybre, Harley Davidson and Ducati), Performance (RCS Corsa Corta and GP4-MS caliper) and the Discs GBU (Jaguar Land Rover, as well as the specific product Greentive).

In 2020, Brembo received the second ADI Compasso d’Oro award for the rear caliper used in the Formula E championship, in addition to the one already received in 2004. The objects recognised with the Compasso d’Oro Award and with a Golden Mention rightfully become part of the ADI Compasso d’Oro Collection, declared by the Ministry for Cultural Heritage and Activities to be of “exceptional artistic and historical interest”. Conceived by Gio Ponti, the Compasso d’Oro has today become the most prestigious design award at world level. Brembo is also an official supplier of the Formula E FIA World Championship through Spark Racing Technology.

* Global Business Unit



Learn more

Greentive®

<https://www.brembo.com/en/sustainability/esg/environment/innovation>



Learn more

Enesys, Energy Saving System®

<https://www.brembo.com/en/sustainability/esg/environment/innovation>



The product and process improvement work is constantly ongoing in the same way as the search for solutions to reduce mass, increase performance and improve styling.



In line with the most recent automotive trends and aimed particularly at premium and luxury cars, Brembo presents the new **Greentive®**, brake disc, featuring an innovative coating applied with High-Velocity- Oxy- Fuel (HVOF) technology on the braking surface. Thanks to this technology, Greentive® guarantees very low wear, which prolongs disc life significantly and at the same time reduces dust emissions during braking. As well as having a reduced impact on the environment, this allows the motorist to keep the rims cleaner. In addition, the disc has high resistance to corrosion which is particularly discernible on the new generations of electric vehicles the braking system of which is used differently. Also from the point of view of style, Greentive® stands out for the mirrored effect that gives it elegance and personality. A feature further reinforced by the Brembo logo on the braking surface, which highlights its identity and signals the moment the disc needs to be replaced. It should be mentioned that the new coating technology can be applied to the braking surface of all types of Brembo discs.



Enesys, Energy Saving System® is the new technological generation of Brembo brake springs produced to reduce brake residual torque. Enesys further increases brake system efficiency due to the reduction in possible residual contact between the pads and the disc when the driver is not braking. This is a solution that helps to cut emissions and reduce energy waste as it limits pad and disc wear, thereby containing the particles generated by residual friction. In addition, the avoidance of excessive wear means that product maintenance needs can be reduced and product life extended.



A new design look for **ByBre calipers**, the Group brand dedicated to braking systems for scooters and motorcycles especially widespread in India, the world's most important motorcycle market. Tight lines and pure shapes to express power and solidity, with the unmistakable arrow set in the B of ByBre that becomes its distinctive feature and will make its entire product range easy to identify and recognise. The option to customise the calipers with the cover available in various colours adds appeal to the proposal. Subsequently, renewal of the design will also continue on ByBre brake cylinders, with a new style in harmony with that launched on the calipers at the Auto Expo Components 2020 Show held in New Delhi in February. The new Bybre calipers will be on the market soon.



The new **4-piston GP4 caliper dedicated to the MotoGP championship**, presented in 2020, is a monobloc caliper in aluminium entirely machined from solid, with 4-piston radial attachment. Compared to the previous caliper used up to last year, this caliper stands out for its extreme design that incorporates some of the stylistic features also recently used on motorcycle calipers for road application and introduces an innovative technical solution: the new fins on the caliper's external body. This solution ensures better and faster cooling of the caliper itself and, as a result, of the entire braking system. At the same time, the amount of fluid inside the braking system has been reduced, which will allow more consistent performance and reduced sponginess of the lever.



6.4 Listening to customers for product improvement

For Brembo the creation of value also relies on collaboration and ongoing discussion with the main manufacturers of vehicles equipped with Brembo brake systems: a daily relationship allows to understand and anticipate partners' future needs and promote the joint development of new solutions in technological areas that have yet to be consolidated.

It is equally important for the Company to establish constant dialogue with the end users of vehicles equipped with its products, in order to understand to what extent Brembo's solutions meet their expectations and what aspects can be further improved, particularly with regard to perceived quality and comfort.

The annual analyses of data relating to issues encountered by drivers in certain key markets during brake use are particularly important tools in this context. The Group uses, amongst others, the "Initiative Quality Study" and "Vehicle Dependability Study" monitoring research, published by J.D. power. These studies

cover drivers in the first few months after buying a new vehicle, as well as those using vehicles from one to three years old, and reveal the main braking system issues.

In addition to monitoring the quality and comfort perceived by users of Brembo solutions, the Group also involves end customers in its processes to develop new products. For example, new design concepts for the composite disc were presented during various trade fairs – amongst the most important for 2020 the Frankfurt IAA, NAIAS, MIMS in Moscow and Auto Shanghai – and visitors were asked to choose which one they preferred. Likewise, during the local aftermarket fairs, meetings are organised with distributors to hear what their mechanics have to suggest.

Other important opportunities for making contact and engaging with the Group's clients include its Tech Days, such as the ones held in Brazil, designed to reveal 'another side' to Brembo, which differs from the one clients usually encounter, highlighting everything that goes into making Brembo a global leader in braking systems.



more than
1.5 million fans

for the Brembo brand
Facebook page, who
have generated almost 2
million interactions



over
633,000 fans

fans for Brembo's
Instagram profile



over
149,000 followers

for Brembo's
LinkedIn profile



over
29,700 followers

for Brembo's
Twitter profile



over
47,800 followers

for Brembo's WeChat
profile (China)



over
25,100 followers

for the Weibo
profile (China)



In other developments relating to the association ADI, Brembo was added to the ADI Design Index for the design of its new Formula E caliper, which stands out for its distinctive, dynamic and sporty aesthetics, consistent with the style of the vehicles for which it was designed.

Other important moments in terms of contact and engagement with the Group's clients included some virtual days and meetings organised in 2020 via the new Brembo Next platform, designed to share Brembo's new vision and mission.

Brembo is also in contact with its customers' style centres

and designers, with which it often collaborates to set the design guidelines for its new products. In recent years, this has been accompanied by participation in the prestigious Car Design Award organised by the magazine Auto&Design, a prize bestowed on outstanding projects in the automotive design sector. The winners were awarded trophies specially designed and built by Brembo. In 2020, the prize went to the design teams responsible for the Hyundai Profecy (concept car category) and Ferrari Roma (mass production vehicle category), as well as to the Porsche brand for the style of its product range.



Brembo Next

The Covid-19 pandemic has made it impossible to organise and take part in events and has led to a major reduction in actual physical meetings. In order to overcome these limitations, Brembo decided to develop a digital platform called Brembo Next with the objective of enabling the group to hold live conversations in total safety with its stakeholders: clients, media and all its internal and external contacts.

Brembo Next is a public platform, accessible on the website www.brembonext.com, which offers a variety of functions: live streaming of events, organisation of private virtual meetings, digital introduction to and further examination of Brembo's product range and the Company itself.

The platform, which was developed and launched in just a few months, was used publicly for the first time on 16 September 2020, with a live streamed event during which the Managing Director of Brembo, Daniele Schillaci, presented the Company's new vision & mission to more than 100 international media contacts. Over the following months, this was followed by around 8 virtual meetings dedicated to the Group's Clients and Partners, during which the stakeholders in question and the Company were able to interact and converse as part of a profitable mutual exchange.

The characteristics and potential of the tool make it suitable for the future organisation of other digital initiatives and events, both internal and external, public and private. Furthermore, Brembo Next can also be used alongside or as part of physical events and initiatives.

Some data relative to the implementation of the platform is provided below:

- 7 weeks of preparation
- 11 digital events
- 67 digital meetings
- 15 Brembo speakers
- 15+ hours of live talk shows
- 70+ hours of videocalls
- 1 virtual press conference
- 100+ journalists connected from over 14 countries
- 260+ articles published in 20 countries
- 230+ connected partners
- 5 different webinars dedicated to the AM product range



Brembo continues its positive performance on social media, where the number of its followers on the six main channels (Facebook, Instagram, LinkedIn, We-Chat, Twitter and Weibo) increased by 9% in 2020. Also positive was the level of engagement — i.e. the ability to engage users in interaction with its content — which remained very high. It bears emphasising that the level of engagement with its followers, i.e. the brand's ability to stimulate conversations and constantly offer a good reason to talk about and interact with the brand, should be considered one of its most valuable intangible assets in the current knowledge economy environment.

In social media, mention should be made, above all, of the presence and increasing following garnered by Brembo on social platforms that are less well known but enjoy widespread local use, such as WeChat and Weibo in China and VKontakte in Russia.

Another important means of communication for Brembo is represented by the official website that saw further improvements to all the main performance parameters in 2020. The number of unique visitors has grown by 18% compared to the previous year, while overall visits have increased by 11%, surpassing the

6 million figure over the course of the year. The average time spent on the site has remained substantially stable for both, up slightly by 2% compared to 2019.

The site seeks to communicate with all stakeholders in the relevant market sectors (Cars, Motorbikes and Performance), presenting the Group's global activities, product ranges and all market information to users the world over. It also offers a general overview of the Group's history, growth and constant research.

In 2020, the number of new content postings on Brembo's official website — constantly being updated both from a structural standpoint and to enrich the content available — reached 66, thereby increasing the information offered on the site's pages. It also bears emphasising that, in line with the Group's increasing CSR activities, the Sustainability section of the site — where all sustainability news, initiatives and projects are published — was further expanded and enriched during the year. Brembo Group's other sites also grew compared to the previous year, receiving nearly four million total visits, an increase of 34% on 2019. On the whole, all the sites in the Brembo digital ecosystem were visited a total of approximately 10 million times in 2020, up 19% on 2019.

No. of followers in 2020

Facebook	Instagram	LinkedIn	Twitter	We-Chat	Weibo
1,543,111	633,186	149,857	29,799	4,786	25,151

No. of interactions in 2020

Facebook	Instagram	LinkedIn	Twitter	We-Chat	Weibo
1,956,116	3,610,479	29,015	49,650	7,544	10,881





Brembo's Aftermarket – Brake the silence, Shape the future days

Aftermarket Brembo organised a fully digital presentation of its Aftermarket range to enthusiasts and those in the spare parts industry for the first time.

The project aims to reinvent the way in which the products are introduced to the market, presenting them in an engaging, immersive and customised manner on the new Brembo Next platform to attract as broad an audience as possible.

The initiative represents a tangible example of the implementation of the Group's new vision, "Turning Energy into inspiration", not just as regards the products, but also as regards relations with clients. The project made it possible to meet clients in a brand new and different way compared to the "face-to-face" meetings to which the Group was accustomed during trade fairs, also attracting a young audience with a particular focus on the presentation of the products in virtual reality.

The debut on Brembo Next was launched with the "Brembo Days" event, a four-day digital full immersion from 6 to 9 October 2020, during which the Aftermarket organised:

- 67 remote meetings with its main clients and presented;
- 5 webinars for all enthusiasts;
- 5 information videos on the X range, caliper repair kits, brake fluid, the brakes of the future and compound discs.

6.5 Creativity and method: ensuring product safety

The drive for innovation and continual improvement of its production processes have always been distinguishing features of Brembo's assets. Thanks to the research and implementation of cutting-edge solutions, the Group is able to meet the many difficulties of integration and direct management of all the braking system's main production phases, starting with raw material processing in the foundries, moving through product machining and assembly, and then always ensuring that products are promptly distributed to customers in the various geographical areas where the Group operates.

Following a preventive and proactive approach, Brembo is committed to applying the voluntary technical standards that national and international standards bodies develop to define in detail how to produce excellent products and align its own production processes with best practice, guaranteeing safety, quality, respect for the environment and certain performance. All Brembo products have to pass controls and checks designed to ensure their quality and safety, following a logic of ongoing improvement, which makes an essential contribution to increasing the ability to meet all requirements and to improving process efficacy and efficiency, both within the Group and throughout the supply chain. From this standpoint, every problem identified and resolved for a specific product is then extended, on the basis of a "lesson learnt" approach, to the entire Brembo product range, where applicable.



Family Feeling

Family feeling is recognition at first sight. Creating family feeling in a product means endowing it with visually recognisable elements allowing it to be instantly associated with its brand. Similarly to what happens in a real family, therefore, every single member — each product — shares some features with other members, such as the colour and the shape, as well as some common elements of cohesion and quality.

Adopting this approach requires the engagement of customers from the very early stages of project development, to decide with them the main features of a product's design, colour and style. Once any product and process-related criticalities which have a potential to impact the product's look and design have been analysed, corrections are implemented just before the beginning of the start of production. This phase is managed by the R&D Function in collaboration with Marketing to ensure that the most significant content is highlighted also during the new product development phase.





The tests

During the development and technical approval stage, each product is subject to tests, carried out in different operating conditions. These are tests designed to define product quality, performance and efficiency and are performed in type-approved laboratories, as well as on the road and racetrack. This process follows a rigorous sequence that includes static bench tests, dynamic bench test cycles and then on-road tests. These three steps are needed to ensure that the products meet the relevant requirements, to identify any discrepancies with the quality standards pinpointed during the design phase and to test the braking systems in operating conditions similar to actual usage conditions.

The static bench tests represent the moment when design, testing and production come together; in order to check that design requirements are met, the prototypes are subject to load, pressure and braking torque cycles, superior to those physically applicable on the vehicle in various ambient conditions in terms of temperature, humidity and corrosion.

The dynamic benches, by contrast, are used to replicate vehicle dynamics through a combination of mass and speed. The checks carried out regard efficiency, functionality and resistance, and also use loads that are greater than operating ones in accordance with appropriate safety coefficients. To reduce development times, these benches, designed by Brembo, operate independently 24/7 thanks to sophisticated control systems. They are able to simulate all worldwide type-approved circuits for the various categories of cars and motorbikes, as well as the main alpine descents for any vehicle type. Comfort is also tested on dynamic benches and is measured based on three characteristics defined in the acronym NVH — Noise Vibration Harshness: the lower these three elements, the more silent and vibration-free the braking. In addition, Brembo has a roller bench for cars, motorbikes and heavy goods vehicles, where vehicles can reach 250km/h at temperatures between -30 and +40°C (-22 and 104°F). This is a test booth which simulates road tests in all conditions, from snow to wet roads to extreme speeds.

However, it is the final on-road vehicle tests that allow Brembo to achieve excellence. In fact, the products approved on the various benches are mounted on car prototypes supplied by the manufacturers. An internal team, consisting of expert inspectors, carries out all the tests necessary for testing brake system performance, comfort and durability. The inspectors trained by Brembo have a broad-spectrum profile that allows

them to cover functions ranging from prototype assembly to data analysis, and thereby provide a subjective assessment supported by the measurements carried out. The tests carried out include superfading, which involves a suitable braking sequence, from high speed to speed kept at zero in full load conditions, the subjective comfort and feeling assessment, carried out by drivers who have an in-depth knowledge of the vehicles and products, and the efficiency tests on wet and dry terrain. These tests are shared with the client and logged into a list (DVP – Design Verification Plan). The test procedures used to determine the fulfilment of customers' product specifications are logged by means of the BTS (Brembo Testing Specification). In 2020, there are 427 BTSs in place.

