

**BREMBO S.P.A.  
ORGANISATIONAL,  
MANAGEMENT  
AND CONTROL  
MODEL**

**According to  
Legislative Decree  
No. 231/2001**

**Fifth Edition**

**Update on  
November 2019**



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## GENERAL SECTION

### 1. DEFINITIONS

- 1.1 *Sensitive activities*: Brembo activities at risk of commission of the Offences;
- 1.2 *Brembo or Company or Parent Company*: Brembo S.p.A.;
- 1.3 *Business partners*: any and all third parties acting on behalf of Brembo (including suppliers, intermediaries, agents, consultants, etc.);
- 1.4 *National Collective Bargaining Agreement (or "CCNL")*: the National Collective Bargaining Agreements entered into by the employees' most representative trade unions, currently in force and applicable to Brembo;
- 1.5 *Legislative Decree No. 231/2001 or the Decree*: Legislative Decree No. 231 of 8 June 2001 governing the "administrative liability of legal entities, companies and associations, including bodies devoid of legal personality" as further amended and extended;
- 1.6 *Internal Delegation*: the internal attribution of powers related to a specific job description, that in order to be exercised do not require a notarised power of attorney, and that are reflected in the system of organisational communications and notices;
- 1.7 *Employees*: persons employed by Brembo under an employment contract;
- 1.8 *Model*: this Organisational, Management and Control Model;
- 1.9 *Supervisory Committee*: the body contemplated in this Model;
- 1.10 *Chairman*: the Brembo S.p.A.'s Chairman of the Board of Directors;
- 1.11 *Offences/Underlying offences*: the offences covered and contemplated under Legislative Decree No. 231/2001, as further amended and extended;

- 1.12 *Group Companies*: the Italian and foreign companies falling under Brembo's direct or indirect corporate control within the meaning of Article 2359 of the Italian Civil Code;
- 1.13 *Company Officers*: individuals at the highest level of representation, administration and management of the Company or one of its organisational units, endowed with independent powers of expenditure and action, as well as persons who, even if only *de facto*, manage and exercise control over the Company.

## **Abbreviations**

- *CCRS: Sustainability, Audit & Risk Committee (formerly Internal Control Committee)*
- *C.P.: Italian Penal Code*
- *C.C.: Italian Civil Code*
- *IA: Internal Audit Department*
- *LCA: Legal and Corporate Department – Corporate and Compliance Function*
- *ODV: Supervisory Committee*
- *TUA: Italy's Consolidated Environmental Law (Legislative Decree No. 152/2006)*
- *TUF: Italy's Consolidated Finance Law (Legislative Decree No. 58 of February 1998 – Draghi Law)*

## **2. COMPANY PROFILE**

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Brembo S.p.A.

- ❖ is a public company organised and existing under the laws of Italy, with registered offices at Via Brembo 25, Curno (Bergamo), and share capital of €34,727,914.00, registered with the Company Register of Bergamo under its VAT reg. No. 00222620163;
- ❖ is a company whose shares are listed for trading on the regulated market operated by Borsa Italiana S.p.A.

Brembo supplies high-performance braking systems, as well as clutches and other components for the racing sector to major car, motorbike and commercial vehicle manufacturers worldwide.

The company operates — directly or through subsidiaries and associates — in 16 Countries on 3 continents, and has 24 production plants and commercial sites worldwide, located in Italy, Poland, the Czech Republic, the United Kingdom, Germany (Meitingen bei

Augsburg), Mexico, Brazil, Argentina, China, India, the United States, Germany (Leinfelden-Echterdingen)<sup>1</sup>, Japan<sup>1</sup>, Scandinavia<sup>1</sup>, Spain<sup>1</sup> and Russia<sup>1</sup>.

Brembo's market of reference includes major international car, motorbike and commercial vehicle manufacturers, in addition to racing vehicle and motorbike makers.

Constant focus on innovation, as well as technological and process development — factors that have always been fundamental to Brembo's philosophy — have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket.

Brembo's range of products for car and the commercial vehicle applications includes brake discs, brake calipers, the side-wheel module and, increasingly often, the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. In addition to brake discs and brake callipers, motorbike manufacturers are also offered brake master cylinders, light-alloy wheels and complete braking systems. In the car aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and reliable range of products allows the company to meet the needs of nearly all European vehicles.

The Group has a workforce of about 10.000, 10% of whom are engineers and product specialists working in the research and development fields.

Brembo is the owner of the Brembo, Breco, AP, Bybre, and Marchesini brands, and operates also through the AP Racing brand.

### **3. FRAMEWORK OF REFERENCE**

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#### **3.1 LEGISLATIVE DECREE No. 231/2001**

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Legislative Decree No. 231/2001, as further amended and extended, which sets forth the *"Regulatory Framework governing the vicarious corporate liability of legal entities, corporations and associations, including bodies devoid of legal personality"* (hereafter the "Decree"), introduced into the Italian legal system, for the first time, the concept of vicarious corporate liability for specific offences committed in the interest or to the benefit of the entity in question, by:

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<sup>1</sup> Company which carries out exclusively distribution and sales activities.

- a) individuals at the highest levels of corporate representation, administration and management of the company or one of its organisational units endowed with independent powers of expenditure and action (*Company Officers*), as well as natural persons who, even if only *de facto*, manage and exercise control over the company in question;
- b) individuals subjected to the management or oversight of one of the persons at the highest levels of corporate management indicated under letter a) above (for instance, employees).

It must be borne in mind that vicarious corporate liability is both:

- “*in addition to and not in replacement of*” the criminal liability incurred by the individuals who materially committed the offence (such liability remaining within the remit of the normal criminal law);
- *direct and independent* of the criminal liability incurred by the individual offenders.

Vicarious corporate liability, introduced by the Decree, is aimed, first and foremost, at occasioning prejudice to the assets of legal entities that have benefitted or profited from the commission of certain specific criminal offences (the underlying offences).

Consequently, with a view to directly and effectively targeting the legal entity that incurs vicarious corporate liability (which is subject to a statute of limitations of five years following the date on which the underlying offence was committed — Article 22 of the Decree), the current regulatory framework provides for four distinct types of punitive measures: fines (Article 10), disqualifications/suspensions (Article 13), the publication of the judgement (Article 18) and confiscation of undue gains (Article 19).

Fines are the main form of penalty inflicted in the event of vicarious corporate liability for criminal offences, and accordingly play a central role in the punitive framework entrenched in the Decree.

In determining the fine to be imposed, account must be taken of a dual quantitative and qualitative threshold, based on a unit system: each Offence giving rise to vicarious corporate liability results in a penalty established in terms of a number of units that must fall within a range of a minimum of 100 and a maximum of 1,000 units, and that could reflect a value of between €258 and €1,549.

