







Brembo Modern Slavery Statement

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (“the Act”) on behalf of Brembo S.p.A. (“the Company”) in respect of the financial year January 1st 2019 to December 31st 2019 and the subsidiary companies listed in the Annex to this statement. The Company is the parent of a group of companies referred to in this statement as Brembo or the Group. Brembo takes a group-wide approach to its human rights commitments.

The Company is committed to adopting, maintaining and improving systems and processes designed to eliminate slavery and human trafficking from its business and supply chains. This statement sets out the steps which the Company has and is taking to combat slavery and human trafficking.

1. Organization’s structure, business and supply chains

Organization & Business	<p>The Company is incorporated and organized under Italian Laws and is listed on the Milan Stock Exchange. The Group is a global leader and recognized innovator in brake disc technology for vehicles. It researches, 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.</p> <p>The Group currently operates in 14 countries across 3 continents, through its production and business sites. Manufacturing plants are located in Italy, Poland (Czestochowa, Dąbrowa Górnicza, Niepołomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Mexico (Apodaca and Escobedo), Brazil (Betim), China (Nanjing, Langfang), India (Pune) and the United States (Homer). Other companies in the Group are located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carrying out distribution and sales activities.</p> <p>In 2019 Brembo’s consolidated net sales amounted to € 2,591,670 thousand.</p>
Employees	<p>Brembo Group employs over 10,800 people worldwide. Brembo applies robust policies and procedures concerning all processes relevant to Human Resources. The Group aims to ensure continuous professional training with the aim of developing a special portfolio of talent in various geographies and professional families. This includes training relevant staff members on compliance requirements, human rights principles and health and safety. To guarantee the highest safety standards for its personnel, Brembo has adopted an increasingly structured approach to workplace health and safety, which also takes into account the challenges and peculiarities linked to the Group’s geographical diversification. For an effective management of these issues the Group has issued a special Workplace Health and Safety Policy outlining the guidelines followed by Brembo. To ensure the full and effective implementation of the policy’s provisions, the Group voluntarily submits to regular independent third-party audits to verify workers’ Health and Safety Management System has been effectively implemented at all the different manufacturing sites worldwide. This approach is based both on verification of compliance with applicable laws and regulations in every country where the Group operates all, and on promoting targeted measures to steadily improve individual and collective workplace health and safety standards. Modern slavery forms part of Brembo’s Environmental, Social and Governance (ESG) risk analysis framework. To date this analysis has not identified any modern slavery risks with respect to Brembo employees.</p>

	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Employees 9,837 – 10,634 10,868 No.</p> </div> <div style="text-align: center;">  <p>91% Local managers born in the countries where they work for Brembo</p> </div> <div style="text-align: center;">  <p>36% Proportion of women on the BoD</p> </div> </div>
<p>Supply Chain</p>	<p>Brembo cooperates with more than 6.700 suppliers located in more than 16 countries throughout the world. The goods and services that they supply are fundamental for Brembo’s industrial processes and include: raw materials (such as ferrous scrap, aluminum and refining agents directly used in the Group’s foundries), components, auxiliary production materials, services and production assets (such as machinery). The overall annual value of those goods and services is more than 1.6 billion euro.</p> <p>Brembo has established through its Environmental, Social and Governance (ESG) risk analysis that it is in its supply chain where there is the greatest potential risk of modern slavery occurring. Brembo actively promotes environment-friendly, socially responsible and sustainable workplaces and demands that suppliers adhere to and act by the same standards, principles and behaviors on issues such as human rights, health and safety at work, environmental protection and combatting corruption. Brembo communicates clearly to its suppliers what it expects from them in terms of sustainability and it has a defined structured process for the selection and the assessment of new suppliers and for the auditing of current suppliers.</p> <p>Suppliers are selected based on the quality, innovation and competitiveness of their products and services, as well as on their compliance with social and ethical standards human rights, employees’ right to work and to freely associate and environmental standards.</p> <p>Brembo regularly assess its most important and critical suppliers against these sustainability standards with the support of a specialist third party. Assessments incorporate the use of on-site audits and self-assessment questionnaires, as detailed in section 3.</p> <hr/> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>€ 1,687 million Procurement value</p> </div> <div style="text-align: center;">  <p>88% Local supplies, i.e., supply from supplier located in the same countries where the Group operates</p> </div> <div style="text-align: center;">  <p>63% Suppliers of direct materials involved in social and environmental auditing activities (in terms of value of supplies)</p> </div> </div> <hr/>