The entire test system falls within the solid Project Management (BPDS - Brembo Project Development System) process, known as “Butterfly”. This management system is based on Project Management, a structured method that, focusing on the principles of planning, coordination and control, enables to develop and follow a new project in all phases of its evolution. By planning and managing specific inspection moments (so-called “gates”) and handling any recovery plans, the Butterfly system makes it possible to verify the suitability and completeness of the activities carried out, guaranteeing that the mass-produced products fully comply with the set requirements.



- ▶ The Brembo Group is associated with the **Italian Standardisation Body (UNI)** and complies with the technical standards of the British Standards Institute.
- ▶ The Group also works with the **National Unification Commission for the Automobile** which, in the framework of UNI federated bodies, assists with defining technical standards and instructions for production, testing, the correct use and maintenance of vehicles, motor vehicles, operating machines and related components so as to improve their safety and reliability.
- ▶ Brembo also participates as an expert member on functional safety in the **joint working group in technical commission TC22/SC3/WG16** appointed to improve standard WG 16 ISO:26262 regarding the functional safety of electrical and electronic systems in motor vehicle production.





Training on the Butterfly system

Given the importance that the Butterfly system holds for Brembo, the Quality GCF, with the support of the Brembo Academy, designed in 2018 the first BPDS training course conceived and taught by certified internal teachers. The main objective of this project is to train new people recruited for platform roles and who are not familiar with this methodology. At the same time, Brembo intends to highlight the strategic nature and importance of this process for the entire company population operating in development platforms. This training campaign, which began as a pilot initiative in 2018, has now seen the involvement of more than 160 people over 13 editions. The training package has a duration of 16 hours.

FMEA/FMECA



100%*
of production plants
are IATF 16949:2016 certified

To ensure maximum safety and quality of its products, Brembo adopts a preventive and proactive approach enabling the company to anticipate any problems and criticalities along the entire production cycle and take preventive correction measures. In detail, during the **design and development phase**, the Group carries out product and process FMEAs/FMECAs to identify in advance the weaknesses and critical issues that could compromise product reliability and safety and define the necessary improvements and priority measures to be taken before the product enters into production. FMEA methodology is used, in particular, to identify product and process characteristics having a potential impact on end-user safety, so that these characteristics can be managed and controlled systematically throughout the entire production chain (product development, internal process and supplier process). These elements represent a fundamental part of Brembo's quality management system, compliant with **IATF 16949:2016** technical specification. This system, characterised by Guidelines common to all the Group's plants, allows best practices to be transferred from one plant to another, as well as all the sites to be managed with the same standards and quality indicators. Like other management systems, in newly opened sites the quality management system is implemented when production gets

underway and certification audits are normally carried out around twelve months after the plant is commissioned.

Quality monitoring process



Brembo has established a structured internal and external quality monitoring process, which also involves clients and suppliers. In detail, product quality and safety is monitored at all the Group's plants, by using specific indicators. The latter are set out annually by the Quality GCF as part of the Quality Plan, which also sets yearly quality objectives in this field.

From an internal standpoint, the most important indicators involved are those regarding waste, while from an external standpoint, those regarding complaint monitoring and the number of defective items sent out to clients are key, both as regards their level of criticality (in terms of inconvenience for the client) and severity (in terms of their impact on end-user safety). Brembo also monitors any product recalls from the market, or customer's notifications of non-compliance with the pre-defined qualitative standards. The application of these indicators also extends to the monitoring of product quality and safety made by the suppliers.

Should these indicators reveal situations that diverge from the established objectives, action plans are immediately put in place to restore compliance and, where necessary, ad hoc committees are organised in which Top Managers are invited to take part as well.

* The Zaragoza site is ISO 9001 certified. It should be noted that the Carbon Factory will be certified by 2022.





Eureka: a software to tackle and manage product criticalities

As of 2019, Brembo implemented “Eureka”, a software that will enable the Company to revolutionise the management of all product issues, both in the development phase and for products that have already entered the mass production phase. This is an innovative project developed by Quality GCF, ICT GCF and Digital and Innovation GCF, in collaboration with inter-departmental and inter-divisional teams and some sites. Eureka is a tool intended to support those who have to face any critical product issues by conveying all the relevant information in a single container. The software allows not only to understand the underlying causes in a more structured and faster way, but it also enables the plants to more easily share solutions, by making such information available to all the people involved at the various Brembo offices. The problems, whether internal to Brembo or reported by the client, can then be managed by the relevant teams using a common problem solving methodology. Thanks to Eureka it will also be possible to view similar cases that have already occurred at other sites and to know in real time how and by whom they have been solved. The goal is to use shared knowledge to preventively manage potential problems, prevent the occurrence of the same problem at other plants and / or on similar products. Eureka combines under the same name two basically ‘twin’ software, one dedicated to products under development (Eureka Development) and one to series products (Eureka Production). Finally, the new system allows real-time reporting of problems underway and how they are being managed, resolution times and compliance with the pre-set deadlines, providing a brief overview of the issues underway.

Today, one year on from implementation, customer complaints, reports of anomalies during the development and production phase and related resolutions are tracked in Eureka and increasingly more centralised at Group level, in real time. To disseminate and promote the new tool’s application, a massive training activity has been carried out in all the plants worldwide involving hundreds of people both in the plants and at Central level. In 2020 more than 90% of problems with customers were managed with the new tool, irrespective of the type of product and application, car or motorcycle, discs or calipers, and the first positive feedback was also recorded for the Eureka Development twin software.

Activities guaranteeing product authenticity



For the Group, safeguarding the safety of those who buy and use Brembo equipment also means promoting initiatives aimed at countering product illegal counterfeiting activities and fraud in the distribution channels. The sale of counterfeit braking systems may represent a source of high risk for the end user due to the importance of the braking system as a safety component in vehicles. In fact, it is not uncommon that counterfeit products are found to be extremely dangerous because they are not made with controlled materials and are inadequately tested in the production phase.

It is important to highlight that 2020 saw a rise in counterfeiting activities, especially in relation to the particular year marked by

the pandemic which has had a major effect on the market. In particular, 752 websites were identified and contested in 2020, three times as many as in the pre-Covid-19 era.

The main tool developed by Brembo to counter the sale of non-original products is an “**anti-fraud card**” which allows customers to easily check if their purchase is really “Made in Brembo”. The anti-fraud card is delivered inside a sealed bag in the packing of the product purchased and gives a unique identification code, which — once entered on the website www.original.brembo.com together with the card number, component type and country of purchase — allows its authenticity to be checked. If the check fails to give a positive outcome, the purchaser is invited to enter further information to enable the Group to start investigations about the origin of the counterfeit part. The card also contains the quality control document,



another tool for confirming product originality, whilst an external seal guarantees that the purchaser has received the product intact from the factory.

The anti-fraud card is currently available for the Brembo High Performance and Brembo Racing lines, with reference to the following products: Sports discs, Rally discs and GT kits. For motorbikes, the initiative covers: calipers, discs, brake/clutch cylinders and replacement levers.

The collaborations established by the Group over the years with public institutions, public security authorities and customs control authorities are also fundamental in Brembo's fight against the production of and illegal trade in counterfeit products. In this context, Brembo's collaboration with OLAF - European Commission Anti-Fraud Office continued in 2020 to prevent the growing presence of counterfeit products.

In 2020 anti-counterfeiting activities were concentrated on the online sales channels, especially after the first wave of the Covid-19 pandemic, when the number of counterfeit products on the digital platforms went from 9,334 (2019) to 10,513 in 2020 recording a 13% increase. It should be noted that, during the same period, online sales also increased by 78%, not only because Brembo's attractiveness on the market has grown, but also because the number of consumers interested in the merchandising category has risen. In fact, 2020 saw a significant increase in the sale of counterfeit products relating to gadgets and watches, unlike the previous year when consumers concentrated, primarily, on core products such as calipers and brakes.

Brembo's commitment in this field to date is clear:

- ▶ 115 markets analysed;
- ▶ Over 1,300 websites identified and contested;
- ▶ Over 16,000 sellers identified;
- ▶ Over 306,900 product sells blocked;
- ▶ An about €6,000,000 turnover from counterfeit products blocked.

In detail, the Group carried out several activities focusing on China and Thailand. On the Chinese market, Brembo's anti-bribery unit continues to carry out a number of investigations on the possible existence of an entire supply chain of counterfeit Brembo brake calipers and discs linked to a Chinese distributor. On-site checks carried out have confirmed the counterfeiting hypothesis. To stop this from happening, Brembo is planning a number of actions, including the verification of design patents for counterfeit products and the monitoring of organisations linked to them.

On the Thai market, it is mainly the Group's motorbike braking products that are targeted by counterfeiters. For better results, Brembo has enlisted the help of local authorities in identifying and discovering counterfeit Brembo products.

After China and Thailand, the Group intends to roll out these efforts to more Far Eastern countries where counterfeiting activities are rife, such as Indonesia, Vietnam, Malaysia and the Philippines.

The development of a new system to intercept counterfeiting is currently underway.





6.6 Awards for innovative ideas of employees

The contribution to innovation and the spirit of collaboration within the Group are important values for Brembo which enhances the participation of all its collaborators, by rewarding ideas that enable major improvements and progress to be made in terms of quality, process or product innovation, cost reduction, increased productivity and simplified processes.

BREMBO Excellence Awards



Thanks to its Excellence Awards Brembo promotes continuous improvements through the application of the Brembo Production System (BPS) principles, and it rewards the most innovative ideas and solutions put forward by employees in each category:

- ▶ **Best Idea**, which promotes ideas for improvement in the production and office area.
 - ▶ **Best Improvement Plant and Best in Class Plant**, which respectively reward the plants that have produced the most significant improvements and the best performances in terms of quality, production system efficiency and human resources organisation within the plant.
- Those Brembo plants which have experienced significant safety or quality-related issues during the past year are barred from entering the competition.

Moreover, innovative ideas in the larger areas of Sustainability and Digital Factory have been given particular emphasis with the introduction of the related special mentions:

- “Sustainability”: assessment of the impacts achieved by project results, including aspects such as environmental sustainability, personal growth and the surrounding context.
- “Digital Factory”: assessment of the application of new digital technologies to support ongoing improvement and performance-boosting projects.

Participation in the Excellence Awards is open to individual employees or groups of employees from all of the Brembo sites. The participation of all plants was very positive, reaching nearly 93% in 2020. A record number of projects was submitted: 137 compared to 131 of the previous edition, 8 of which winning.

Among the categories that attracted the greatest number of participating plants there were “Safety” and “Cost reduction”, which achieved a 96% participation rate.

BREMBO Innovation Awards



The Innovation Awards have been established by Brembo in order to recognise each year the most innovative ideas relating to the Product and Process areas, with reference to the systems and discs production.

These annual awards are also accompanied by the Brembo **Monthly Innovation Prize**, which every month recognises the best projects developed by Group employees. The evaluation criteria focus on innovative content, possible cost reductions and project added value.

Among all the ideas that get recognised on a monthly basis, the one judged to be the best in product category, and the one voted as the best for process for a given year get the accolade.

In 2019, **35 ideas** were presented, comprising 21 product ideas and 14 process ideas: the latter regarded both the systems and the discs. Out of all those submitted, in 2020 **awards were given to 34 ideas**: 20 product ideas and 14 process ideas. **The areas Advance R&D and Performance** submitted the highest number of projects.



BREMBO Sustainability Awards



“Thinking responsibly, acting concretely”: this is Brembo’s approach to sustainability. In 2019, the new Brembo Sustainability Awards competition was launched. The award now complements the long-standing Brembo Excellence Awards and the Brembo Innovation Awards, and it is awarded to Brembo People who come up with the best ideas in areas such as sustainable development at every level of the organisation.

Six categories received a prize for the first time in 2020. They were linked to the ISO 26000 guidelines and to the 17 Sustainable Development Goals with a special focus on People, Good Management Practices, Governance, Environment, Business Partners and Community Involvement and Development.

Despite the fact that this was the first edition, the new Brembo Sustainability Awards competition met with excellent results in terms of participation. A total of 71 projects were put forward, mostly in the Environment and People categories, with 190

participants overall and six prize-winning projects. Countries which submitted their projects include: Mexico, China, Brazil, Italy, Poland, India and Czech Republic.

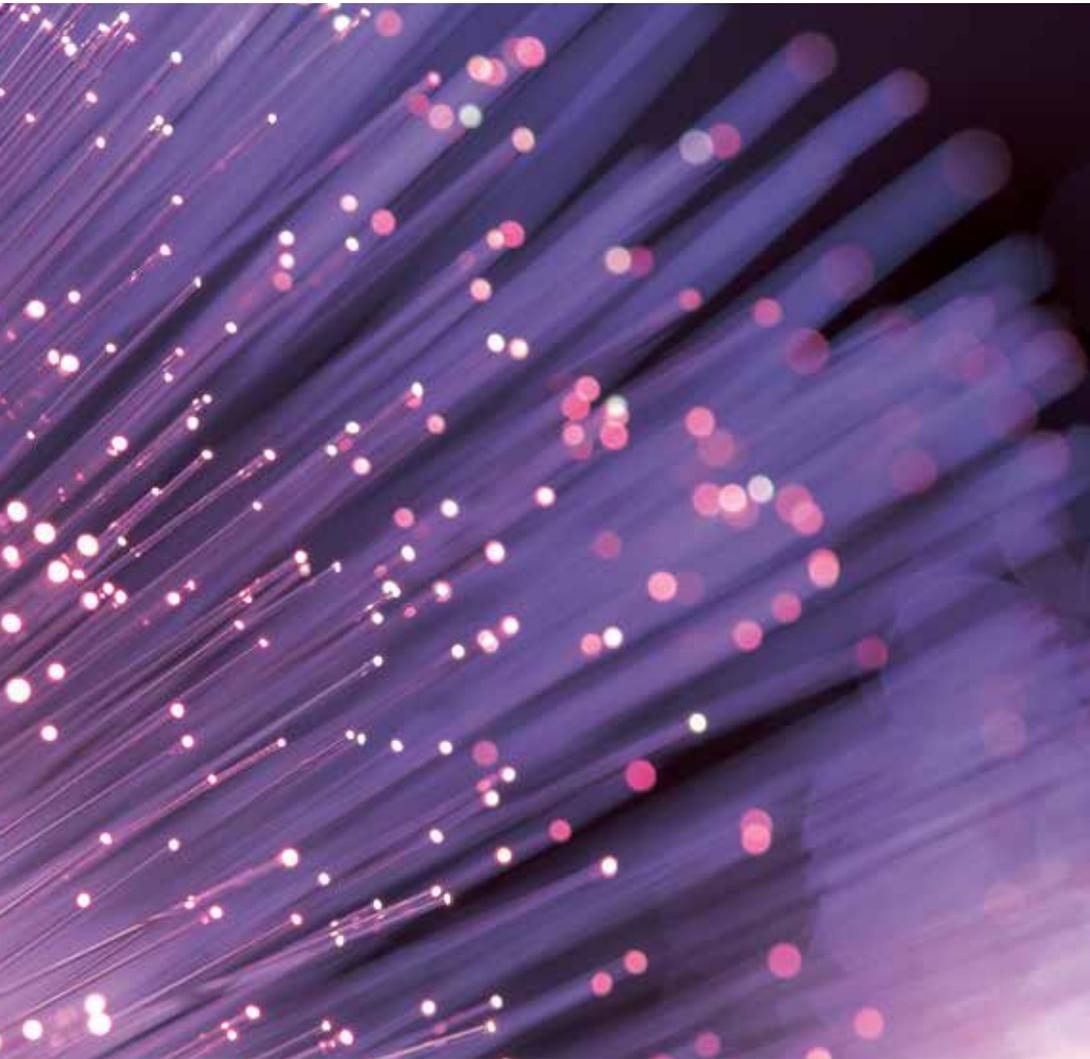
The Brembo Sustainability Awards made use of the CSR Ambassadors’ and CSR Champions’ contributions, these being people nominated by each Brembo country and plant with the aim of inspiring and engaging all Brembo People into CSR issues and to act as a bridge between the Corporate HQ and the Group’s companies. They are the sustainability spokespeople, and they are tasked with engaging all Brembo employees into adopting sustainable behaviours, as well as with officially representing the Corporate HQ’s CSR Office.