In determining the number of units the fine is to amount to in each case, due account must be taken (pursuant to Article 11 of the Decree) of the seriousness of the underlying

offence, the extent of the legal entity's liability, as well as the prior precautions implemented by the legal entity in question to prevent the commission of the Offence.

In case of the more serious offences, the legal entity is also exposed to temporary disqualification/suspension (of no less than 3 months and no more than 2 years)<sup>2</sup>, such as:

- a) disqualification from engaging in business;
- b) the suspension or revocation of authorisations, licences, or contracts allowing to commit the offence;
- c) disqualification from contracting with the Public Administration;
- d) disqualification from low-interest financing or similar subsidies or the revocation of those already granted;
- e) disqualification from advertising goods and services.

The aforementioned measures may be imposed if at least one of the following conditions is met:

- the legal entity has derived significant profits from an underlying Offence that was committed by a Company Officer, or a person subject to the supervision of others (in such latter case, the organisational failures must be found to have caused or enabled the commission of the offence);
- the legal entity had previously been held vicariously liable for the same offence.

Penalties entailing disqualifications or suspensions may be accompanied by an order requiring the publication of the related judgement.

### **3.2 THE OFFENCES CONTEMPLATED IN THE LEGISLATIVE DECREE**

The offences which, pursuant to the Decree, could give rise to vicarious corporate liability, if committed in the interest or for the benefit of a legal entity (hereinafter, the "Offences"), include:

#### **Articles 24 and 25) Offences committed in the course of relations with the Public Administration** (as per Articles 24 and 25 of Legislative Decree No. 231/2001, as further amended)

- *Misappropriation of public funds* (Article 316-bis of the Italian Penal Code);
- *Undue receipt of benefits to the prejudice of the State* (Article 316-ter of the Italian Penal Code);
- *Cheating occasioning prejudice to the State or any other public body of the European Community* (Article 640(2)(1) of the Italian Penal Code);

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<sup>2</sup> Disqualifications may be permanent if the legal entity has derived significant profit as a result of the underlying Offence and has already been subjected to temporary suspensions at least three times during the previous seven years.



- *Aggravated cheating resulting in the receipt of public monies (Article 640-bis of the Italian Penal Code);*
- *Computer fraud (Article 640-ter of the Italian Penal Code);*
- *Extortion by a public official (Article 317 of the Italian Penal Code);*
- *Corruption in the course of official duties (Article 318 of Italian Penal Code);*
- *Corruption for a deed or performance running counter to official duties (Article 319 of Italian Penal Code);*
- *Aggravating circumstances (Article 319-bis Italian Penal Code);*
- *Corruption in judicial deeds and documents (Article 319-ter of Italian Penal Code);*
- *Undue inducement to provide or promise benefits (Article 319-quater of the Italian Penal Code);*
- *Corruption of a public servant (Article 320 of the Italian Penal Code);*
- *Sentences set forth for corruptors (Article 321 of Italian Penal Code);*
- *Incitement to corruption (Article 322 of the Italian Penal Code);*  
*Embezzlement, bribery, undue inducement to provide or promise benefits, and corruption by public officials and incitement to corruption of members of the bodies of the European Community and officers of the European Community and other foreign States (Article 322-bis of the Italian Penal Code).*
- *Traffic of unlawful influences (Article 346-bis of the Penal Code) [crime included in Article 1, paragraph 9, letter b-1, of the Law of 09 January 2019, n.3]*

**Article 24-bis) Cybercrimes and illegal handling of data** (Law No. 48/2008)

- *Misrepresentation in public or private digital documents (Article 491-bis of the Italian Penal Code);*
- *Unauthorised access to a computer or electronic system (Article 615-ter of the Italian Penal Code);*
- *Unlawful possession and disclosure of access codes to computer or electronic systems (Article 615-quater of the Italian Penal Code);*
- *Dissemination of equipment, devices or software designed to disrupt or damage a computer or electronic system (Article 615-quinquies of the Italian Penal Code);*
- *Unlawful interception, interruption or disruption of computerised or electronic communications (Article 617-quater of the Italian Penal Code);*
- *Installation of devices designed to intercept, block or disrupt computerised or electronic communications (Article 617-quinquies of the Italian Penal Code);*
- *Damage to information, data and software programmes (Article 635-bis of the Italian Penal Code);*

- Damage to computer information, data and programmes used by the State or another public body or aimed at providing a public service (Article 635-ter of the Italian Penal Code);
- Damage to computer or electronic systems (Article 635-quater of the Italian Penal Code);
- Damage to computer or electronic systems used for public-service purposes (Article 635-quinquies of the Italian Penal Code);
- Computer fraud by the person or party providing electronic signature certification services (Article 640-quinquies of the Italian Penal Code).

**Article 24-ter) Organised crime offences** [Article introduced by Law No. 94 of 15 July 2009, Article 2, paragraph 29, as further amended]

- Criminal conspiracy (Article 416 of the Italian Penal Code, save for paragraph 6);
- Criminal association for purposes of reducing to or maintaining in slavery, human-trafficking, purchasing and sale of slaves and offences concerning breaches of the provisions on clandestine immigration pursuant to Article 12 of Legislative Decree No. 286/1998 (Article 416, paragraph 6, of the Italian Penal Code);
- Trade in organs from living persons (Article 601-bis of the Italian Penal Code added limited to the alleged crime according to the Article 416, paragraph 6 of the Italian Penal Code from the Law No. 236/2016 in effect on 07 January 2017);
- Mafia-type conspiracy (Article 416-bis of the Italian Penal Code);
- Mafia-political electoral exchanges (Article 416-ter of the Italian Penal Code);
- Kidnapping for ransom (Article 630 of the Italian Penal Code);
- Conspiracy to engage in illegal trafficking of narcotic drugs or psychotropic substances (Article 74 of Presidential Decree No.309 of 9 October 1990);
- The unlawful manufacture, importation within national boundaries, offer for sale, transfer, possession or bearing in a public place or on premises open to the public, of assault or assault-type weapons or parts thereof, explosives, illegal weapons and/or several common fire arms (\*) (Article 407, paragraph 2, subparagraph a (5), of the Italian Code of Criminal Procedure).

*(\*) Excluding "airsoft guns" or gas-driven guns, as well as both long- and short-barrelled air guns driven by compressed air or gas, with a muzzle energy in excess of 7.5 joules, and flare guns, save in the case where they are used for fishing or fall within the category of guns and tools which, by reason of their features, have been classified by the "Central Consultative Committee on Gun Control" as unlikely to cause bodily harm or injury.*

**Article 25-bis) Counterfeiting currency** [Article introduced through the Legislative Decree No. 350 of 25 September 2001, Article 6, as subsequently adjusted and converted into Law No. 409 of 23 November 2001, and amended by Law No. 99 of 23 July 2009].