More details about Employees and Brembo Supply Chain are available on the yearly **Brembo Sustainability Report** (<https://www.brembo.com/en/sustainability/report-and-presentations>), which was published, on a voluntary basis, for the first time in 2017 as Brembo Sustainability Report 2016.

2. Brembo Policies on Slavery and Human Trafficking

➤ **Brembo Code of Ethics**

This code sets out the behavioral 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 Group’s reputation and values and ensure that it complies with all applicable laws and best practice. The third edition of the Code of Ethics, approved by the Board of Directors in December 2016, is available to employees and suppliers in the local languages of the countries where Brembo operates.

➤ **Brembo Supplier Code of Conduct**

Published in 2017, in the supplier's section of the Group's website, the Supplier Code of Conduct sets out the rules and principles that Brembo's suppliers are required to uphold and accept and suppliers' responsibilities with respect to human rights, forced labour, human trafficking, health and safety at work, environmental protection and corruption. It summarizes the principles contained in Brembo's sustainability policy, with which the Group's suppliers are required to comply. This entails for suppliers a commitment towards adopting the same sustainability behaviors 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.

➤ **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. It is 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.

This document, which expresses Brembo's attention and commitment to employee protection and local development, has enabled Brembo 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 recognizes 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 programs irrespective of personal characteristics not related to performance, competence, knowledge or qualifications.

➤ **Suppliers contractual clauses**

Brembo has progressively introduced contractual requirement on suppliers to comply with its Code of Ethics, Suppliers Code of Conduct and other Codes of Conducts and Policies from time to time issued by Brembo and available on its website. If a supplier fails to follow these requirements, Brembo can require the supplier to implement a corrective action plan, which is then verified through audit activities, and reserves the right to suspend or terminate the business relationship.

➤ **Whistleblowing channels**

Brembo has established a whistleblowing channel (accessible by ordinary post, email, telephone, fax and through Brembo's website) for the timely reporting, by all employees and third parties, on a confidential basis and without fear of reprisal, of any non-compliance and irregularity concerning the main Brembo's codes of conduct and policies. Brembo's whistleblowing channels adhere to the following principles: assurance of anonymity and confidentiality of the reporting person, adequate protection against bad faith reports, consideration of anonymous reports only if appropriately detailed and supported by facts.

Beside the institutional whistleblowing channel, a specific mechanism has been put in place to gather any reports on behavior that does not comply with company policies related to basic working conditions and diversity and non-discrimination, including a dedicated email address working_conditions@brembo.it, which is accessible from both inside and outside Brembo.

3. Assessment processes in relation to slavery and human trafficking

Brembo's due diligence processes include actions to safeguard against human rights abuses in any part of its business and in its supply chain.

➤ **Supply Chain**

Brembo has defined a structured process for the assessment and approval of new suppliers and for the management of the supply chain for a responsible procurement.

Before awarding business to a new third party, Brembo requires suppliers to complete a pre-assessment questionnaire which includes also a dedicated section for checking sustainability parameters.

Suppliers, as mentioned above, are also requested to adhere to the Brembo Supplier Code of Conduct and declare that they have adopted appropriate measures to safeguard workers' rights, employee's health and safety, counter corruption and minimize risks to the environment.

The signing of such code is essential to register onto the "Brembo Supplier Portal" which is a new tool consolidated in 2019 to facilitate the exchange of information and documents with Brembo's suppliers.