Considering the unusual and difficult year, it was not possible to hold the traditional prize-giving ceremony for the Brembo Awards concluded in 2019. Despite this, the assessment process went ahead as usual and the names of the winners were announced on the company Intranet Red Portal and in the House Organ MyBrembo.

For 2021, the new edition of the competition is open for entries and will once again focus on Innovation, Excellence and Sustainability Awards.



Striving
for the ideal
balance



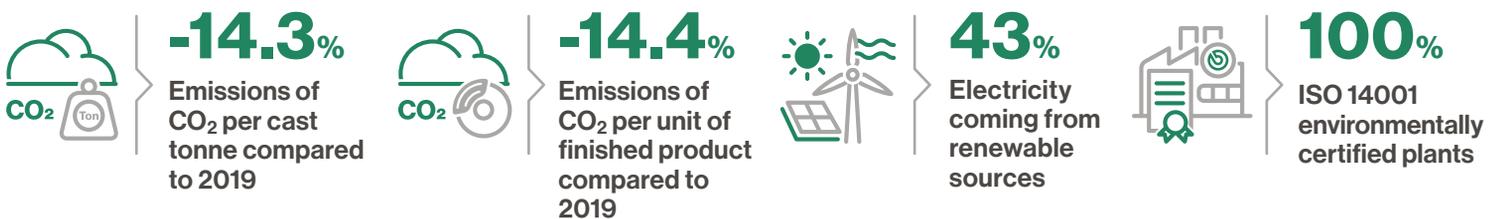
Protecting the environment, thinking of the needs of every single living being, seeking the ideal balance between progress and respect for the planet's resources.



7. Environment

7.1 Efficiency and environmental protection in production processes

Climate change, pollution, the destruction of forests and oceans and the loss of biodiversity are a real threat to Europe and the world. In 2019, the European Commission presented the European Green Deal, a new growth strategy designed to face the challenges posed by climate change to ensure the EU's transition to a fair society, with a modern economy, which makes efficient use of resources and which will have done away with net greenhouse gas emissions by 2050.



In greater detail, the ecological transition will be supported by the Green Deal Investment Plan, which aims to find at least 100 billion euros of investments from among public and private resources within the next decade.

This is an ambitious strategy and the EU has established itself as a leader, mobilising nearby countries and encouraging them to travel together along a sustainable route towards a green economy. Through the “Just Transition Mechanism”, the European Union has decided to invest around 100 billion euros in the countries that will be most heavily impacted by the transition towards a Green economy.

As first step towards making Europe the first climate-neutral continent by 2050 was the proposal of a European climate regulation for the purpose of transforming this political commitment into legal obligation. The regulation is designed to identify the long-term path to be followed in order to achieve

the objective of zero climate impact by 2050 by implementing all the policies. This is to be done in a socially equitable and cost-efficient fashion, creating a progress monitoring system and, if necessary, taking additional action. It will ensure that the investors and other financial stakeholders know what to expect and will guarantee that the transition towards climate neutrality is irreversible.

In addition to the public sector, firms and financial institutions also have a decisive part to play in the transition towards an economy with low carbon emissions, resilient to climate change.

In greater detail, the financial market, represented by investors, lenders and insurance firms, is playing an important role by driving companies further and further towards greater public disclosure of the risks and opportunities linked to climate change. Because of this, the Financial Stability Board (FSB), the body that promotes and monitors the world financial



system, established the Task Force on Climate-related Financial Disclosure (TCFD) in 2015, assigning it the task of drawing up a series of recommendations on the reporting of risks linked to

climate change. The objective is to also guide and encourage the private sector to align the information disclosed on investor expectations and requirements.



Climate: Brembo draws inspiration from the TCFD's recommendations

From 2019, testifying to the Group's desire to ensure increasing transparency in the information and data that is readily available to all its stakeholders, Brembo began working towards the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In 2020, the Group decided to launch a project to assess the scenarios and potential risks linked to climate change, inspired by the TCFD guidelines and involving all the corporate departments concerned in the project (Business, R&D, Purchasing, Operations).

The objective is to paint a picture of the potential risks and opportunities due to the various scenarios analysed, which contributes to the definition of the Group's strategies, objectives and responsibilities. The ultimate objective of identifying and assessing the physical and transitional risks linked to climate change that Brembo may face, is to identify the relative mitigation and resilience actions.

The project is coordinated by the Environment and Energy Office, with the support of the CSR Meeting chaired by the Chief CSR Officer. Although the project has experienced some delays due to the ongoing pandemic situation, it is expected to be completed by the first quarter of 2021. The climate change risk assessment method is expected to be in line with the method already used in the company for Enterprise Risk Management risks and ESG risks, which is based on an integrated Bottom-up / Top Down approach, in compliance with ISO 31000, and which will also be used to identify the risks linked to climate change. The analysis and reporting of the identified risks will be followed by mitigation actions if necessary.

In this context of reference, as a global company leading in the sector in which it operates and consistent with the principles of responsible and sustainable business, Brembo is engaged in constantly transforming its operating model to be increasingly more focused on countering climate change, using water resources rationally and protecting the environment in all its forms.

To give tangible form to its commitment to the environment, in recent years Brembo has developed an operating model based on increasingly strict, innovative requirements capable of anticipating future legislation, with the goal of continuing to create value for its stakeholders, by adopting solutions that minimise the environmental impact of its processes, thus ensuring industrial development balanced against respect for the environment everywhere the Group operates.

Thanks to the steps it has taken, Brembo is certain that it will be able to ensure operating efficiency together with containment of emissions of climate-altering substances, while positively heeding the "call to action" from the international scientific community to fight against climate change, having embarked on a process of gradual transition to an increasingly carbon-neutral model. The energy use required for the functioning of the Group's production facilities represents the main source of its greenhouse gas emissions. It is for this reason that Brembo actions in the environmental area are aimed at reducing polluting atmospheric emissions through a gradual transition to more efficient production processes, featuring reduced CO₂ emissions and an ever-increasing use of energy from renewable sources. The emission reduction and energy efficiency objectives have been defined precisely based on these elements, which, as of 2018, form part of the performance assessment scheme for each of the Group's managers.





This process is founded on creating a solid culture of sustainability within the Brembo community, as a fundamental tool for stimulating the creation of innovative ideas aimed at constantly reducing energy consumption, atmospheric emissions and use of water resources. In this way, all employees are hence asked to make a daily contribution to achieving the business objectives defined by the Group for environmental protection.

Brembo's commitment also translates into an in-depth knowledge of the emissions generated by company's operations. The identification and quantification of all the direct and indirect emission sources means that it is possible to identify the priority action areas for which specific objectives and improvement measures have to be defined.

For this reason, Brembo has drawn up an internal procedure that describes the process of building the emissions inventory in all the Group's factories and the data collection and processing procedures.

stakeholders, not only the local communities, but also customers and investors. For example, for several years now, there has been an ongoing exchange of information regarding the Group's environmental performance with almost all its customers: a particular focus has been placed on strategies, technical and organisational solutions, which have led Brembo to highly mitigate risks for the environment.

Brembo's strategy, in terms of values, vision and mission, is described and made available in its Environment and Energy Policy, where the company states its commitment to full endorsement of sustainable development principles in order to minimise the use of non-renewable resources, and keep the use of renewable ones within the limits of their regeneration capability.

Brembo intends to contribute to ensuring that the use of the environmental resources required to meet its current needs is managed responsibly, so as not to harm and impoverish their availability for future generations.

In order to ensure transparency and provide customers and investors with accurate information about these aspects, Brembo has voluntarily adhered to CDP initiatives since 2011. This independent organisation promotes synergies between the financial community and the business world, monitoring and advocating for commitment to limiting climate change and ensuring responsible and sustainable use of water resources. It should also be recalled that requests by the main external stakeholders are managed in coordination with the CSR Office, which provides an immediate, precise response where needs arise.

Brembo has progressively extended this monitoring and reporting activity over the years, making it possible to include all Group sites as of 2015. This commitment has allowed not only to paint a full mapping of greenhouse gas emissions deriving from both energy and fuel consumption during production processes and from the Group's logistic activities, but also to identify the main mitigation actions put in place to reduce the environmental impact.

Furthermore, the measures will also help to support the ambition to achieve climate-changing emissions neutrality. Finally, since 2016 Brembo has extended its reporting to water resources as well, identifying improvement measures with particular regard to the plants located in geographical areas where there is a greater water risk.

In recognising this commitment, once again in 2020 CDP



Since 2018
every site has maintained an environmental identity card, containing all the environmental information necessary to understand the environmental impact of Brembo's site



Slightly over 1,243,900 t of CO₂ eq
greenhouse gas emissions into the atmosphere

The environmental protection process embarked on by Brembo also includes rational use of water.

In this area, the propensity for technological innovation and awareness of the water resource's value has led the Group to identify and gradually introduce new production processes requiring a more sustainable water use aiming at limiting its use, eliminating waste and avoiding any possible form of contamination. Brembo's commitment is most evident at the plants located in areas with significant strain on water resources due to local climate and hydrogeological conditions.

The careful management of the environmental impacts of Brembo's activities has received growing attention from its



Brembo as one of the 106 world's leading companies in terms of commitment to guarantee water security, and one of the 277 in terms of commitment against climate change. At the global level, there are only 65 companies



that, together with Brembo, are on both the Climate Change and Water Security A Lists, whereas in Italy Brembo was once again the only company to achieve this prestigious twofold environmental recognition.

7.2 System for the effective management of environmental impact (ISO 14001)

Brembo has developed and maintains an up-to-date Environmental Management System compliant with the ISO 14001 standard in order to meet the constant evolution of regulatory requirements, and the growing attention from stakeholders — communities, governments, customers, investors — towards the environmental and sustainability-related performance, by reducing any environmental risk. This Management System undergoes a voluntary annual audit by independent third parties to ensure its full compliance with international standards. Although the Covid-19 pandemic has made physical site visits difficult, the planned audit activities still went again, with some of them being conducted remotely.

Brembo once again maintained 100% of its ISO 14001 certified plants in 2020. Moreover, since 2019 the Management System has also incorporated the requirements of standard ISO 50001 relating to energy management. The implementation of the energy management requirements has been held up by the Covid-19 pandemic, meaning that the initial plan to progressively expand the certification to all Group sites has been amended, postponing the certification of the three plants originally scheduled for certification in 2020 until 2021.

One of the elements featured in the management system is the presence of common operating requirements for all sites focused on environmental risk prevention — including risks linked to climate change and water management — going beyond the concept of respect for requirements defined by local legislation. In 2020, the Environmental and Energy Management System underwent an optimisation process that led to updated versions being issued for all the operating risk management procedures (e.g. emissions, water and waste management, etc.). The changes that have been introduced represent a natural development of the procedures and the system, designed to ensure increasingly efficient application in all the Group plants.

Towards the end of the year, the Environment and Energy Office started up a mapping process at all the plants to monitor compliance with the new requirements, planning any action to be taking to make up for any shortcomings.

An app for collecting and sharing Environment and Energy-related best practices was also launched in 2020. The app is available to all sites and makes it possible to gather information on the various projects implemented, gaining an understanding of their environmental benefits, costs and complexity, so as to make ideas that have already been implemented available to other factories.

Lastly, in addition to investments in technology and services to protect the environment, the human factor is a decisive element for ensuring the effective protection of the environment in everyday corporate activities. Accordingly, within the framework of its management system, Brembo invests in training activities designed to provide information on how to handle the main environmental aspects, including specific technical training for those affected on the front lines, participation in webinars, conventions and seminars promoted by the various national and international organisations (such as the CDP) and specific induction programmes designed for newly hired employees. In 2020, as well as standard training, more than 17,000 hours of training on environmental issues were provided across the Group's sites.



Over 17,000
hours of training provided to personnel
on environmental management



7.3 Energy consumption

It is claimed by the world’s scientific community that one of the main contributors to the emissions of climate-altering substances lies with CO₂ emissions due to electrical energy production.

Brembo is operating on the front line in the battle against global warming, making a commitment to reduce its impact caused by the use of electricity. In order to reinforce this commitment, in keeping with that set out in its Environment and Energy Policy, the Group has provided itself with an Energy Management System compliant with ISO 50001. When choosing energy sources, it always favours renewable energy over fossil fuels, and is working towards this through the installation of photovoltaic panels, thereby progressively reducing its energy consumption and achieving both a reduction in transformation costs and a reduction in its emissions of climate-altering substances. Accordingly, as part of its strategy, the Group has formulated a series of challenging objectives for reducing the consumption of its production facilities, which have resulted, and continue to result, in search for and implementation of new energy-efficiency initiatives.

The Group’s commitment to purchase renewable energy also continued. In particular, the **Green** energy quota which the Group procured during 2020 rose during the year from 30% in 2019 to **43%**. This result was achieved thanks to the purchase of Certificates of Origin equivalent to 100% of electricity consumption in the Italian sites and about 67% in the Polish sites. Mention should be made of the result achieved in Mexico where, thanks to the adoption of a renewed purchasing strategy, in 2020 the project — that initially had involved the new cast iron foundry with **100%** of its electricity from renewable sources — was also extended to the other production facilities in Escobedo and Apodaca. Self-production represents another area of intervention: in addition to the recent photovoltaic plants installed in Curno and Stezzano, assessments were completed in 2020 relating to the installation of photovoltaic plants in the Mapello and Curno production centres for overall energy generation equivalent to approx. 3,500MWh, corresponding to more than 3.5% of the two centres’ energy demand.

The actions taken to achieve these goals include, for example, adopting advanced monitoring systems, interconnected with the factory’s main utilities according to a *smart factory* approach, replacing obsolete systems with others using more efficient

technologies, reducing waste, for example by locating and reducing compressed air leaks in the internal distribution network and automatically shutting down systems or parts of systems during unproductive periods.

The promotion of energy saving, which is reflected in the rational use of energy and hence in reduced consumption, is a topic that involves all the Group’s operating units, which were asked to help achieve Brembo’s energy efficiency objective set for 2020 at 1.75% (calculated as contribution from improvement actions achieved thanks to energy efficiency projects compared to previous year’s consumption).

This objective has been largely exceeded, with an about **2.66%** result especially thanks to the activities aimed at optimising the foundries’ production processes.