- Counterfeiting of legal tender, expenditure and introduction of counterfeit legal tender in the State, with conspiracy (Article 453 of the Italian Penal Code);
- Alteration of legal tender (Article 454 of the Italian Penal Code);
- Expenditure and introduction of counterfeit legal tender in the State, without conspiracy (Article 455 of the Italian Penal Code);
- Expenditure of counterfeit legal tender received in good faith (Article 457 of the Italian Penal Code);
- Counterfeiting stamp paper, introduction into the State, the purchase, possession or circulation of counterfeit stamp paper (Article 459 of the Italian Penal Code);
- Counterfeiting watermarked paper used for the manufacture of public credit documents or stamp paper (Article 460 of the Italian Penal Code);
- Manufacture and possession of watermarks or tools designed for counterfeiting legal tender, stamp paper or watermarked paper (Article 461 of the Italian Penal Code);
- Use of counterfeit or altered stamp paper (Article 464 of the Italian Penal Code);
- Infringement, alteration or use of trademarks or distinguishing marks or patents, models and designs (Article 473 of the Italian Penal Code);
- Import and marketing of products bearing false markings (Article 474 of the Italian Penal Code).

**Article 25-*bis*.1. Offences in restraint of trade and industry** [Article introduced by Law No. 99 of 23 July 2009 ]

- Obstruction of trade or industry (Article 513 of the Italian Penal Code);
- Fraud in the exercise of trade (Article 515 of the Italian Penal Code);
- Passing off non-genuine food products as genuine (Article 516 of the Italian Penal Code);
- Sale of industrial products with mendacious signs (Article 517 of the Italian Penal Code);
- Manufacture and marketing of goods produced in breach of intellectual property rights (Article 517-*ter* of the Italian Penal Code);
- Counterfeiting protected designations of origin and protected geographical denominations of food products (Article 517-*quater* of the Italian Penal Code)
- Unfair competition using threats or violence (Article 513-*bis* of the Italian Penal Code);
- Fraud against national industries (Article 514 of the Italian Penal Code).

**Article 25-ter) Corporate offences** [introduced by Legislative Decree No. 231/2001, as further amended<sup>3</sup>]

- False corporate notices (Article 2621 of the Italian Civil Code);
- Less serious offences (Article 2621-*bis* of the Italian Civil Code);
- False corporate notices of listed companies (Article 2622 of the Italian Civil Code);
- Obstruction of auditing (Article 2625 of the Italian Civil Code);
- Undue restitution of contributed assets (Article 2626 of the Italian Civil Code);
- Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code);
- Unlawful transactions involving own shares or shares in parent companies (Article 2628 of the Italian Civil Code);
- Transactions prejudicial to creditors (Article 2629 of the Italian Civil Code);
- Failure to report a conflict of interest (Article 2629-*bis* of the Italian Civil Code);
- Fictitious setting up of share capital (Article 2632 of the Italian Civil Code);
- Unlawful distribution of corporate assets by receivers (Article 2633 of the Italian Civil Code);
- Private Corruption (Article 2635 of the Italian Civil Code, *as modified by the Legislative Decree No. 38 of 15 March 2017* );
- Unlawful influence on the general meeting (Article 2636 of the Italian Civil Code);
- Stock manipulation (Article 2637 of the Italian Civil Code); *Incitement to Private Corruption (Article 2635-*bis* of the Italian Civil Code) [crime added by the Article 4, of the Legislative Decree No. 38 of 15 March 2017];*
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- Obstruction of the exercise of the duties of public oversight authorities (Articles 2638 of the Italian Civil Code).

**Article 25-*quater*) Offences pertaining to terrorism and subversion of the democratic order contemplated in the Italian Penal Code and special laws, and offences involving the violation of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9 December 1999**

**Article 25-*quater* 1) Female genital mutilation** (Law No. 7/2006)

Practices entailing the mutilation of the female genital organs (Article 583-*bis* of the Italian Civil Code)

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<sup>3</sup> Misrepresentations of facts in the reports or notices of independent auditors (Article 2624 of the Italian Civil code), deleted by Article 37, paragraph 34, of Legislative Decree No. 39/2010. Cf. Judgment No. 34476 of 22 September 2011 (23 June 2011) - Court of Cassation - United Penal Sections, which clarifies that Legislative Decree 39/2010 (legal auditing), in repealing and reformulating the perceptive content of Article 174-*bis* of T.U.F. (false statements in the reports or notices of independent auditors), had no influence on the rules applicable to administrative liability for offences dictated by Article 25-*ter* of Legislative Decree 231/2001 because the cases in question are not invoked by the statute and thus cannot form the basis for liability of this nature.

### **Article 25-quinquies) Offences against the person**

- *Reduction to slavery (Article 600 of the Italian Penal Code);*
- *Child prostitution (Article 600-bis of the Italian Penal Code);*
- *Child pornography (Article 600-ter(1)(2) of the Italian Penal Code);*
- *Virtual pornography (Article 600-quater (1) Italian Penal Code);*
- *Possession of pornography (Article 600-quater of the Italian Penal Code);*
- *Tourism initiatives for the purposes of exploiting child prostitution (Article 600-quinquies of the Italian Penal Code);*
- *Trafficking in human beings (Article 601 of the Italian Penal Code);*
- *The sale and purchase of human beings (Article 602 of the Italian Penal Code);*
- *Illicit brokering and labour exploitation (Article 603-bis of the Italian Penal Code) [crime added by the Article 6, of Law No.199 of 29 October 2016];*
- *Child enticement (Article 609-undecies of the Italian Penal Code).*

### **Article 25-sexies) Market abuse Offences**

- *Insider trading (Article 184 of the TUF);*
- *Market manipulation (Article 185 of the TUF).*

### **Article 25-septies) Manslaughter (Article 589 of the Italian Penal Code) and serious or very serious negligent injury (Article 590 of the Italian Penal Code), committed as a result of violations of accident-prevention and occupational health and safety regulations**

(Law No. 123 / 2007)

### **Article 25-octies) Receiving, laundering and using money, assets and profits obtained illegally, and also self-laundering** [Article introduced

by Legislative Decree No. 231/2007, as further amended]

- *Receiving of money (Article 648 of the Italian Penal Code);*
- *Money laundering (Article 648-bis of the Italian Penal Code);*
- *Use of money, assets and profits obtained illegally (Article 648-ter of the Italian Penal Code);*
- *Self-laundering (Article 648-ter, paragraph 1, of the Italian Penal Code) – [offence introduced by Law No. 186, Article 3, paragraph 5, of 15 December 2014].*