Brembo regularly carries out audit campaigns with the specific goal of assessing compliance with the sustainability standards mandated by the Group. Brembo has in place, starting from 2018, a Procedure for Managing CSR Audits which defines the policy 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: (i) the country of origin of the supplies, (ii) the turnover with the Brembo Group, (iii) the type of production process (with a particular focus on environmental and safety risks) and (iv) the results of any previous sustainability assessments.

Sustainability assessments may be performed by specialized third parties through audit at the supplier's site, during working hours and with a representative of Brembo with sustainability expertise being in attendance.

In 2019, continuing with its campaign of onsite audits, Brembo extended the use of a self-assessment questionnaire, with the aim of increasing the number of suppliers involved in the assessment.

The objective of the third-party audits and self-assessment questionnaire is to identify critical factors affecting areas such as: working conditions, related remuneration and working hours, health and 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. In the event of a recovery plan not being prepared or put into effect, Brembo reserves the right to suspend and/or terminate in advance any commercial relationship and to seek compensation for loss, damage, expense or other costs incurred by Brembo which may result from breach and/or conduct by the supplier.

To date, Brembo has involved 82 suppliers in sustainability-related audits, of which 20 in 2019, covering 63%¹ of overall direct material purchases value.

As a result of this structured process, the likelihood of the risk related to the suppliers compliance with Brembo requirements in terms of sustainability has been decreased from low (5 - 25% of probability on a three-year basis) to remote (< 5% of probability on a three-year basis).

¹ This activity is focused on Relevant Direct Suppliers which cover at least 80% of the purchasing turnover in three organizational areas: Commodity, Region, Division/Global Business Units. Relevant Direct Suppliers are 188 in 2019. The list of Relevant Direct Suppliers is updated on a yearly basis according to the turnover of the previous year.

➤ Dedicated resources and self – assessment

Brembo has resources in different Company's departments that are also addressing risks in the area of modern slavery and ensuring that appropriate measures are taken to assess, manage and minimize risk.

Brembo Group Companies are also periodically requested to self-assess against Brembo policies, procedures and standard in terms of Corporate Social Responsibility.

Furthermore Brembo is periodically subject to sustainability audit by its clients and by third parties as well as for Report Assurance Purposes.

4. Effectiveness Monitoring

The Group employees are the eyes and ears of Brembo's business with respect to the risks of modern slavery occurring in the business or in the supply chains.

The ongoing training of Brembo employees on topics related to ethical practices and on procedures and policies is therefore important to the monitoring of the Group's risks in this area as are any reports made by employees or third parties via whistleblowing channels. However, Brembo also continue to monitor the effectiveness of this approach to these risk through the results of the due diligence carried out on suppliers, including audits performed on those suppliers. To date any no incidences of modern slavery in Brembo supply chain has been identified and it has not been necessary to terminate any supplier contracts as a result of a breach of human rights.

5. Training

Brembo disseminates the principles established in its Code of Ethics and in the main Code of Conducts and Policies and the values of good governance to all employees. Employees worldwide regularly receive training on ethics and compliance and are therefore aware of the need for them to be vigilant of the risks of modern slavery occurring in our business and supply chains and know-how to report any concern that they may have.



6. Next Steps

During the course of the next financial year Brembo aims to consolidate and enhance the processes already set up and continue with its monitoring and third parties assessment activities.

7. Approval of this Statement

This statement was approved by the Board of Directors of Brembo S.p.A. on 11th May 2020.

Brembo S.p.A.



On behalf of the Board of Directors

Cristina Bombasse

Director & Chief CSR Officer

ANNEX

COMPANY NAME	FINANCIAL YEAR	DATE ON WHICH STATEMENT APPROVED BY BOARD	SIGNATURE OF DIRECTOR
Brembo Poland Sp.zo.o.	2019	May 28th 2020	
Brembo Czech s.r.o.	2019	May 28th 2020	