The cast iron foundries, the processes of which make up about 64% of total consumption, have implemented energy efficiency projects that have helped achieve about 55% of the goal achieved by the Group.

The energy consumption optimisation measures have produced major savings and reduced costs significantly, both in the Group’s older plants built with previous-generation technology, and in the more recently constructed plants which, built with high energy efficiency, cutting-edge technologies, have focused on the management procedures connected with electricity use in both general technical and processing systems. Overall the measures implemented in 2020 in the various production hubs have reduced energy consumption by **98,009 GJ**, equivalent to **14,821** tonnes of emissions of CO₂eq.



An about 2.66% energy consumption reduction compared to 2019 thanks to energy efficiency initiative



About 75% the contribution of cast iron and aluminium foundries to **the Group’s total energy efficiency** in 2020





The Brembo Energy Platform

In 2018, Brembo launched a project to permanently monitor the energy consumption of every facility, every department, and where consumption levels are significant, even production machinery.

With the extension of the Brembo Energy Platform for monitoring consumption almost completed, the final four plants will be linked up by the first quarter of 2021 and the electrical energy consumption data is now available to technicians at each factory. They have been asked to process and analyse it to identify potential areas for improvement and reduction.

In addition to the electricity consumption data, the platform is also designed to monitor the consumption of other resources, such as gas, compressed air and water. The infrastructure of measuring devices is being adapted to make it possible to monitor them, ultimately making it possible to effectively transfer the data from the field to the platform for subsequent processing and action. An additional benefit provided by this tool is the support offered to the ISO 50001, compliant energy management system, implemented and incorporated within the Group's environmental management system in 2019. An intense training programme was launched in 2020 for all the platform's users around the world.

Analysis of main measures to reduce energy consumption at global level

Area of intervention	Energy consumption reduction (GJ)	Estimate of Co ₂ eq tonnes avoided
Lighting system optimisation (installation of LED lamps in offices and production departments)	4,154.77	577.98
Compressed air system optimisation (replacement of compressors, leak detection and repair, optimised use during production processes)	18,374.64	3,129.87
Replacement of processing systems with more efficient technology*	2,441.13	162.49
General production process optimisation*	70,651.04	10,646.85
Optimisation of general technical equipment management	2,331.26	296.42
Installation of photovoltaic plant	56.1	7.54
TOTAL	98,008.9	14,821.15

* Category of intervention including the reduction of both electricity and natural gas

Overall in 2020 Brembo consumed around 4.2 million GJ, down 8% compared to 2019. The reduction in consumption is due to two main aspects: the energy efficiency projects that have contributed by more than 98,000 GJ and the production shutdowns at the various plants due to the pandemic. This consumption is predominantly in the form of electrical energy (which continues to account for approx. 72% of total

energy consumption) equivalent to more than **3,000,000** GJ, primarily used by the cast iron melting furnaces and secondarily by the mechanical processing systems and compressed air production systems used in the production processes. Methane gas consumption, primarily in the aluminium melting processes, is equivalent to more than **909,000** GJ.





Annual energy consumption broken down by source (GJ)

	2018	2019	2020
DIRECT CONSUMPTION	1,385,284	1,300,475	1,169,096
Energy from non-renewable sources			
Natural Gas	1,017,612	990,104	909,787
Other fossil fuels*	365,975	308,768	257,533
Energy from renewable sources**			
Sources (photovoltaic, thermal solar, etc.)	1,697***	1,603	1,776
INDIRECT CONSUMPTION	3,151,771	3,258,755	3,029,482
Electrical energy	3,124,939	3,232,565	3,007,889
from non-renewable sources	2,458,899	2,247,507	1,705,544
from renewable sources	666,040	985,058	1,302,345
District heating	26,832	26,190	21,593

* Other fossil fuels" include: diesel, petrol, LPG and other.

** In 2019 and in 2020, the Group did not generate any energy destined for sale

*** The entry does not include production at the US and Chinese plants because the data was not provided by the plant operators in time to be included in this document.

7.4 Greenhouse gas emissions

Brembo implemented a strategy structured into a series of actions aimed at achieving the medium- and long-term objectives to cut its greenhouse gas emissions and combat climate change, formulated in accordance with the commitments made by the United Nations during the COP21 in Paris. In detail, the Group set a sustainability goal defined as a percentage of emissions avoided due to improvements, including efficient use of any form of energy and the use of energy from renewable sources, compared with the previous year's emission levels.

Compared to the 2019 reporting, in 2020 the Group maintained its medium- and long-term objectives, relating to all factories recently, with a commitment to a year-on-year reduction of Scope 1+2 of 2.5%, inspired by the new SBTi (Science-Based Targets initiative) criteria for keeping the global temperature increase well below 2°C. The reduction achieved in 2020 due to the improvement actions was -24.2% on the previous year, a value that exceeds the minimum annual reduction required to keep the global average temperature increase to less than 1.5°C. This result was achieved thanks to the energy efficiency projects implemented, the increased share of renewable energy used, as well as due to the shutdowns caused by the pandemic.

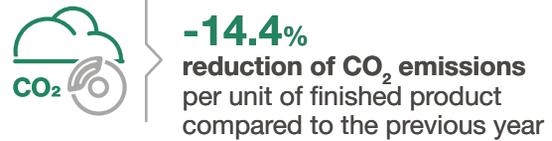
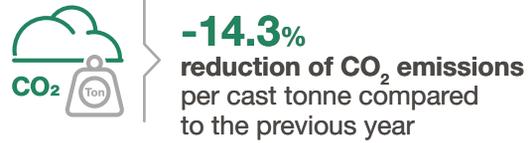
-19% by 2025	Brembo is committed to reducing Scope 1 and Scope 2 direct and indirect emissions by 19% compared to the levels measured in 2015 on a like-for-like consolidation basis.
-23% by 2028	Brembo is committed to reducing Scope 1 and Scope 2 direct and indirect emissions by 23% compared to the levels measured in 2018 on a like-for-like consolidation basis.
-41% by 2040	Brembo is committed to reducing Scope 1 and Scope 2 direct and indirect emissions by 41% compared to the levels measured in 2015 on a like-for-like consolidation basis.
-50% by 2045	Brembo is committed to reducing Scope 1 and Scope 2 direct and indirect emissions by 50% compared to the levels measured in 2018 on a like-for-like consolidation basis.



Brembo’s commitment to the reduction of CO₂ has been transformed into an internal reduction objective calculated using the following formula:

$$\frac{\text{CO}_2 \text{ eq reduction achieved thanks to improvement actions}}{\text{CO}_2 \text{ eq emissions of the previous year}} \geq 2.5\%$$

In 2020, these improvements led to an approximately 14.8% reduction in CO₂ emissions compared to the previous year.



Ambition: Carbon Neutrality

Over the course of the last decade, Brembo has tackled mounting challenges in the battle against climate change.

Thanks to the system developed for measuring, accounting for and managing climate-altering emissions, the Group has achieved tangible results in terms of cutting its emissions, which now make it possible to embark upon the journey that will identify suitable strategies for complete decarbonisation, enabling Brembo to achieve its ambitious goal of becoming “carbon neutral” by 2040.

The 2020 performance in terms of reducing climate-altering emissions, which went well beyond the set objective, clearly demonstrates the Group’s commitment to tackling this new challenge.

The CO₂eq emissions generated by Brembo’s production activities in 2020 amounted to slightly more than 1,243,900 tonnes (scope 1+2+3).

In 2015, which is considered the benchmark year for the monitoring of emissions improvements, emissions amounted to about 440,000 tonnes of CO₂eq (Scope 1+2). In a like-for-like comparison with 2015, over the last year a total of about 244,000 tonnes of CO₂eq were produced, marking a reduction of almost

45%. This result was achieved thanks to energy efficiency-boosting projects totalling 9,889 tonnes of CO₂eq and to the implementation of renewable energy solutions equal to 214,000 tonnes of CO₂eq.

Like every year, the emissions inventory and calculation methodology underwent assurance certification by a third-party body in accordance with the ISO14064 standard.



Supply Chain Engagement

A panel of 55 suppliers involved, representing more than 47% of total spending excluding utilities and transport and 54% of sales by direct suppliers.

Collections of water and energy data that can be used to establish the CO₂ impact of the pieces produced for Brembo. The information collected made it possible to extend the boundaries of Brembo’s emissions balance, incorporating Scope 3 relating to the provision of materials and services.

The initiative allowed to raise awareness among the supply chain of its carbon footprint, in view of constantly improving the approach to managing environmental issues throughout the entire value chain. To support this, Brembo provided each of the suppliers involved with a brief summary of the results, offering ideas and suggestions for making improvements.





Greenhouse gas emission by scope (t CO₂eq)*

	2018*	2019 (*)	2020(*)
Scope 1	87,691	80,707	72,954
Emissions from foundries	35,379	30,576	26,560
Emissions from production plants and heating systems	46,845	45,579	42,142
Coolants for air-conditioning systems**	1,234	990	1,104
Emissions from company vehicles and other fuels	4,233	3,562	3,148
Scope 2***	492,821	404,531	294,512
Indirect emissions due to power consumption and district heating			
Market based	492,821	404,531	294,512
Location based	584,916	509,850	475,071
Scope 3	330,366	990,493	876,500
Emissions due to product distribution logistics and waste transport	201,594	250,885	164,689
Emissions due to employees commuting between home and workplace	29,199	34,743	31,291
Emissions due to business trips	3,934	2,878	561
Emissions due to product transport within the Group	54,595	18,862	18,027
Emissions due to the energy lost through power distribution and transmission	41,044	40,794	37,436
Emissions generated by the purchase of hardware, machinery and equipment	-	91,842	107,976
Emissions generated by suppliers to produce materials and/or services for Brembo	-	550,489	516,520
Total	910,878	1,475,731	1,243,966

* The calculation of the CO₂eq (which includes CH₄, NO₂, HFC, PFC and SF₆ emissions when present), was carried out in accordance with the indications contained in the “Global Warming Potential Values” guide from the Greenhouse Gas Protocol (calculation methodology and emission factors as per the GHG Protocol. See <http://www.ghgprotocol.org/calculation-tools/all-tools>) which is based on the latest scientific studies carried out by the Intergovernmental Panel on Climate Change (IPCC): “IPCC Fifth Assessment Report, 2014 (AR5)” “IPCC fourth assessment report, 2007 (AR4)” and “IPCC second assessment report, 1995 (SAR)”, supplemented by data from the EPA (Environmental Protection Agency) for US emissions and ASHRAE34 for coolants.

(*) The calculation of the share of CO₂ emissions from electricity was carried out using the IEA 2019 (International Energy Agency) emission factors <https://webstore.iea.org/statistics-data>

** The figure includes the quantities of refrigerant gases dispersed into the atmosphere and reported in the special registers when air conditioning systems are refilled periodically. In the absence of such a record or other evidence of gas refills carried out during the year, all the gas contained in the air conditioning systems is considered to be dispersed into the atmosphere — as a precautionary measure.

*** The overall Scope 2 emissions takes into account the total emissions valued using the Market Based method.

Scope 1

Climate-changing emissions generated directly by Brembo come from plants, assets and vehicles operated directly by Brembo. This scope includes emissions from the combustion of fossil fuels in melting furnaces, leakage of coolants in air conditioning systems or use of the company fleet.

Scope 2

Indirect emissions of greenhouse gases resulting from the generation of electricity purchased by Brembo, as well as the heating of water/steam procured by the Group through district heating systems. With these purchases Brembo indirectly contributes to the emissions generated by electricity or heat suppliers.

Scope 3

Emissions that are not included in the previous scopes but linked to Brembo’s value chain. This scope includes emissions from Brembo product distribution and handling among plants, personnel’s commuting from home to workplace or business trips.



7.5 Atmospheric polluting emissions

Despite differences in national and local legislation that set different limits for pollutants, Brembo has undertaken to periodically monitor atmospheric emissions at all its factories, in accordance with the regulatory requirements in place in the different geographical areas where it operates and in compliance with the requirements identified on a Group level. The objective, consistent with Brembo's Environmental Management System, is to manage the risks associated with this topic, while ensuring uniform emission control at all plants.

The substances chiefly present in Brembo's emissions are those typical of melting processes and the use of fuels (NO_x and SO_x), as well as those generated by mechanical processes such as powders (PM) and volatile organic compounds (VOC). With regard to the emission trend, it is specified that it is not possible to make a comparison with previous years as the emissions are subject to the variability of the production mix, which can also significantly influence the quantity of substances emitted.

Every emission subject to authorisation is monitored periodically to ensure compliance with the established limits set out in the authorisation documents.

In the same way it monitors pollutants, Brembo also monitors the quantity of coolants (HFC and HCFC) released into the atmosphere, calculating the relevant CO₂ equivalent impact. In 2020, 0.53 tonnes of ozone-depleting gases, including 0.45 tonnes of coolants containing hydrofluorocarbons (HFC) and 0.08 tonnes of freon 22 gas (R-22), were dispersed into the atmosphere.

The figure includes the quantities of coolants dispersed into the atmosphere and reported in the special registers when air conditioning systems are refilled periodically. In the absence of such a record or other evidence of gas refills carried out during the year, all the gas contained in the air conditioning systems is considered to be dispersed into the atmosphere — as a precautionary measure.

Emissions of harmful substances (t)*

	2018	2019	2020
Nitrogen oxides (NO _x)	110.2	122.31	68.22
Sulphur oxides (SO _x)	36.91	122.69**	83.49
Persistent organic pollutants (POP)	0.00	0.00	1.10
Volatile organic compounds (VOC)	165.44	171.52	84.96
Hazardous pollutants	12.03	7.15	3.83
Fine particulates (PM)	317.15	117.46	114.10
Carbon monoxide (CO)	-	282.25	235.62

* The values shown are based on precise measurements made in plants that are subject to regular spot checks. Each plant's emissions is calculated based on these precise measurements, since the concentration of harmful substances, the mass flow and the operating time of the plant are already known. Hence, the values shown only refer to the plants equipped with measuring instruments.

** SO_x values for 2019 increased on the previous year due to: start-up and transition to full operation of the new foundries and entry into force in Poland of a new legal requirement mandating the application of a more restrictive method for emissions sampling and analysis.

7.6 Management and use of water resources

The growing demand for water deriving from world population growth, increasingly frequent extreme weather phenomena caused by climate change, such as droughts and flooding, together with worsening pollution and poor management of water resources by the public and private sector, means that water supplies have been considered one of the main

environmental risks of the last decade.

For an organisation like Brembo, which makes significant use of water resources, it has become truly essential to ensure that its production processes and operating sites use water in an efficient and responsible manner. Because of this, the Group has come up with its own strategy designed to foster rational use of





this resource, progressively reducing its use and maintaining the original characteristics of the water supply sources, minimising the risk of contamination by potential pollutants that could harm the environment.

To be more specific, such strategy is implemented through the Brembo Energy and Environment Management System, whereby each plant carries out a risk and opportunities assessment for each process and production phase that has an impact on water resources. The outcome of this analysis leads — for the relevant identified risk or opportunity areas — to mitigation or other actions that may help seize any opportunities.

In parallel to the risk assessment, Brembo runs a yearly company-wide risk evaluation programme linked to Group sites located in areas classed as Water Stressed Areas, be it in present or future scenarios. Such evaluation is conducted using the “Aqueduct” digital tool, in accordance to the World Resource Institute’s (WRI) methodology.