### **Article 25-novies) Offences in breach of intellectual property rights**

[Article introduced by Law No. 99 of 23 July 2009]

- *Unlawful dissemination of copyrighted works or parts thereof over publicly accessible electronic networks, using connections of any nature or kind whatsoever (Article 171, paragraph 1, point (a-bis) of Law No. 633/1941);*

- *Offences pursuant to the point above committed in respect of third party works not aimed at being published, should the respective honour or reputation be offended (Article 171, paragraph 3, of Law No. 633/1941);*
- *Abusive duplicating of computer programmes to make a profit; importation, distribution, sale or possession for commercial or entrepreneurial purposes or leasing of programmes on media which do not bear the relevant SIAE (Italian Authors and Publishers Association) mark; arrangements of means to remove or avoid the protection devices of computer programmes (Article 171-bis, paragraph 1, of Law No. 633/1941);*
- *Reproduction, transfer onto a different support, distribution, communication, presentation or public demonstration of database contents; extraction or reuse of the database; distribution, sale or leasing of databases (Article 171-bis, paragraph 2, of Law No. 633/1941);*
- *The unlawful copying, reproduction, transmission or public dissemination using any means whatsoever, of all or part of intellectual property earmark for television or cinema circuit, as well as the sale or rental or discs, tape or similar storage media or any other storage medium containing phonograms or videograms of assimilated musical, cinematographic or audiovisual works or sequences of motion picture frames; literary, theatrical, scientific or didactical, musical or theatrical-musical, and multimedia works, including those incorporated into collective or composite works or databases; the unlawful copying, reproduction, transmission or dissemination, sale, marketing or transfer for any reason or cause whatsoever, as well as the unlawful import, of over fifty copies or reproductions of copyrighted or similarly protected works; uploading a copyrighted work or any part thereof on to an electronic network system using connections of any nature or kind whatsoever (Article 171-ter of Law No. 633/1941);*
- *Failure to notify the SIAE of the identification data of the storage media not subject to marking, or the issue of false statements in such regard (Article 171-septies of Law No. 633/1941);*
- *Fraudulent production, sale, importation, promotion, installation, modification, public and private use of equipment or part of equipment for decoding audiovisual programmes of restricted access via ether, satellite, cable, in analogical or digital form (Article 171-octies of Law No. 633/1941).*

**Article 25-decies Inducement to refrain from rendering testimony or rendering false testimony before judicial authorities** [Article introduced

by Law No. 116, Article 4, of 3 August 2009, and differently numbered by Legislative Decree No. 121, Article 2, of 7 July 2011]

- *Inducement to refrain from rendering testimony or rendering false testimony before judicial authorities (Article 377-bis of the Italian Penal Code).*

**Article 25-undecies Environmental offences** [Article introduced by Legislative Decree No. 121, Article 2, of 7 July 2011]

- *Environmental pollution (Article 452-bis of the Italian Penal Code);*
- *Environmental disaster (Article 452-quater of the Italian Penal Code);*
- *Negligent offences against the environment (Article 452-quinquies of the Italian Penal Code);*
- *Illicit traffic and disposal of highly radioactive materials (Article 452-sexies of Italian Penal Code);*
- *Aggravated conspiracy (Article 452-octies of Italian Penal Code);*
  - *Killing, destruction, capture, withdrawal, possession of protected wild animal or plant species (Article 727-bis of the Italian Penal Code);*
  - *Destruction or deterioration of habitat within a protected site (Article 733-bis of the Italian Penal Code);*
  - *Breaches of the provisions of the Italy's Consolidated Environmental Law (TUA) governing liquid waste, and, in particular, the unlawful discharge of industrial waste water containing hazardous substances (Article 137 of TUA);*
  - *Unauthorised engagement in waste management activities (Article 256 of TUA);*
  - *Pollution/failure to clean up polluted sites (Article 257 of TUA);*
  - *Non-compliance with reporting, register maintenance and record-keeping obligations in respect of waste (Article 258 of TUA);*
  - *Unlawful trafficking in waste (Article 259 of TUA – referred to in art. 452-quaterdecies of the penal code pursuant to art. 7 of Legislative Decree 21 of 03.01.2018);*
  - *Conspiracy to engage in the unlawful trafficking of waste (Article 260 of TUA);*
  - *Non-compliance with obligations pertaining to the Italian computerised waste traceability control system (SISTRI) (Article 260-bis of TUA);*
  - *Sanctions regarding the operation of facilities – Non-compliance with permit requirements for atmospheric emissions (Article 279 of TUA);*
  - *Trade in protected animal or plant species or possession of reptiles or mammals that could endanger public health and safety (Law No. 150/1992);*
  - *Use of ozone-depleting substances (Article 3 of Law No. 549/1993);*
  - *Intentional or negligent pollution of the sea through discharge of waste from ships (Legislative Decree No. 202/2007).*

## **Article 25-duodecies Employment of illegally staying third-country nationals**

[Article introduced by Legislative Decree No. 109, of 16 July 2012, as modified by the Law No. 161 of 17 October 2017 ]

- *Employment of illegally staying third-country nationals.*
- *Provisions against illegal immigration (Article 12, paragraph 3, 3 bis, 3 ter and 5 of the Legislative Decree No. 286/1998)*

## **Article 25-terdecies Racism and xenophobia**

[Article introduced by the Italian Law No. 167/2017]

- *International agreement on the elimination of all the forms of racial discrimination (Article 3, paragraph 3-bis of the Italian law No. 654/1975 – ref. to in article 604-bis of the penal code pursuant to art. 7 of Legislative Decree 21 of 03.01.2018)*

## **Article 25- quaterdecies Sport Fraud**

[Article introduced by the Italian Law No. 39/2019]

- *Fraud in sports competitions (Article. 1, Law No. 401/1989);*
- *Abusive exercise of playing and betting activities (Article. 4, Law No. 401/1989);*

## **Law No. 146/2006: Transnational organised crime<sup>4</sup>**

- *Criminal conspiracy (Article 416 of the Italian Penal Code);*
- *Mafia-type conspiracy (Article 416-bis of the Italian Penal Code);*
- *Criminal conspiracy to smuggle foreign processed tobacco products (Article 291-quater of Presidential Decree No. 43/1973);*
- *Conspiracy to engage in illegal trafficking of narcotic drugs or psychotropic substances (Article 74 of Presidential Decree No. 309/1990);*
- *Migrant trafficking (Article 12 of Legislative Decree No. 286/1998);*
- *Inducement to refrain from rendering testimony or render false testimony before judicial authorities (Article 377-bis of the Italian Penal Code);*
- *Complicity after the fact (Article 378 of the Italian Penal Code);*
- *Provisions on clandestine immigration (Article 12, paragraphs 3, 3-bis, 3-ter and 5, of consolidated law as per Legislative Decree No. 286 of 25 July 1998).*

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<sup>4</sup> Offences entailing the receiving, laundering and use of money, assets and profits obtained illegally (Articles 648, 648-bis and 648-ter of the Italian Penal Code) [Deleted with the introduction of Article 25-octies ]



### **3.3 OFFENCES COMMITTED ABROAD**

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The Company may be held vicariously liable for offences committed abroad (pursuant to Article 4 of the Decree).

Pursuant to Article 6, paragraph 2 of the Italian Penal Code<sup>5</sup> vicarious corporate liability as defined in the Decree may arise even if only a part of the conduct or event in question takes place in Italy.

With regard to offences committed entirely abroad by Company Officers or their subordinates in the interest of the Company, the latter may incur vicarious corporate liability in the cases contemplated in Articles 7, 8, 9 and 10 of the Italian Penal Code, provided that the competent authorities of the country in which the underlying Offence was committed do not proceed in respect of the latter.

### **3.4 CONSTITUENTS AND REQUIREMENTS FOR THE EXCLUSION OF LIABILITY FOR THE ENTITY**

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Vicarious corporate liability can only be incurred if the underlying Offence was committed "in the interest or to the benefit" of the legal entity in question, and not "in the sole interest of the offender or third parties".

As per the Ministerial Report accompanying the Decree, the notion of "interest" is subjective in nature, and denotes the purpose for which the offender committed the Offence, whilst the "benefit" or "gain" refers to the objective profits accrued by the legal entity as a result of the Offence.<sup>6</sup>

In terms of the subjective criteria or *mens rea* to be established in respect of the legal entity with regard to the Offence, it is worth underlining that vicarious corporate liability arises by reason of the legal entity's defective organisational structure, or more specifically, the lack of an adequate organisational, management and oversight plan designed to effectively prevent the commission of Offences.

Articles 6 and 7 of the Decree provide, in fact, for exclusion of liability in the case where the entity can show that:

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<sup>5</sup> Article 6, paragraph 2, of the Italian Penal Code: "The offence shall be deemed to have been committed within the territory of the State, when all or part of action or omission constituting the offence or the event that results therefrom takes place within such territory".

<sup>6</sup> As per the case law of the Supreme Court, the "interest" is what drove the high-level executive or employee to commit the offence, whilst the "gain" is the objective profit deriving from the offence after the fact (Court of Cassation, 2<sup>nd</sup> Criminal Section, decision No. 3615 dated 20.12.2005 – 30.01.2006).

- it has adopted and effectively implemented "Organisational, Management and Control Model" aimed at preventing the commission of the criminal offences;
- it has set up a fully independent Supervisory Committee within the company, vested with autonomous powers of initiative and oversight, as well as with specific supervisory duties in respect of compliance with and the implementation and updating of the Model;
- the Offence in question was committed by fraudulently circumventing the Model;
- that the Supervisory Committee was not derelict in the discharge of its duties.

More specifically, in order to avoid vicarious corporate liability, the legal entity in question must show that its organisational structure was not at fault, and that is to say, that the Offence was committed despite the proper implementation of all reasonable measures to prevent the commission thereof and to reduce the risk of the same.

It must be borne in mind that the exemption applies only if the Model entails:

1. the identification of areas at risk of the commission of Offences, through an appropriate risk assessment process;
2. the drafting of specific protocols aimed at planning decision-making and the implementation of corporate decisions with regard to the offences to be prevented;
3. the identification of specific financial management procedures aimed at preventing the commission of the Offences;
4. the definition of reporting obligations to the Supervisory Committee;
5. the setting up of an adequate disciplinary system for the violation of the rules of the code of ethics and procedures imposed under the Model.

The executive body shall be responsible for adopting the Model.

The Decree provides that the Models may be adopted, in compliance with the aforesaid requirements, on the basis of codes of conduct drawn up by representative trade associations.

## **4. BREMBO'S MODEL**

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### **4.1 STRUCTURE OF BREMBO'S MODEL**

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Brembo's Model is made up of:

- a General Section illustrating the company's profile, the regulations of reference, underlying principles and the elements making up the model (corporate governance system, internal control system, principles governing the system of delegated powers, code of ethics), the function of the Model, the ways in which the Model is constructed

- and structured, the recipients of the Model, relations with group companies, the Supervisory Committee Rules, as well as the disciplinary system and the measures to be implemented in order to define, disseminate, amend and/or update the said system;
- the Special Sections and associated Sensitive Activity Analysis Sheets (the latter of which are intended for the Company's exclusive internal use) focusing on specific types of Offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the company, and more specifically:
    - Special Section – Corruption and Inducement Offences;
    - Special Section – Corporate Offences;
    - Special Section – Market Abuse Offences;
    - Special Section – Violations of Workplace Health and Safety Regulations;
    - Special Section – Receiving, Laundering and Using Money, Assets or Profits Obtained Illegally; Self-Laundering;
    - Special Section – Cybercrimes and Illegal Handling of Data;
    - Special Section – Intellectual Property Infringement;
    - Special Section – Domestic and Transnational Organised Crime Offences;
    - Special Section – Environmental Offences;
    - Special Section – Offences Entailing Employment of Illegally Staying Third-Country Nationals;
  - Brembo's Corporate and Compliance Tools, discussed in point 4.3.2 below;
  - the Corporate Disciplinary System in compliance with the system applicable pursuant to the relevant collective bargaining agreements (CCNL), described in point 4.9 below;
  - the Supervisory Committee Regulation (in Attachment E).

## **4.2 ADDRESSEES OF THE BREMBO MODEL**

The rules set forth in the Model apply to all persons who discharge managerial, administrative, strategic decision-making and oversight functions within the Company, albeit on a *de facto* basis, as well as any and all Brembo employees, including those seconded abroad, and persons and parties that, whilst not part of Brembo's organisation, act on Brembo's behalf or are linked to the Company pursuant to contracts entailing so-called "para-employment".

The Company shall disseminate this Model using the procedures deemed most appropriate and effective for ensuring that all the persons and parties bound to comply herewith are fully informed of the contents hereof, it being understood that the provisions set forth herein must be complied with in strict accordance with general principles of loyalty, propriety and diligence inherent to all employment relationships underway with Brembo.

In this respect, Brembo organises training activities aimed at disseminating the Model to all the addressees, as set forth in point 4.10 below.

Brembo will not tolerate any behaviour in breach of the law and/or the provisions set forth in this Model and the Code of Ethics, even if the said behaviour is engaged in with the intent of furthering Brembo's interests or securing some benefit or gain for the Company.

This model shall also apply to all business partners, in light of the provisions specified in point 4.8 below.