Furthermore, Brembo’s Environmental Management System involves a Group procedure that identifies the measures that everyone must comply with in order to identify any waste water potentially exposed to contamination deriving from the production process, adopting the necessary measures to protect against all forms of pollution.

As far as water performance is concerned, approximately 1.2 million cubic meters of water were used overall, decreasing by about 8.6% compared to 2019. The water mains still constitute the main source of supply (approximately 74%) which not only ensures suitable quality levels, but also a reliably constant supply over time.

After being used for industrial purposes, i.e. for plant cooling, the production of cooling lubricant emulsions, etc., the water is mainly destined for the local water consortium sewers and only a tiny fraction is released into surface water bodies, after ensuring that the specifications on acceptability are met.

In 2020, the Environment & Energy Department completed the **‘Water Balance’** project, aimed at assessing the water management level in all Group factories. With its final goal being that of offering improvement ideas, the project provided for the identification of wasteful practices, proper uses, infrastructure management, to then be followed by the identification of potential technical solutions enabling a more responsible management of water resources.

The project was based on inspections to all sites in order to collect all the information required to produce a water report according to a common model applicable to all of the Group’s production hubs. All the plants have been provided with the results of these activities, highlighting strengths and weaknesses, and have been asked to draw up an action plan targeted at resolving any shortcomings that were identified.

With reference to waste water, nearly all of it is destined for the local water consortium sewers to which the sites are linked. Only a tiny fraction (about 2%) of waste water is released into surface water bodies, after ensuring that the relevant local legal specifications on acceptability are met.

To enable increasingly accurate water reporting, and identify and reduce every source of waste, the Group completed the installation of flowmeters at the entry points of every production facility. In addition, the gradual installation of measuring equipment of the most significant uses is currently underway. Simultaneously a programme aimed at increasing the involvement of the supply chain in order to increase awareness about the impact on water resources even outside the Group continued. Similarly, to what happened with gas emissions, the questionnaire sent to suppliers also documented water consumption along the entire value chain.

Moreover, Brembo has anticipated its wider strategic goal — initially set to be achieved by 2025 — to reach by 2022 100% water flows monitoring capability (water withdrawal, disposal and significant internal use) for every site in the Group. This goal aims at identifying every source of waste, and every abnormal level of consumption against internal and external benchmarks, to enable the implementation of improvement measures that are in line with local standards. A further development of the project is the inclusion of water measurements within the BEP monitoring platform which — similarly to energy — will enable a constant monitoring of consumption, which in turn will be useful to identify priority areas for intervention.

The water-related impacts that Brembo might identify are the ones linked to contamination risks and to resource depletion in areas with limited availability. To ensure that any impact is controlled and minimised, special guidelines have been issued which state the common resource management requirements.

It should be noted that throughout the year Brembo’s production facilities did not report any significant instances of leaks of hazardous substances into the environment.



WATER WITHDRAWAL (megalitres)

	2018		2019		2020	
	All areas	Water stressed areas	All areas	Water stressed areas	All areas	Water stressed areas
Groundwater	387.03	153.22	317.44	107.31	296.93	0
Fresh water	387.03	153.22	317.17	107.31	279.15	0
Other types of water	0	0	0.27	0	17.78	0
Third-party water resources	948.24	192.53	942.88	263.94	854.89	326.66
Fresh water	948.24	192.53	942.88	263.94	854.89	326.66
Other types of water	0	0	0	0		
Total	1,335.27	345.75	1,260.32	371.25	1,151.81	326.66

Total third-party water withdrawal by source in 2020

Surface water	-	-	-	252.71	-	256.23
Groundwater	-	-	-	11.23	-	70.42
Total	-	-	-	263.94	-	326.66

WATER DISCHARGE (megalitres)

	2018		2019		2020	
	All areas	Water stressed areas	All areas	Water stressed areas	All areas	Water stressed areas
Surface water	13.46	-	11.91	-	8.50	8.50
Fresh water	-	-	11.91	-	8.50	8.50
Other types of water	13.46	-	-	-	0	0
Groundwater	-	-	13	13	12.83	0
Fresh water	-	-	-	-	11.81	0
Other types of water	-	-	13	13	1.02	0
Third-party water resources	565.4	-	519.25	87.65	473.13	149.17
Fresh water	-	-	311.23	63.56	235.76	60.97
Other types of water	565.4	-	208.02	24.09	237.37	88.2
Total	578.86	-	544.16	100.65	494.45	157.66

Water discharge by level of processing*

Any processing	-	124.08	150.97
Level of processing 1	-	14.44	23.82
Level of processing 2	-	277.95	257.32
Level of processing 3	-	76.06	62.34
Total	-	492.53	494.45

* Treatment level 1: aims at removing the solid substances which either deposit or float on top of the water.

Treatment level 2: aims at removing the substances and materials which remain suspended or are dissolved in the water.

Treatment level 3: aims at improving water quality before its disposal. This treatment also includes removal processes for substances such as heavy metals, nitrogen and phosphorous.



**WATER CONSUMPTION (megalitres)**

	2018		2019		2020	
	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>
Total water consumption	756.42	-	716.16	270.59	657.37	169

**Water Balance**

The following were verified during 25 site visits (2 conducted remotely):

- ▶ the adequacy of the infrastructures;
- ▶ the ability to prevent any type of contamination risk;
- ▶ the management maturity level of the water resource.

The project was supported by a water management expert to allow a homogeneous assessment in all the plants and identification of the areas for intervention with a view to a constant improvement in the management and use of the water resource. Each plant was requested to provide a roadmap designed to fill any gaps and the opportunities identified.

7.7 Waste reduction

At Brembo, the linear economic “take-make-dispose” model based on access to large quantities of resources is now a thing of the past. These days, when accessing top-quality raw materials, which are sustainably priced and environmentally friendly, the Group undertakes to preserve the value of the natural resources for as long as possible, restricting use of new raw materials and energy from non-renewable sources in its production processes and minimising the production of waste and refuse.

The typical situation at certain production facilities — such as cast iron foundries — is a clear example of how this concept is put into practice at Brembo. A foundry primarily uses secondary raw materials, such as cuttings and discarded materials produced during mechanical processing, thereby contributing to circular waste management. The vertical integration of Brembo’s factories is a positive example of how having a foundry near the machining and assembly facility — typically housed within a single industrial complex — in most cases enables immediate reuse of scrap metal in melting furnaces. It is therefore possible to state that by their own nature the Brembo production processes are perfectly suitable for a “take-make-reuse” model which constitutes the basis for the circular economy

development model. The progressive extension of circularity to all production processes is an opportunity that Brembo intends to seize in order to ensure a steady business growth that’s in balance with the environment.

Worthy of mention are also some of the initiatives undertaken by Brembo to breathe new life into waste materials, such as the project launched at the Italian cast iron foundry where an experimentation on an industrial scale of a process able to replace the use of some primary origin raw materials with other coming from waste recycling has been launched. This new process does not modify the foundry’s direct environmental impact, but it significantly improves the overall impact of the product during its life cycle. Another good example of waste management is the achievement of the “zero waste to landfill” goal by the Polish plant in Dabrowa which, thanks to new contracts stipulated with waste disposal providers, has made it possible for all the generated waste to be recycled from 2020 onwards.

Although the Group has not identified any targets for the management of this issue, objectives have been set for the individual plants, such as those relating to the reduction of waste



per product unit, rather than those connected to the reduction of hazardous waste.

During 2020, Brembo generated over 344,000 tonnes of waste, a 10% lower amount than that produced in 2019, mainly as

a result of plant shutdowns due to the pandemic. The waste classed as hazardous stayed at approximately 5% of the total, whilst non-hazardous ones were 95%.

WASTE GENERATED (t)

	2018**	2019	2020
Hazardous waste	20,644	20,406	16,424
of which: discharged	12,799	12,427	2,617
of which: reused	7,821	7,979	13,807
Non-hazardous waste	362,180	364,119	328,320
of which: discharged	172,507	133,838	43,353
of which: reused	183,923	230,281	284,967
Total	382,825	384,525	344,744
of which: discharged	185,306	146,265	45,970
of which: reused	191,744	238,260	298,774

**The entries "of which: discharged" and "of which: reused" do not include waste generated in the year but not discharged by the Langfang and Nanjing plants (5,774.42 tonnes).



The iron casting process in the Mapello oven

Brembo is active in its approach to the circular economy with projects that involve both the product and the production process.

As far as the production process is concerned, the areas for intervention aim to reduce the quantity of waste generated, as well as the possibility of re-using self-produced or third-party waste material.

Noteworthy is the start in 2020 of the pilot project in which the used alkaline batteries are utilised within the cast iron melting process in the Mapello oven. One of the main elements of the cast iron alloy is manganese, normally obtained by adding the iron-manganese alloy of primary origin to the compound; the same result is obtained using the manganese contained inside the used alkaline batteries.

This process results in an advantage for the environment, allowing safe and total disposal of waste that would otherwise be difficult to reuse, whilst at the same time reducing the environmental impact arising from the substitution of melting additives originally of primary origin.

Some of the main benefits obtained were:

- the disposal of used alkaline batteries;
- no change in the quality of the cast iron produced;
- no change in the plant's environmental impact;
- a reduction in the product's environmental impact throughout the entire life cycle.

This project was the winner of the Sustainability Award, in the Environment category, for the Brembo Awards 2019 edition.



Thinking
responsibly.
Acting concretely.



With the small contribution of each person,
we can achieve great goals.



8. Local areas

8.1 Creating opportunities for local areas

Brembo is a global Company which, during the course of its expansion over a period of more than 50 years, has always offered a direct and indirect contribution to the economic development of the areas and many communities around the world of which the Group has become part. The desire to maintain close proximity to the diverse communities where it operated has pushed Brembo to increasingly promote the connection and dialogue with the reference markets and with the Customer production hubs that use Brembo braking systems in order to create social as well as economic value.



1,985 € million
Economic value distributed



91%
Local managers, i.e., born in the countries where they work for Brembo



5
Action areas for social projects

In particular, the Group’s expansion to the different countries in the world has always been carried out taking into account the need to support the economic, social and employment growth of the territories, as well as the responsibility towards local communities.

In 2020, Brembo’s investment management policy, albeit in scaled-down form due to the lockdowns implemented in various countries to combat the effects of the Covid-19 pandemic, continued in line with the guidelines followed to date, with the aim of strengthening the Group’s presence not only in Italy, but also internationally. The Group’s strategy was confirmed in 2020 as well, despite the difficulties due to the pandemic. For further details on Covid-19-related impacts, see the Directors’ Report on Operations and section “Covid-19: the Group’s Answer” in this document.

Group’s total net investments undertaken in 2020 at all operations amounted to €187,815 thousand, of which €122,482 thousand was invested in property, plant and equipment, €27,707 thousand in intangible assets, and €37,626 thousand in leased assets. The most significant investments were concentrated in Italy (33.9%), Czech Republic (26.1%), North America (17.2%) and Poland (14.4%).

In Italy, works on the new building in Curno, which houses the Carbon Factory, continued. The building has been designed in view of progressively verticalising — within a single production facility adjacent to Brembo’s current hub — the entire development and production process for raw components used in carbon-fibre discs and pads for racing applications and for high-performing street vehicles. The building occupies an area of approximately 7,000 square metres, in addition to the



10,000 square metres of green space, parking and logistics and storage areas planned as part of the project. After having installed and started up the first systems in the previous year, additional machines continued to be installed in 2020 for a gradual increase in production capacity, which will reach full operation in 2022.

To meet the need for new production spaces, Brembo Czech entered into a new operating lease at the end of 2020 for a building (called O23) of about 22 thousand square metres in the same industrial park where the current production site is located. Painting, logo printing and assembly of fixed aluminium calipers, as well as storage of semi-finished and finished products, will be transferred to the new building, part of which will be dedicated to offices. The RoU (Right of Use) recognised in the Financial Statements, calculated over a 15-year period, was about €25 million.

The other investments in property, plant and equipment made by the Group primarily related to purchases of plant, machinery and equipment to increase the level of automation of production and constantly improve the mix and quality of factories.

With regard to investments in intangible assets, development costs for 2020 amounted to €22,266 thousand (11.9%), borne by the Parent and the U.S. subsidiary.

In addition, Brembo — which represents a reliable partner for many businesses in the supply industry, with which they can develop partnerships and grow over time — has contributed to strengthening the entrepreneurial fabric in its value chain, creating a network of satellite companies that guarantees additional employment and technological development. In fact, in 2020, much of the economic value distributed by Brembo went towards remunerating and supporting the system of businesses in the supply chains: overall, the Group's purchases exceeded €1,440 million. More than €425 million was distributed to Brembo personnel in the form of salaries, variable remuneration and social security contributions.

The economic impact of the Group can also be measured in its support for public spending through its contribution to tax revenue and its dividends to Shareholders, thereby encouraging further investments.

Economic value generated, distributed and retained (€ thousand)

	2018	2019	2020
Economic value generated	2,748,210	2,687,122	2,276,003
Economic value distributed	2,440,370	2,338,379	1,985,387
Suppliers	1,748,475	1,683,433	1,448,583
Brembo People*	465,306	465,696	425,029
Investors and lenders	148,111	124,495	53,235
Public Administration	76,997	62,977	55,755
Gifts and sponsorships	1,481	1,778	2,785
Economic value retained	307,840	348,743	290,616

* The item "Economic value distributed to Brembo People" includes the costs of Brembo's employed personnel and temporaries.

The value generated and distributed by the Group had a particularly significant positive impact in those areas characterised by levels of industrialisation and wealth distribution below the national average.

This is the case, for example, with the Homer production plant in the United States and the Ostrava plant in the Czech

Republic — areas that are characterised by an above-average employment rate.

In recognition of the benefits produced by the presence of highly specialised manufacturing firms, in 2020 — as part of national policies designed to attract and support industrial





innovation and development — the Group received more than €12 million in public grants, many in the form of tax relief and research grants.

Brembo has always been very conscious of the role it plays within the country's economic development. The Group's constant investments aim to maintain and increase employment development and meet the economic and social needs of local communities, even in the difficult context dictated by the current pandemic.

Financial investments (€ thousand)

	2020
Capex	190,325
Depreciation	207,550
Share buybacks	0
Dividend distribution	0
Total	397,875

Contribution to developing the local intellectual capital

Investments and work opportunities created in local communities are not the only positive effects generated by Brembo in the areas in question. Indeed, the Group deems it even more important to foster the growth of the districts' intellectual capital by offering its know-how as a resource for promoting local development through training and partnerships with various research and education institutions.

Partnerships like those with the Milan Polytechnic, the Royal Institute of Technology in Stockholm, the University of Padua and the University of Trento have made it possible to share Brembo's legacy of expertise in materials, braking systems, technology, and industrial fusion and mechanical processing procedures, while also allowing the Group to develop highly innovative products with a view to open innovation that benefits both Brembo and the local areas.