## **4.3 UNDERLYING PRINCIPLES AND ESSENTIAL ELEMENTS OF THE MODEL**

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### **4.3.1 Underlying principles of the Model**

Preparing the Model, as well as all subsequent updates, represented an occasion to reinforce Brembo's Internal Control and Risk Management System, and to sensitise employees involved in risk assessment and processing tasks within the framework of corporate control processes especially with a view to proactively preventing the commission of Offences.

In preparing its Model, Brembo essentially followed the "Guidelines for the construction of Organisation, Management and Control Models" issued by Confindustria on 7 March 2002, updated on 31 March 2008, most recently updated on 23 July 2014.

The process for preparing the Model pursuant to the said Guidelines may be summarised as follows:

- identification of areas at risk, with a view to assessing which corporate areas/sectors are at risk of commission of the offences;
- assessment of the internal audit system already implemented within the Company and identification of any areas for improvement in order to prevent the commission of the Offences;
- preparation/update of the audit system in order to mitigate the risks through the implementation of specific protocols.

Concurrent to the attainment of these objectives are all the organisational structures, activities and operating rules applied — in accordance with instructions from top management — by the company staff and management, with a view to achieving a reasonable level of security in terms of reaching the goals pursued by a good internal control system. The most significant components of the audit system have been identified by Confindustria as follows:

- code of ethics;
- organisational system;
- manual and computer procedures;
- powers of authorisation and signature;
- control and management systems;
- staff training and information to staff.

Moreover, the Audit system must conform with the following principles:

- verifiability, documentability, coherence and congruence of each transaction;
- separation of powers (no person may be independently in charge of an entire process);
- documentation of controls.

### **4.3.2 Components of the Model: Brembo's Corporate and Compliance Tools**

As noted above, Brembo's Model is made up not only of this General Section and the subsequent Special Sections, but also includes Brembo's Corporate and Compliance Tools that are designed to further enhance the effectiveness of the preventive oversight system implemented throughout the Company and that are also relevant for the intents and purposes of Legislative Decree No. 231/2001 (see above point 4.1 – Structure of Brembo's Model).

Reinforcing Brembo's Model within the meaning of Legislative Decree No. 231/2001 with a set of oversight procedures and documents known as Brembo's Corporate Compliance Tools not only meets the Company's need to monitor all of its existing and already operational oversight structures and procedures that have also been found effective at preventing the commission of Offences and tightening surveillance of Sensitive Activities, *but also* serves other functions, especially in light of: (a) the articulated approach to oversight and monitoring required to develop and implement a control system designed to cope with the diversity of the Offences and their varying repercussions on business operations; as well as (b) regulatory obligations to draw up and duly enforce specific compliance instruments (such as the Code of Ethics or the Risk Assessment and Prevention Document mentioned in Article 18 of Legislative Decree No. 81/2008).

Brembo's Corporate and Compliance Tools — that form integral part of the Model — include the following types of documents, oversight structures and procedures, listed in hierarchical order:

- the **Code of Ethics**, set forth in full in **Attachment A** hereto, laying down the general principles and values that must inspire and inform the professional conduct of any and all the persons serving or acting on behalf of Brembo in any capacity whatsoever, also

- for the benefit of all stakeholders even with reference to intentional crimes and negligent manslaughter or personal injury committed in violation of accident-prevention and occupational health and safety regulations;
- the **Brembo Compliance Guidelines** (set forth in full in **Attachment B**, but intended for the Company's exclusive internal use), approved by the Board of Directors, which summarise the main rules of conduct indicated in the Special Sections to be adopted within Brembo in order to prevent the commission of offences and that represent a means towards increasing the accessibility and utility of the contents of the various Special Sections for the addressees of the Brembo Model, thus fostering an effective implementation thereof;
  - the **Anti-bribery Code of Conduct** (see **Attachment C**), approved by the Board of Directors, which ensures the principles of transparency and clarity with respect to permitted conduct and compliance with the relevant anti-corruption laws in any place where Brembo and all persons acting on its behalf in any capacity whatsoever carry out their operations. The Code also sets out Brembo's policy regarding the acceptance and offering of gifts, hospitality and entertainment (i.e., the free provision of goods and services, for promotional or public relations purposes), defining each party's responsibilities in order to ensure the observance of the highest standards of integrity and avoid any suspicion of inappropriate motivation underlying the offer or acceptance of a gift or act of hospitality, or an undue influence exercised on the recipient or by the recipient who accepts such an offer;
  - the **Brembo Code of Basic Working Conditions**, set forth in **Attachment D** (but intended exclusively for internal use within the Company and by persons who for any reason or cause whatsoever operate on Brembo's behalf), that codifies the principles underlying Brembo's relationships with its employees;
  - the **Brembo Policy of Non-discrimination and Diversity**;
  - **Operating Procedures, Instructions**, and Brembo's related **Internal Authorisation Matrixes**, available for consultation on the Company's Intranet site, and duly referenced in the Sensitive Activity Sheets, in that they serve the preventive purposes contemplated in the Decree. Other management systems and/or procedures applicable in specified corporate areas, in compliance with specific regulatory requirements, but also serving the preventive goals contemplated in the Decree, such as:
    - Brembo's Quality Management System, certified in accordance with ISO/TS 16949 technical specifications;
    - Brembo's Safety and Environmental Management system, certified for compliance to OHSAS 18001:1999 standards with regard to safety, and to ISO 14001:2004 standards in respect of the environment<sup>7</sup>;

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<sup>7</sup>All environmental and safety certifications obtained by Brembo refer to the site and are not linked to the company name.

- all corporate procedures and instructions pertaining to the administrative, accounting, financial and reporting system, as well as the mapping and periodic checking processes applicable to administrative and accounting procedures, implemented pursuant to Law No. 262/2005 and the Accounting Policy Manual, which also defines the accounting management methods applicable to Brembo's financial resources;
- IT procedures and manuals;
- internal procedure for the implementation of Risk Assessment and Prevention Document mentioned in Article 18 of Legislative Decree No. 81/2008;
- the organisational instructions, and organisational charts issued by the Human Resources and Organisation Department, the job descriptions, and the incentivisation system.

### **4.3.3 The Model within Brembo's Internal Control and Risk Management, and Corporate Governance systems**

Brembo is fully aware that the Model, as stated in the regulatory framework, only partially achieves compliance goals. As already noted, the Model is designed to prevent the commission of certain underlying offences (the Offences defined above) in the interest or for the benefit of an entity by so-called top level executives or personnel subordinate to others' direction, which could expose the entity to vicarious liability. In concrete terms, therefore, the Model necessarily pursues very specific objectives with a view to minimising the risks of the commission of certain criminal offences by company personnel.