Out of the main initiatives that demonstrate Brembo's key role in creating and promoting knowledge and innovation on a local level, the most significant are reported below:

The development of the innovation hub **Kilometro Rosso**

The Group was involved in the creation of Kilometro Rosso from the very start. Established on the outskirts of Bergamo, where Brembo has its roots, this district acts as a catalyst for various areas of excellence in the field of research, high-tech production and services for innovation in various sectors and areas of specialisation. This knowledge hub aims to create a meeting point for businesses with a strong propensity for innovation, scientific institutions and R&D centres, with a view to promoting

the sharing of specialist expertise among businesses operating in various industries, considerably increasing the ability of the people involved to generate product, process and service innovation.

Kilometro Rosso is now one of Italy's main science parks, accredited by the CENSIS 2009 report as one of Italy's top 10 outstanding initiatives for innovation. In addition to the Group's headquarters, within the park Brembo has a mechatronics, sensor systems and mechanical Research Centre and the laboratories of Brembo SGL Carbon Ceramic Brakes, a joint-venture set up between Brembo and SGL Group.

For further information: www.kilometrorosso.com

Accademia del Freno (Brake Academy) at the Polytechnic University

In partnership with the Milan Polytechnic, Brembo set up the Accademia del Freno (Brake Academy) in 2014. This technical and scientific advanced education initiative specialising in braking systems seeks to complement the academic curriculum of Milan Polytechnic's engineering students. The Academy features a cycle of lessons and seminars in the University and in the company. It involves Group managers and specialists, who provide students with the knowledge and expertise developed by the Group, ranging from brake disc and brake disc caliper design to further study of friction materials, thermal and structural calculations, and testing and validation processes. This partnership aims to train new braking system specialists, therefore developing the sector's future professionals.



The support to local technological

The Group's partnerships with the world of education do not focus solely on universities. In fact, it is important for Brembo to

develop a relationship with future generations from secondary schools onwards, so as to guide and introduce the best talents to the mechanics industry.

8.2 Social and cultural development of local communities

Over the years, Brembo has established close ties to the local areas where it is present, paying attention to the needs they express, and defining a path of joint development and growth, which leads the Group to provide tangible support to numerous projects and initiatives in favour of local communities in the areas of greatest social needs.

In order to guarantee structured and strategic management of social initiatives, the Group set up a central Social and Cultural Sponsorships and Donations Committee. This body periodically brings together the Heads of the main corporate functions, in order to define criteria, guidelines and priorities on which to focus sponsorships and donations in the social and cultural arena, establish the annual budget set aside for these activities, evaluate projects and initiatives to support, as well as monitor the compliance and efficacy of the projects being promoted.

In order to be ever closer to local communities and fully understanding their needs, the Group also actively engages Brembo's Country General Managers in listening to and supporting local socio-cultural development initiatives. In keeping with the priorities identified by the Committee, they identify local needs and define suitable ways of providing support to the communities, trying to meet specific targets of the Sustainable Development Goals United Nations 2030 Agenda and to offer concrete solutions to the emergency situation outlined as a result of the Covid-19 pandemic.

An additional contribution is made by the voluntary figures of the CSR Ambassador and CSR Champion, who work with the GCF CSR to draw the Group's attention to requirements emerging in local communities.

In 2020, Brembo confirmed its commitment to developing various projects and initiatives in support of local areas where it operates. In particular, during the year the Group supported initiatives in five areas of intervention viewed as priorities by Brembo:

- **Social issues and safeguarding children**
- **Education, training and research**
- **Art and culture**
- **Sport**
- **Brembo's worldwide social projects**

With respect to this latter area of intervention, which conveys the Group's desire to play an active role in the most urgent international contexts and situations, the 2016-2020 period saw Brembo acting as the direct promoter of initiatives, developed through the active search for partnerships with non-profit organisations.



Houses of Smiles

As a result of the collaboration between Brembo and Foundation CESVI, an NGO involved in supporting development and combating poverty, the House of Smile was inaugurated in 2017 in Pune, India.

The House of Smile project aims to support highly vulnerable women and children and consists of a service centre within a building located in Bibwewadi and three education centres for children in poor areas on the outskirts of Pune. Swadhar, the local NGO, operates within the service and education centre hub, coordinating the psychological support, legal guidance, healthcare and career assistance services for women and the support services for young mothers. Swadhar also promotes activities for children between the ages of 3 and adolescence in favour of education and children protection.

The children, divided into classes by age, attend daily classroom sessions in the three educational centres, consisting of fully structured and equipped facilities, and take part in a programme aimed at encouraging literacy, supporting study, civic education and proper, healthy nutrition.

The three educational centres also offer professional training programmes for young women such as tailoring, hair-styling and beautician courses that award a recognised completion certificate.

A fundamental part in the development of this important project is played by the active participation of the Brembo Brake India local team which, even throughout the Covid-19 crisis, has kept up an open and ongoing dialogue with the managements of the Swadhar Association in order to support the women and families of the young people who benefit from the services of the House of Smiles.

Even during the lockdown imposed by the pandemic, the managers of the Swadhar Association continued to provide psychological support to the families and women online and educational support to young people with access to a mobile phone (despite living in a situation of extreme poverty, each family unit owns at least one).

The Swadhar teachers regularly sent parents activities for children and teenagers via WhatsApp, asking them to register their children when carrying out the activities and hand in the completed tasks by taking a photo of their work. There was constant follow-up with parents to monitor how the young people were progressing and support them in the event of any difficulties. These online activities met with a positive response among children and parents.

Thanks to an extra contribution during the pandemic, 225 food boxes were also distributed and medical assistance was provided to 45 families, while 41 received educational support.



I was a Sari

“I was a Sari” — one of the social projects that Brembo has been supporting since 2015 — is a social enterprise based in Mumbai, founded by an Italian entrepreneur with the aim of improving the lives of Indian women from the most disadvantaged social and economic classes.

The Sari is the traditional dress for Indian women that has passed down through the centuries in local culture.

The women of “I was a Sari” create hand-crafted fashion accessories — necklaces, bracelets, purses, shawls — using recycled Sari fabrics or premium textiles.

At the Mumbai logistics centre, awash in the unique colours of the fabrics, women select items, perform quality control, cut the saris and create fashion items.

Before they are dispatched to the customers, the products created at the “I was a Sari” tailoring centres, which employ several dozens of women, are stocked and a custom label with a description of the project is affixed to each item.

The Indian women are thus taught specialist tailoring skills and guaranteed a dignified regular wage, which provides them with precious independence.

Brembo’s contribution has made it possible to transform a social project for women’s empowerment into an independent “social business”.

In 2020, Brembo’s support for the project made it possible to pay the salary of the women workers continuously, even during the three-month period when the business was shut down due to the Covid-19 pandemic, as well as creating an emergency fund and doubling the study grants.

In 2017 The “Houses of Smile” and “I was a Sari” projects received the Impresa Award, set up by the Italian-Indian Chamber of Commerce, in the “Community Development (Society) Awards” category, and dedicated to corporate initiatives that have made the biggest contribution to the development of local communities in India. The two projects were judged to be the best from among more than 50 initiatives presented by as many Italian and Indian firms.





School on Wheels

In 2019, Brembo inaugurated, in India as well, the project “School on Wheels”, by delivering to the local NGO Door Step School a school bus fitted out to serve as a full-fledged mobile classroom, including educational materials, chalkboards, computers, monitors and audio-visual materials, to allow the educators from the NGO to provide literary and basic education to a total of approximately 200 children.

“School on Wheels” is a project active six days a week, Monday to Saturday, in which educators use the school bus to travel, according to a pre-determined weekly schedule, to six areas in Pune’s enormous slum to teach to a group of 20-25 children at each stop.

Door Step School’s educators teach children ages 5 to 10 the

three fundamental skills (reading, writing and math), together with basic social skills such as hygiene, health and safety.

The bus is also used as a mobile reading room for children from Pune’s outskirts. This is why it stops in certain areas for two hours to be available to those who wish to make use of the service. It is an initiative that is also very useful for children who already know how to read but do not have access to books.

Despite the temporary suspension of activity due to lockdown, Brembo’s contribution made it possible to distribute 8,125 meals to 3,105 families, as well as guaranteeing support for the Door Step School teachers. Due to the emergency connected to the pandemic, many men lost their jobs and women had to support their families in many cases.



Dream Center

Within the socioeconomic context of rural China, it is difficult for the 61 million children in the underdeveloped regions to access quality education, and also for the 36 million children of migrant workers.

The “Dream Center” project developed by the local NGO ADream not only provides for the structural redevelopment of certain schools in marginalised areas, but also education programmes for teachers and the creation of an innovative education programme designed to stimulate the skills and aspirations of every single student, sometimes through the use of multimedia classrooms.

The joint contribution made by Brembo, which has supported the project since 2019, Tencent Holdings and the local Public Education office, has made it possible to set up three Dream Centers: “Shanghai Chongming District Deng Ying Primary School”, in a rural area four hours from Nanjing, with 8 classes,

32 teachers and 197 students; “Tong Ling Xin Cheng Primary School”, a two-hour car drive away, with 13 classes, 32 teachers and 594 students; “ShangRao Jie Tian Primary school”, in the Jiangxi province at around 480 km from Nanjing, with 20 classes, 68 teachers and 983 students.

Alongside the support provided by Brembo China, there has also been significant engagement with the project among Brembo’s collaborators in Nanjing who, through online donations to the “Tencent 99 Giving Day”, a national fundraising programme organised by one of China’s main internet providers, have contributed to the purchase of educational material for the centres. Quality education also means reducing the educational divide between the cities and the countryside, supporting education as a tool for creating opportunities and believing in the potential for change, while respecting the diversity and personality of every individual, without leaving anyone behind.





SOSTeniamoci

SOSTeniamoci is a project launched in 2016 by Cesvi Foundation in collaboration with Brembo and the Minors and Family Service of Bergamo District 1, which today is close to the end of the second edition.

SOSTeniamoci has been created to help the Bergamo's young unaccompanied foreign minors to achieve their life goals and lead them towards social integration and independence.

The 19 young participants in the second edition of SOSTeniamoci were selected for their strong motivation, merit and desire to build a life for themselves in Italy. All the project participants have signed a "Pact of Educational Responsibility", in which they undertake to complete the two-year course on a reliable and committed basis.

The young participants are not only supported from a psychological standpoint, but also guided towards training paths based on their aptitudes and aspirations so as to improve their capacities.

They are attending courses of study that involve participation in training programmes run by local training agencies or schools and vocational activities or workshops, followed by periods of hands-on experience at businesses in the Province of Bergamo.

Brembo believes strongly that it is only through a shared commitment to hospitality and integration, in collaboration between businesses and non-profits, that social inclusion and integration into the workforce may be achieved for all young migrants, giving them a future and an opportunity for redemption in Italy.



Learn more

Numeruomini

<https://www.brembo.com/it/company/news/numeruomini>



The partnership with the Atalanta Youth Team

Since 2018, Brembo has been the Top Partner of the Youth Sector of Atalanta Bergamasca Calcio football team. This partnership forms part of a long series of activities in which the company has shown its support for areas of excellence in the region.

Brembo supports the social role of professional and competitive sport and shares a series of educational and cultural values with Atalanta, which characterise the young people and will make it possible for them to become professionals in work and life: loyalty, team spirit, sacrifice, training, merit, a love of challenges, support for talent and constant improvement, all of which also have something in common with academic education.

Within the Youth Sector, the Primavera team is carving out an important place for itself not only as one of the top national breeding grounds, but also in terms of trophies. In both 2019 and 2020, the team triumphed by winning the National Primavera Championship and the Italian Primavera Supercup. These successes have rewarded the commitment shown by the young athletes in the Youth Team.

This collaboration has led to the birth of the “Brembo Prize”,

which is awarded annually to the most deserving young footballer in each youth team. The best athletes are identified by a group of technical experts on the basis of criteria that consider not only strictly sporting aspects, but also educational results. Due to the restrictions imposed by the pandemic, it was not possible to organise the traditional award ceremony in 2020, which brings together more than 400 young footballers from the youth sector and their coaches.

Brembo also supports the “School at the Stadium” project, a social and educational programme for students that aims to educate young people in sticking to the rules, fair play and preventing episodes of discrimination.

The partnership also includes Brembo’s support for the organisation of summer Football Camps held by Atalanta for children aged 7–14, which attract large numbers of participants every year.

Towards the end of 2020, Brembo took part as a Top Partner in the prestigious “Gazzetta Sports Awards”, in which Atalanta won the award for best team 2020.





Giocamico

As of 2014, Brembo makes an annual contribution to the “Giocamico” project at the Pope John XXIII Hospital in Bergamo. Giocamico comprises a psychological support for young patients through a fun activity that prepares them for surgery and diagnostic investigations.

Children can therefore find out about what will happen to them in a fun manner: the operating theatre becomes a space ship, the operation an adventurous journey. Thanks to the use of sounds, images and simulations, they are not just told about their treatment, but actually experience it.

Thanks partly to Brembo, Giocamico’s fun-filled psychological support activities are now available in all paediatric departments of the hospital. In December, Cristina Bombassei, sponsor of the

Giocamico project, took part in the opening ceremony of the new Neuroradiology waiting room for young patients attending hospital for MRI scans.

The walls of this room are painted all over with stars, planets, rockets and space modules, so that it resembles a spaceship that the child enters to go on a journey, seeing the Earth in the distance. Inside is a replica of a miniature MRI scanner, made from wood, painted and built so that the young patients can familiarise themselves with the test they are about to undergo.

Thanks to this process, delicate MRI tests on children, who sometimes have to lie still for over an hour, can become outpatient tests that do away with the need for sedation and hospital admission.



FROM and Mario Negri Institute

In keeping with its nature as a company with a strong vocation for innovation, Brembo supports scientific research projects in various fields of application, as well as various initiatives linked to education and training for young people. In particular, the Group supports FROM, the Research Foundation of Pope

John XXIII Hospital in Bergamo, set up in 2008 to allow hospital workers to play an active role in national and international medical research, and with the Mario Negri Pharmacological Research Institute, one of the largest centres of biomedical and pharmacological research in Italy.

Brembo supports research to fight Covid-19

To tackle Covid-19, Brembo decided to support research by donating at the end of March 2020 €1 million to three leading Bergamo institutions — Pope John XXIII Hospital, the Bergamo Hospital Research Foundation (FROM) and the Mario Negri Institute — which stood out in fighting against Coronavirus in one among the areas most severely affected by the pandemic, through a combination of clinical and pharmacological research. The three institutions are working jointly on three lines of research starting from evidence provided by existing clinical studies with the aim of understanding the mechanisms of how the virus acts in the body, identifying the damage caused and finding solutions to significantly reduce the number of patients to be hospitalised in need of intensive care.

At the beginning of March 2020, Brembo also made a special donation to the intensive care department in the Papa Giovanni XXIII Hospital, where the most critical cases are treated and which require very complex and delicate care, and to FROM for the collection of data on the epidemiological trend, types of treatments and their results.

For a Company like Brembo, strongly rooted in the Bergamo area, it was natural to support and recognise the commitment made by doctors, nurses and administrative and technical staff throughout the hospital, as well as to support research that is believed to be the only viable way of finding an effective solution to this difficult situation on a global scale.



Sistema Socio Sanitario



Regione
Lombardia

ASST Papa Giovanni XXIII



Fondazione
per la Ricerca
Ospedale
di Bergamo



Appendix



**Board of Directors**

	Director	Year of birth	Gender	Ex.	Non-ex.	Indep.	ARSC	RAC
1	Alberto Bombassei	1940	M	X				
2	Matteo Tiraboschi	1967	M	X				
3	Daniele Schillaci	1964	M	X				
4	Cristina Bombassei	1968	F	X				
5	Elisabetta Magistretti	1947	F		X	X	X	
6	Elisabeth M. Robinson	1956	F		X	X		X
7	Laura Cioli	1963	F		X	X	X (Chair)	X
8	Gianfelice Rocca	1948	M		X	X ¹		
9	Umberto Nicodano	1954	M		X			
10	Valerio Battista	1957	M		X	X		
11	Nicoletta Giadrossi	1966	F		X	X	X	X (Chair)

(1) It should be noted that Gianfelice Rocca qualified as independent due to the consolidated principle of the prevalence of substance over form (since the renewal of his appointment as Director of Brembo follows nine years of completed service in office). This was also in view of the professionalism and dedication that he has always shown and his active, punctual participation in Board meetings, and to his speeches and thoughts that have enriched and instilled quality into debate within the Board towards the resolutions passed while also maintaining complete independence of judgment.

Workforce

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees (Headcount)	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039
Temporaries (Full Time Equivalent)	1,515	182	1,697	1,249	170	1,419	1,322	268	1,590

Temporaries by gender and geographical area²⁸ (FTE)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	1,515	182	1,697	1,249	170	1,419	1,322	268	1,590
Europe	543	125	668	690	132	822	639	196	835
America	75	13	88	80	11	91	54	14	68
Asia	897	44	941	479	27	506	629	58	687

²⁸ The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, as well as Argentina until 2018.

Asia: includes China, Japan and India.



Employees by gender and geographical area²⁸ (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039
Europe	5,474	1,175	6,649	5,483	1,205	6,688	5,371	1,189	6,560
America	1,731	268	1,999	1,668	294	1,962	1,782	315	2,097
Asia	1,689	297	1,986	1,924	294	2,218	2,087	295	2,382

Employees by employment contract and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039
Permanent contract	7,269	1,394	8,663	7,336	1,445	8,781	7,576	1,483	9,059
Fixed-term contract	1,625	346	1,971	1,739	348	2,087	1,664	316	1,980

Employees by employment contract and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,894	1,740	10,634	9,075	1,793	10,868	9,240	1,799	11,039
Full-time employees	8,845	1,529	10,374	9,023	1,574	10,597	9,194	1,582	10,776
Part-time employees	49	211	260	52	219	271	46	217	263

Employees by educational qualification

Educational qualifications of Brembo People (% on total)	2018	2019	2020
Brembo People	10,634	10,868	11,039
Compulsory primary school	34%	27%	26%
High school*	43%	49%	51%
University	23%	24%	23%

People with a university degree by subject studied (% of the total)	2018	2019	2020
Brembo People with a university degree	2,472	2,559	2,581
Engineering	54%	53%	54%
Business and Law	17%	20%	21%
Arts, Humanities and Foreign Languages	7%	8%	8%
Mathematical, Physical and Natural Sciences	8%	7%	6%
IT	4%	4%	3%
Social, Political and Behavioural Sciences	2%	3%	3%
Chemistry	1%	1%	2%
Other	7%	4%	3%

* As of 2018, the category "High school" includes exclusively Brembo People bearing a diploma awarded at the end of the whole secondary education.



**Turnover by gender (%)**

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	17.3	18.0	17.4	14.8	16.3	15	18.3	12.8	17.4
Termination rate	11.8	12.1	11.8	15.2	13.1	14.9	16.6	12.0	15.9

Turnover by age (%)

	2018				2019				2020			
	≤30	31-40	41-50	≥51	≤30	31-40	41-50	≥51	≤30	31-40	41-50	≥51
Hiring rate	35.6	17.4	8.7	3.5	31.7	14	6.8	4.1	48.3	11.4	5.6	2.4
Termination rate	18.4	13.3	6.3	8.3	28.5	13.9	6.7	9	35.9	10.6	7.0	11.2

* As of 2019 the breakdown of employees by age is based on the following categories: ≤30; 31-40; 41-50; ≥51

Turnover rate by geographical area²⁸ (%)

	2018			2019			2020		
	Europa	America	Asia	Europe	America	Asia	Europe	America	Asia
Hiring rate	13.5	29.4	18.4	11	28.6	15.1	6.7	27.2	38.5
Termination rate	9.5	20.6	11.0	10	25.1	20.5	8.5	20.6	32.0

Training hours by employment contract and gender (h)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	206,597	34,108	240,705	215,285	38,155	253,440	134,114	18,714	152,828
Manager	12,736	2,980	15,716	12,819	2,704	15,523	7,510	1,394	8,904
White-collar workers	78,495	20,958	99,453	78,624	22,878	101,502	32,341	8,736	41,077
Blue-collar workers	115,366	10,170	125,536	123,842	12,573	136,415	94,263	8,584	102,847

²⁸ The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, as well as Argentina until 2018.

Asia: includes China, Japan and India.



Recordable accidents²⁹, fatalities and hours worked of employees by geographical area²⁸ and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accidents at work without high-consequence³⁰									
Europe	73	9	82	83(*)	11(*)	94(*)	57	11	68
America	21	0	21	20	4	24	15	4	19
Asia	12	0	12	5	0	5	3	1	4
Total	106	9	115	108(*)	15(*)	123(*)	75	16	91
Accidents at work with high-consequence³⁰ (excluding fatalities)									
Europe	2	0	2	4(*)	2(*)	6(*)	0	1	1
America	0	0	0	0	0	0	0	0	0
Asia	0	1	1	0	0	0	0	0	0
Total	2	1	3	4(*)	2(*)	6(*)	0	1	1
Fatalities									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	1	0	1	0	0	0	0	0	0
Total	1	0	1	0	0	0	0	0	0
Accidents at work - total									
Europe	75	9	84	87	13	100	57	12	69
America	21	0	21	20	4	24	15	4	19
Asia	13	1	14	5	0	5	3	1	4
Total	109	10	119	112	17	129	75	17	92
Accidents during work commuting									
Europe	18	6	24	20	4	24	14	4	18
America	1	0	1	1	2	3	2	5	7
Asia	0	0	0	0	0	0	3	0	3
Total	19	6	25	21	6	27	19	9	28
Hours worked (No.)									
Europe	9,041,898	2,004,937	11,046,835	9,275,271	2,101,026	11,376,297	8,095,013	1,654,265	9,749,278
America	3,529,431	482,805	4,012,236	3,783,708	637,907	4,421,615	3,237,760	606,421	3,844,181
Asia	4,487,670	557,583	5,045,253	3,171,060	1,003,976	4,175,036	3,822,892	725,805	4,548,697
Total	17,058,999	3,045,325	20,104,324	16,230,039	3,742,909	19,972,948	15,155,665	2,986,491	18,142,156

(*) Data has been adjusted as three accidents that had occurred in 2019 led to an absence exceeding 180 days in 2020, thus qualifying as "accidents with serious consequences".

29 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

30 "High-consequence" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.



**Rate of recordable²⁹ accidents and fatalities of employees (at work) by geographical area²⁸ and gender (No.)**

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate without high-consequence³⁰									
Europe	1.61	0.90	1.48	1.79(*)	1.05(*)	1.65(*)	1.41	1.33	1.39
America	1.19	0.00	1.05	1.06	1.25	1.09	0.93	1.32	0.99
Asia	0.53	0.00	0.48	0.32	0.00	0.24	0.16	0.28	0.18
Total	1.24	0.59	1.14	1.33(*)	0.80(*)	1.23(*)	0.99	1.07	1.00
Accident frequency rate with high-consequence³⁰									
Europe	0.04	0.00	0.04	0.09(*)	0.19(*)	0.11(*)	0.00	0.12	0.02
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.00	0.36	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.02	0.07	0.03	0.05(*)	0.11(*)	0.06(*)	0.00	0.07	0.01
Fatality frequency rate									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.04	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Accident frequency rate - total									
Europe	1.66	0.90	1.52	1.88	1.24	1.76	1.41	1.45	1.42
America	1.19	0.00	1.05	1.06	1.25	1.09	0.93	1.32	0.99
Asia	0.58	0.36	0.55	0.32	0.00	0.24	0.16	0.28	0.18
Total	1.28	0.66	1.18	1.38	0.91	1.29	0.99	1.14	1.01

Calculation methods:

- Accident frequency rate without high-consequence: (No. of recordable accidents without high-consequence/ No. of hours worked) x 200,000
- Accident frequency rate with high-consequence (No. of recordable accidents with high-consequence/ No. of hours worked) x 200,000
- Fatality frequency rate: (No. of fatalities resulting from accidents at work/ No. of hours worked) x 200,000

(*) Data has been adjusted as three accidents that had occurred in 2019 led to an absence exceeding 180 days in 2020, thus qualifying as “accidents with serious consequences”.

Cases of employee occupational diseases and fatalities by geographical area²⁸ and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Cases of recordable* occupational diseases									
Europe	8	7	15	6	2	8	8	7	15
America	0	0	0	6	3	9	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	8	7	15	12	5	17	8	7	15
Fatalities resulting from occupational diseases*									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

* Recorded cases are not directly associated with the employee's working activity.



Recordable accidents²⁹, fatalities and hours worked of workers who are not employees by geographical area²⁸ and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accidents at work without high-consequence³⁰									
Europe	11	3	14	12	3	15	6	1	7
America	0	0	0	2	1	3	1	0	1
Asia	2	1	3	0	0	0	1	1	2
Total	13	4	17	14	4	18	8	2	10
Accidents at work with high-consequence³⁰ (excluding fatalities)									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	1	0	1	0	0	0	0	0	0
Total	1	0	1	0	0	0	0	0	0
Fatalities									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Accidents at work - total									
Europe	11	3	14	12	3	15	6	1	7
America	0	0	0	2	1	3	1	0	1
Asia	3	1	4	0	0	0	1	1	2
Total	14	4	18	14	4	18	8	2	10
Hours worked (No.)									
Europe	1,729,340	317,066	2,046,406	1,310,764	234,212	1,554,976	925,476	230,156	1,155,632
America	115,906	31,137	147,043	113,032	47,954	160,986	86,900	34,147	121,047
Asia	1,271,655	78,053	1,349,708	1,606,021	124,569	1,730,590	1,003,978	151,870	1,155,848
Total	3,116,901	426,256	3,543,157	3,029,817	406,735	3,436,552	2,016,354	416,173	2,432,527

28 The category “geographical area” is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, as well as Argentina until 2018.

Asia: includes China, Japan and India.

29 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

30 “High-consequence” mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.



**Rate of recordable²⁹ accidents and fatalities of workers who are not employees (at work) by geographical area²⁸ and gender**

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate without high-consequence³⁰									
Europe	1.27	1.89	1.37	1.83	2.56	1.94	1.30	0.87	1.21
America	0.00	0.00	0.00	3.54	4.17	3.73	2.30	0	1.65
Asia	0.31	2.56	0.44	0.00	0.00	0.00	0.20	1.32	0.35
Total	0.83	1.88	0.96	0.92	1.97	1.05	0.79	0.96	0.82
Accident frequency rate with high-consequence³⁰									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.16	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.06	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00
Fatality frequency rate									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00								
Accident frequency rate - total									
Europe	1.27	1.89	1.37	1.83	2.56	1.94	1.30	0.87	1.21
America	0.00	0.00	0.00	3.54	4.17	3.73	2.30	0	1.65
Asia	0.47	2.56	0.59	0.00	0.00	0.00	0.20	1.32	0.35
Total	0.90	1.88	1.02	0.92	1.97	1.05	0.79	0.96	0.82

Calculation methods:

- Accident frequency rate without high-consequence: (No. of recordable accidents without high-consequence/ No. of hours worked) x 200,000
- Accident frequency rate with high-consequence (No. of recordable accidents with high-consequence/ No. of hours worked) x 200,000
- Fatality frequency rate: (No. of fatalities resulting from accidents at work/ No. of hours worked) x 200,000



Cases of occupational diseases and fatalities of workers who are not employees by geographical area²⁸ and gender (No.)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Cases of recordable* occupational diseases									
Europe	0	1	1	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	1	1	0	0	0	0	0	0
Fatalities resulting from occupational diseases*									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0								

* Recorded cases are not directly associated with the employee's working activity.

Cases of near misses reported

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Reported near misses									
Europe	90	0	90	260	8	268	222	9	231
America	7	0	7	22	1	23	22	0	22
Asia	16	0	16	139	1	140	89	0	89
Total	113	0	113	421	10	431	333	9	364*

* Total value includes both near misses involving men and women and events that could not be broken down by gender (non-specific near misses), equal to 22.

28 The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, as well as Argentina until 2018.

Asia: includes China, Japan and India.

29 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

30 "High-consequence" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.





Methodological note

Reporting standards applied

The Consolidated Disclosure of Non-Financial Information (hereinafter also “Non-Financial Information”, “Disclosure” or “NFI”) of the Brembo Group (hereinafter also “Brembo”, “Group”, “Company”) pursuant to Article 4 of Legislative Decree No. 254/2016 (hereinafter also “Decree”), as amended and extended, contains information relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, providing stakeholders with an accurate, thorough and transparent view of Brembo’s strategies, activities, performance and the Group’s results in its pursuit of economic growth and business development, while taking account of the expectations of the stakeholders involved and seeking constant improvement of the environmental and social impacts of its activities.

This Disclosure, published annually, has been written in accordance with Italian Legislative Decree No. 254/2016 and in compliance with the Sustainability Reporting Standards published by the Global Reporting Initiative - GRI (Core Option). These Guidelines currently represent the most widespread and recognised standard on an international level regarding non-financial reporting. In order to facilitate the reader in finding information within the document, pages 198-206 contain the GRI Content Index.

In the reporting process, with a view to continuous improvement and in response to stakeholder requirements, the Group has taken into account the indications contained in the “Measuring

Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” published in September 2020 by the World Economic Forum and the indicators put forward by the SASB standards.

These indicators have been clearly defined in the table on page 207 and shall be construed as an addition to the disclosure drawn up pursuant to GRI Standards to comply with the provisions of Articles 3 and 4 of Legislative Decree No. 254/16.

The information included in the non-financial report reflects the principle of materiality or relevance, an element provided for by reference standards and characterising the GRI standard: the issues discussed within the Disclosure are those that, following a materiality analysis and assessment, described on pages 59 - 64 of this document, were deemed to be relevant, inasmuch as they reflect the social and environmental impacts of the Group’s activity or influence the decisions made by its stakeholders.

The Disclosure of Non-Financial Information was approved by the Board of Directors on 4 March 2021, following examination by the Audit, Risk & Sustainability Committee in the meeting held on 25 February 2020.

With regard to external assurance, the Disclosure of Non-Financial Information, except for the information on indicators given in the table on page 207, is subject to limited assurance by EY S.p.A., the Group’s independent auditors, whose report is available at the end of this document.

Reporting scope

The qualitative and quantitative data contained in the Consolidated Disclosure of Non-Financial Information issued by the Brembo Group refer to the performance of the Group during the financial year 1 January - 31 December 2020. As provided for by Article 4 of Legislative Decree No. 254/2016, this Consolidated Disclosure of Non-Financial Information includes data from the parent (Brembo S.p.A.) and its subsidiaries, consolidated on a line-by-line basis. The companies consolidated in Brembo

S.p.A.’s Financial Statements using the equity method are not included.