In order to better pursue the entirety of its compliance goals, Brembo has opted to build its Model into its pre-existing Internal Control and Risk Management System which has been constantly updated, including in light of regulatory requirements, provisions arising from self-regulation, as well as internal and international best practices, and which also incorporates, to considerable extent, Brembo's Corporate Governance System. In light of the above, points A and B below provide a brief description of both the aforesaid systems (which are analysed in greater detail in the Corporate Governance and Ownership Structure Report, drawn up and published on a yearly basis, pursuant to Article 123-*bis* of the Consolidated Law on Finance).

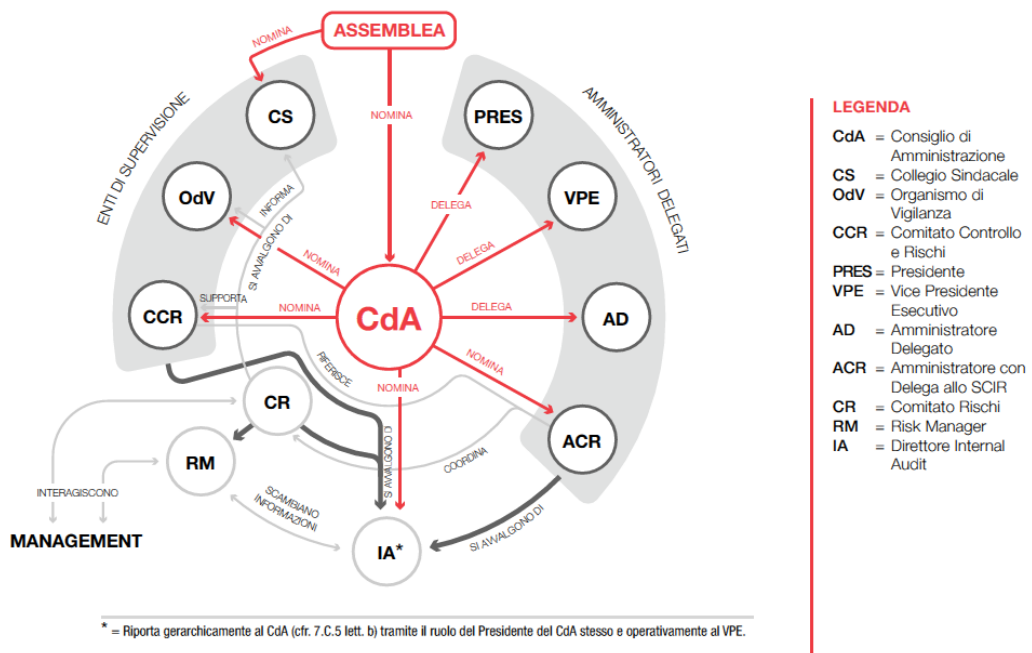
To complete the description of Brembo's compliance system as a whole, point C below further provides an overview of **Brembo's System of Delegated Powers** (that pertains not only to the delegated powers but also powers of corporate signature, and powers of attorney that provide a clear and fair view of the process through which corporate decisions are made and implemented within the framework of the Company's organisational structure). It not only forms part of Brembo's Internal Control and Risk

Management System but also serves to prevent the commission of Offences as contemplated under the Decree.

## A. Internal Control and Risk Management System

The Internal Control and Risk Management System of Brembo (hereinafter for brevity "System") plays a central role within the Brembo's compliance system, pursuant to Legislative Decree No. 231/2001. The System (including all its components) is (also) entrusted the effective implementation of the Model.

Pursuant to Article 7 of the Code of Corporate Governance of Borsa Italiana, the System is structured as shown in the following diagram:



In addition to the Supervisory Committee, whose specific tasks are set forth by the Decree (cf. point 4.5.4 below), the System's key roles and organisational functions are as follows<sup>8</sup>:

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

<sup>8</sup> The tasks of the other parties in the System, such as the Board of Statutory Auditors, the Supervisory Committee, the Independent Auditors and the Manager in charge of the Company's financial reports are described in the Corporate Governance and Ownership Structure Report, issued by the Company on an annual basis and available on the corporate website at [www.brembo.com](http://www.brembo.com), Investors section, Corporate Governance, Codes and Manuals.



- regulations in foreign countries where the investee companies operate, implementing all necessary training and awareness-building activities to create a compliance culture in Italy and in all investee companies;
- the Managing Director/General Manager, who, within the powers attributed to him, is tasked with implementing and enforcing, at all levels in Italy and abroad, of the provisions set forth by the Law, the By-laws, the internal procedures and the Self-regulation and Corporate Governance Manuals, the Code of Ethics and, more generally, the compliance in force in the company and its investee companies; in this regard, specific reference is made to the provisions of the Decree and similar provisions in force in foreign countries where the investee companies carry out their operations;
  - the Executive Director charged with overseeing the Internal Control and Risk Management System (abbreviated as the "ICRMS"), who is responsible for identifying the main risks and periodically verifying the adequacy of the System, in execution of the guidelines set by the Board of Directors;
  - the Sustainability, Audit & Risk Committee, which is tasked with supporting the Board of Directors' decisions and evaluations on issues relating to internal control and risk management in line with the provisions of Article 7.C.2 of the Corporate Governance Code;
  - the Managerial Risk Committee, which is tasked with identifying and weighting macro-risks, as well as aiding all parties in the System in mitigating and managing risks;
  - the Risk Manager, who is responsible for supervising and coordinating the risk management process, while supporting the Managerial Risk Committee; the Risk Manager reports to the CFO;
  - the Internal Audit function, which is responsible for assessing the implementation and compliance of the internal control and risk management system through an audit plan approved by the Board of Directors (cf. Corporate Governance Manual). This function is tasked with the overall assessment of the ICRMS' structure and functioning carried out through independent and objective assurance and advisory services, aimed at adding value to and improving the functioning of the organisational system (cf. Policies for implementing the ICRMS). It reports hierarchically to the Board of Directors.

The Internal Control and Risk Management System is presented in the following documents, all available on the corporate website and Intranet site:

- Guidelines for the Internal Control and Risk Management System, approved by the Board of Directors;
- Policies for implementing the Internal Control and Risk Management System;
- Brembo's Risk Management Policy.

In detail, risk management is integrated into organisational processes and incorporated into all of the organisation's practices and processes in a pertinent, effective and efficient manner. In fact, it 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.

The coordination among all roles and functions within the Internal Control and Risk Management System is guaranteed by:

- a constant information flow between the different parties involved in the System;
- participation of the various parties concerned in joint meetings for discussion of System-related issues;
- dissemination of the Internal Audit reports to the various System's parties;
- circulation of the minutes, the work files and reports of the Chairman of the Sustainability, Audit & Risk Committee to all Governance Committees and the Board of Statutory Auditors.