The only exception is purchasing and environmental data, regarding which a number of commercial companies have been excluded (Brembo Deutschland GmbH, Brembo Japan Co. Ltd, Brembo Russia LLC., Brembo Scandinavia A.B.), in consideration of the fact that their impacts regarding production sites are not material (within the document, the terms “production site” or



“facility” refer to manufacturing and assembly facilities). Any further boundary limitation is specified appropriately in the document.

It should be noted that, on 17 November 2020 Brembo signed an agreement for the acquisition of a 100% stake in SBS Friction, a Danish company which develops and manufactures very innovative and eco-friendly sintered and organic material brake pads for motorbikes. The acquisition was completed on 7 January 2021 and is in line with Brembo’s new mission to become an authoritative Solution provider, makes it possible

to integrate a strategic component such as brake pads into Brembo’s current product range, with a particular focus on the environment, and to further reinforce Brembo’s leadership in the motorbike sector.

For the purposes of comparing or contextualising information, data from the 2018 and 2019 financial years have been included and duly indicated.

For information or comments about this document, please send an email to the following address: sustainability@brembo.it.

Reporting process

The preparation of the 2020 Consolidated Disclosure of Non-Financial Information is a real annual reporting process, subject to inspection, analysis and approval by several parties. In fact, the document is:

- prepared by the Chief CSR Officer and the relevant work team, which coordinate and involve all the main company functions in the phase of collecting, analysing and consolidating data, with the task of checking and validating — each with regards to their respective area of competence — each information included in the NFI, using the new software implemented by the Group;
- approved by the Board of Directors, which meets to approve the draft financial statements, after having been assessed by the CSR Meeting (former CSR Steering Committee) which, through the Chief CSR Officer, presents it to the Audit, Risk & Sustainability Committee and, insofar as it is competent, to the

Supervisory Committee for its examination and assessment. Brembo’s Directors are responsible for ensuring that the NFI is written and published in accordance with current legislation. Once it has been approved by the governing body and within the terms provided for the presentation of the draft Financial Statements, the draft Consolidated Disclosure of Non-Financial Information made available to the auditors (Board of Statutory Auditors and Independent Auditors);

- subject to limited audit by EY S.p.A. pursuant to the International Standard on Assurance Engagement (ISAE 3000 Revised); therefore the responsibility for the data and information lies solely with the Brembo Group managers;
- made available to Shareholders and the public within the same terms and using the same methods provided for the presentation of the draft Financial Statements;
- published on and downloadable from the corporate website.



Reporting Principles

The following principles have been taken into consideration in defining and reporting the contents of the Consolidated Disclosure of Non-Financial Information:

Materiality	The report must include the topics which reflect the Company's economic, environmental and social impacts and that can significantly influence the decisions and the stakeholders' decisions.
Stakeholder inclusiveness	The Organisation has to identify its stakeholders and explain how it has responded to their reasonable interests and expectations. The latter are a key reference point for many decisions linked to the preparation of the report.
Sustainability Context	The report has to present the Organisation's performance within the broader context of sustainability, on the basis of how it contributes, or intends to contribute in future, to the improvement or worsening of economic, environmental and social conditions, developments and trends on a local, regional or global level.
Completeness	The report must cover the material issues and their perimeters to a sufficient extent to reflect significant economic, environmental and social impacts and to enable stakeholders to assess the Organisation's performance during the reporting period.
Balance	The reported data must reflect negative and positive aspects of the Organisation's performance so as to allow for a weighted assessment of its general performance. The report must avoid presentation selections, omissions or formats that could unduly or improperly influence the decision or judgement of the readers of the report.
Comparability	The Organisation must select, compile and report the information in a consistent manner. The information covered by the report must be presented in such a way as to enable stakeholders to analyse changes to the Organisation's performance over time and that could support an analysis relative to other organisations.
Accuracy	The information provided in the report must be sufficiently accurate and detailed for the stakeholders to be able to assess the Organisation's performance.
Timeliness	The Organisation must publish reports on a periodical basis so that the data is available in time for the stakeholders to make informed decisions.
Reliability	The Organisation must collect, record, compile, analyse and present the information and processes employed in writing the report so that they can be examined and the quality and materiality can be defined.
Clarity	The Organisation must make the data available in such a way that it is comprehensible and accessible to the stakeholders using it.



Material topics and related GRI aspects

Material topics identified by Brembo	Reference GRI Standards	Impacts boundary		
		Internal impact	External impact	Boundary limitations
Environmental footprint	302: Energy (2016) 303: Water and Effluents (2018) 305: Emissions (2016)	•	Suppliers	Reporting partially extended to suppliers
Energy Efficiency	302: Energy (2016)	•	Suppliers	Reporting partially extended to suppliers
Responsible use of water	303: Water and Effluents (2018)	•	Suppliers	Reporting partially extended to suppliers
Climate change	305: Emissions (2016)	•	Suppliers	Reporting partially extended to suppliers
Circular economy	306: Effluents and Waste (2016)	•		
Carbon neutral mobility	*	•		
Customer relationship management	416: Customer Health and Safety (2016) 418: Customer Privacy (2016)	•	Customers	
Continuous innovation	302: Energy (2016) 305: Emissions (2016)	•		
Product quality and safety	416: Customer Health and Safety (2016)	•	Customers	
Product design and style	*	•		
Sustainable and responsible supply chain	204: Procurement Practices (2016) 308: Supplier Environmental Assessment (2016) 414: Supplier Social Assessment (2016)	•		
Relationship with local communities	201: Economic Performance (2016) 202: Market Presence (2016) 204: Procurement Practices (2016)	•		
Diversity	405: Diversity and Equal Opportunity (2016) 406: Non-discrimination (2016)	•		
Fostering a positive working environment	401: Employment (2016) 403: Occupational Health and Safety (2018) 412: Human Rights Assessment (2016)	•		
People development and engagement	403: Occupational Health and Safety (2018) 404: Training and Education (2016)	•		
Health and safety	403: Occupational Health and Safety (2018)	•	Collaborators other than employees Contractors	Reporting partially extended to contractors
Brand reputation	205: Anti-corruption (2016) 206: Anti-competitive Behaviour (2016) 207: Tax (2019) 307: Environmental Compliance (2016) 415: Public policy (2016)	•		

(*) As regards the topic in question (not directly linked to an aspect covered by GRI Standards), Brembo reports the management approach adopted and the relative indicators in the document.





GRI table of contents

GRI table of contents 'in accordance' – core option

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102-6	Markets served	25, 30-31		
102-7	Scale of the organisation	24, Annual Report		
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102-9	Supply chain	20-21, 126 -127		
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102-13	Membership of associations	55-58		



GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
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102-46	Defining report content and topic Boundaries	59-61, 196-197		
102-47	List of material topics	60-64		
102-48	Restatements of information	Any changes to the information provided in previous documents have been duly identified in the text through related explanatory notes.		
102-49	Changes in reporting	No significant changes have been reported compared to previous reporting period		
102-50	Reporting period	194		
102-51	Date of most recent report	Consolidated Disclosure of Non Financial Information (in accordance with Legislative Decree No. 254/2016) was published on 2020 march 23 rd		
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CATEGORY: ECONOMIC PERFORMANCE				
ASPECT: ECONOMIC PERFORMANCE (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 172-174, 197		
201-1	Direct economic value generated and distributed	173		 
201-4	Financial assistance received from government	173-174		
ASPECT: MARKET PRESENCE (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 95, 106-109, 197		
202-2	Proportion of senior management hired from the local community	108		
ASPECT: PROCUREMENT PRACTICE (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 126-127, 197		
204-1	Proportion of spending on local suppliers	127		
ASPECT: ANTI-CORRUPTION (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 82-83, 85, 87-89, 95, 197		
205-2	Communication and training about anti-corruption policies and procedures	89, Corporate Governance and Ownership Structure Report		
205-3	Confirmed incidents of corruption and actions taken	89		
ASPECT: ANTI-COMPETITIVE BEHAVIOUR (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 84, 197		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	84		



GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
ASPECT: TAX (2019)				
103-1, 103-2, 103-3	Management approach	61-64, 86, 90-91, 197		
207-1	Approach to tax	90-91		
207-2	Tax governance, control, and risk management	90-91		
207-3	Stakeholder engagement and management of concerns related to tax	90-91		
207-4	Country-by-country reporting	Section "Performance of Brembo Companies" included in the Annual Report and Attachment 1 to the Separate Financial Statements 2020		

CATEGORY: ENVIRONMENTAL PERFORMANCE

ASPECT: ENERGY (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 93-94, 156-162, 197		
302-1	Energy consumption within the organisation	162		
302-4	Reduction of energy consumption	161		

ASPECT: WATER AND EFFLUENTS (2018)				
103-1, 103-2, 103-3	Management approach	61-64, 93-94, 159, 165-168, 197		
303-1	Interactions with water as a shared resource	165-166		
303-2	Management of water discharge related impacts	165-166		
303-3	Water withdrawal	167		
303-4	Water discharge	167		
303-5	Water consumption	168, Water storage does not have a significant impact in relation with the use of water resources		



GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
ASPECT: EMISSIONS (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 93-94, 156-159, 162-165, 197		
305-1	Direct (Scope 1) GHG emissions	164		    
305-2	Energy indirect (Scope 2) GHG emissions	164		    
305-3	Other indirect (Scope 3) GHG emissions	164		    
305-5	Reduction of GHG emissions	162-163		  
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	165		   
ASPECT: EFFLUENTS AND WASTE (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 93-94, 159, 168-169, 197		
306-2	Waste by type and disposal method	169		   
306-3	Significant spills	166		     
ASPECT: ENVIRONMENTAL COMPLIANCE (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 88, 93-94, 156-159, 197		
307-1	Non-compliance with environmental laws and regulations	In 2020, Brembo received one pecuniary fine due to non-compliance with environmental laws and regulations for a total amount of €69,000.		
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 94, 126-131, 197		
308-1	New suppliers that were screened using environmental criteria	126, 129-130		





GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
CATEGORY: SOCIAL PERFORMANCE				
ASPECT: EMPLOYMENT (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 95-96, 100-105, 197		
401-1	New employee hires and employee turnover	101-102, 188		  
ASPECT: OCCUPATIONAL HEALTH AND SAFETY (2018)				
103-1, 103-2, 103-3	Management approach	18-19, 61-64, 85-86, 95, 114-118, 197		
403-1	Occupational health and safety management system	114-116		
403-2	Hazard identification, risk assessment, and incident investigation	114-116		 
403-3	Occupational health services	120-121		 
403-4	Worker participation, consultation, and communication on occupational health and safety	117-118		 
403-5	Worker training on occupational health and safety	120-122		
403-6	Promotion of worker health	118-122		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	114, 128		
403-8	Workers covered by an occupational health and safety management system	114-115		
403-9	Work-related injuries	114-117, 189-192		  
403-10	Work-related ill health	117, 190, 193		  
ASPECT: TRAINING AND EDUCATION (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 95, 109-112, 117-118, 197		
404-1	Average hours of training per year per employee	111		   
404-3	Percentage of employees receiving regular performance and career development reviews	113		  



GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 80, 85, 106-109, 197		
405-1	Diversity of governance bodies and employees	70, 75, 107, 186		 
ASPECT: NON-DISCRIMINATION (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 85, 106-109, 197		
406-1	Incidents of discrimination and corrective actions taken	108		 
ASPECT: HUMAN RIGHTS ASSESSMENT (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 88-89, 94-95, 110, 197		
412-2	Employee training on human rights policies or procedures	110		
ASPECT: SUPPLIER SOCIAL ASSESSMENT (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 94, 126-131, 197		
414-1	New suppliers that were screened using social criteria	129-130		  
ASPECT: PUBLIC POLICY (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 197, Code of Ethics		
415-1	Political contributions	In 2020 Brembo did not issued financial or in-kind political contributions		
ASPECT: CUSTOMER HEALTH AND SAFETY (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 95-96, 147-151, 197		
416-1	Assessment of the health and safety impacts of product and service categories	148		





GRI ID	Disclosure	Page number or disclosure	Omissions	SDGs
ASPECT: CUSTOMER PRIVACY (2016)				
103-1, 103-2, 103-3	Management approach	61-64, 84, 94-95, 197		
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	84		

MATERIAL TOPICS THAT ARE NOT COVERED BY GRI INDICATORS

MATERIAL TOPIC: CARBON NEUTRAL MOBILITY

103-1, 103-2, 103-3	Management approach	61-64, 96, 138-139, 197		
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MATERIAL TOPIC: PRODUCT DESIGN AND STYLE

103-1, 103-2, 103-3	Management approach	61-64, 141-143, 152-153, 197		
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SASB and WEF Indicators

SASB - Auto parts

Topic	SASB ID	Disclosure	Page number or disclosure
Energy Management	TR-AP-130a1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	162
Waste Management	TR-AP-150a.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	169

WEF Measuring Stakeholder Capitalism - Core metrics

Topic		Disclosure	Page number or disclosure
Quality of governance body		Governance body composition	73-76
Ethical behaviour		Anti-corruption	82, 87-89, 95
		Protected ethics advice and reporting mechanism	88-89, 108
Risk and opportunity oversight		Integrating risk and opportunity into business process	84-85, 88-89, 108
Climate change		Greenhouse gas (GHG) emissions	164
		TCFD-aligned reporting	94, 156-157
Fresh water availability		Water consumption and withdrawal in water-stressed areas	167
Dignity and equity		Diversity and inclusion	70, 80, 107, 186
Community and social vitality		Total tax paid	90-91, Section "Performance of Brembo Companies" included in the Directors' Report on Operations
Employment and wealth generation		Absolute number and rate of employment	101-102, 188
		Economic contribution	173
		Financial investment contribution	174







EY S.p.A.
Viale Papa Giovanni XXIII, 48
24121 Bergamo

Tel: +39 035 3592111
Fax: +39 035 3592550
ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of 18 January 2018

(Translation from the original Italian text)

To the Board of Directors of
Brembo S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Brembo S.p.A. and its subsidiaries (hereinafter the "Group" or "Brembo Group") for the year ended on 31st December 2020 in accordance with article 4 of the Decree and approved by the Board of Directors on 4th March 2021 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
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Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Brembo Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Brembo S.p.A. and with the personnel of Brembo North America Inc. and we have performed limited documentary evidence procedures, in order to collect information about the processes and





procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the production sites of Mapello (aluminium foundry and disc machining) of Brembo S.p.A. and for the production sites of Homer (cast iron foundry and disc machining) of Brembo North America Inc., that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Brembo Group for the year ended on 31st December 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bergamo, 19th March 2021

EY S.p.A.
Signed by: Marco Malaguti (Auditor)

This report has been translated into the English language solely for the convenience of international readers.



Brembo S.p.a.

Headquarters c/o Parco Scientifico Tecnologico Kilometro Rosso

Viale Europa, 2 - 24040 Stezzano (BG) Italy

tel. +39 035 605.2111 - <https://www.brembo.com/en>

e-mail: sustainability@brembo.it - ir@brembo.it

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