## **B. Corporate Governance System**

The Corporate Governance System aims at furthering corporate integrity and safeguarding the process of value creation of all stakeholders (investors, employees, suppliers, customers, the financial system, the social environment, etc.), by ensuring the transparency of information, probity and propriety, as well as effectiveness and efficiency. Within Brembo, these goals are pursued through a "set of rules and procedures that regulate decision-making, control and corporate monitoring processes".

Brembo is aware that Corporate Governance plays a key role in constant value creation for all the Company's shareholders and stakeholders, with the result that, care is taken to ensure the ongoing updating of the corporate governance system which is considered as the foundation of the precious "intangible" asset represented by the Brembo brand, its corporate reputation and the values shared by all employees and collaborators, with a view to implementing national and internal corporate best practices.

Consequently, Brembo fully incorporated, through its Corporate Governance Manual (available on Brembo website: [www.brembo.com](http://www.brembo.com) — Investor Relations section, Corporate Governance), the Code of Corporate Governance for Italian Listed Companies, approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Brembo's Corporate Governance Manual contains a description of Brembo's Corporate Governance system which is based on the traditional model and is consequently made up of a corporate administration and control system and the Shareholders' Meeting. As required under law, the statutory auditing of accounts is entrusted to an external auditing firm.

The corporate administration and control system entails the appointment of a Board of Directors and a Board of Statutory Auditors.

Brembo's By-laws establish that in this structure at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven directors, must meet the independence criteria set forth by Article 148, paragraph 3, of TUF. More specifically, the Board is currently made up of 11 Directors, 7 of whom are Independent within the meaning of TUF and Borsa Italiana's Corporate Governance Manual. All the Directors meet the requirements of personal integrity, professionalism and respectability imposed by Italian laws and regulations.

As required under the Corporate Governance Manual, Brembo also appointed:

- the Sustainability, Audit & Risk Committee, (which also acts as the Related Party Transactions Committee inasmuch as it consists solely of Independent Directors);
- the Remuneration & Appointments Committee; and
- a Lead Independent Director.

### **C. Brembo's System of Delegated Powers**

"Delegated power" or "internal management delegated power" means authority vested pursuant to internal assignments of tasks, functions and responsibilities, and reflected in the organisational structure. "Powers of attorney" is an unilateral legal deed (in the form of a public act or in simple form) through which Brembo attributes powers of representation towards third parties.

The system of delegated powers and powers of attorney adopted by the Company represents:

- a useful management tool for pursuing corporate goals through measures entailing repercussions inside or outside the Company, in a manner that is in line with the managerial responsibilities included in each specific job description;
- a factor for preventing the abuse of the functional powers vested in specific office holders, by capping the expenditure permitted in respect of each delegated tasks, or category or series of tasks;

- an essential element for tracing the individuals initially responsible for each and every corporate activity entailing repercussions within or outside the Company.

In light of the above, it is clear that the System of Delegated Powers is useful not only for preventing the commission of Offences, but also for identifying, after the fact, the individuals whose actions or omissions played a direct or indirect role in the commission of an Offence.

In accordance with the above, Brembo's System of Delegated Powers is based on the following principles:

- any and all delegated powers, inclusive of powers of attorney, must be in line with each managerial power and the related responsibility within the framework of the organisation;
- all delegated powers and powers of attorney must be conferred and revoked in accordance with the functions discharged within the organisation, especially following organisational changes;
- the documents through which powers are delegated and powers of attorney conferred must contain a clear definition of the managerial powers delegated or conferred via power of attorney, and limits imposed on the exercise of the same;
- the expenditure that may be incurred on the Company's behalf in exercise of delegated powers or powers of attorney must be commensurate with the position held within the organisational structure;
- Brembo has adopted a policy requiring all financial and banking transactions to be effected by joint signature.

With regard to the conferment of notarised powers of attorney, the following points must be borne in mind:

1. authority to delegate powers through notarised powers of attorney is vested solely in the Chairman of the Board, the Executive Deputy Chairman and Managing Director (solely in relation with powers concerning safety and environment) (with job descriptions of Key Executives) on the basis of specific powers vested in the latter by the Board of Directors, without prejudice to specific Board resolutions;
2. the persons, on whom notarised powers of attorney may be conferred, include:
  - (i) persons in charge of a specific corporate function (in general, at the organisational level of a First Level Manager) who, in order to discharge their duties, must be endowed with powers of corporate representation towards third parties, and who, for such purpose, are conferred "powers of attorney" by means of a notarised deed that is sufficiently broad in scope to cover the functions and managerial tasks entrusted to the person on which such power of attorney is conferred;

- (ii) employees identified by the Managing Director as Employers within the meaning of Article 2 of Legislative Decree No. 81/2008 as further amended and extended, in respect of the various production units, and who are conferred the broadest possible powers for implementing any and all occupational health and safety regulations, including authority to vest third parties with responsibility for discharging specific tasks required pursuant to the said regulations, it being understood that in all such cases the power of attorney in question must:
- be conferred on recipients in consideration of their job description and professional experience as well as their hierarchical decision-making and functional powers within the organisational structure (which must obviously be commensurate with the specific nature of the delegated tasks);
  - cover powers and responsibilities that are sufficiently broad to be fully exercised within complex and multi-faceted production units, structure and areas, and to endow the recipient with substantive autonomy in the exercise of the delegated powers;
- (iii) solely on an exceptional basis (subject to review from time to time by the LCA , the Executive Deputy Chairman and the Human Resources Department), employees whose job descriptions do not fall within the category mentioned above, but who, by reason of their assigned tasks, are required to represent Brembo in the latter's relations with public bodies, authorities and administrations (such as for instance, customs authorities, the Provincial Labour Department, etc);
3. powers subject to delegation by means of a notarised power of attorney include:
- permanent powers of corporate representation, conferred through registered notarised powers of attorney, for undertaking tasks inherent to the recipient's job description taking due account of the latter's permanent responsibilities within the organisational structure;
  - powers pertaining to individual transactions, conferred by notarised powers of attorney or other forms of delegation in light of their subject-matter; it being understood that the assignment of these powers is regulated pursuant to prevailing corporate practices, as well as statutory provisions defining forms of corporate representation, taking due account of the nature of the individual transactions to be effected;
4. parties to whom powers have been delegated by simple power of attorney are employees who in discharging the duties associated with their roles engage in dealings with external parties but not with public administrations (clients, suppliers, etc.);

5. recipients of internal management delegated powers are employees who in any event require specific authority for regulated internal processes (governed by procedures, operating instructions, policies, etc.) of which they are owners or one of the key users.

Lastly, it must be pointed out that, with a view to ensuring that the Brembo's System of Delegated Powers be constantly updated and maintained in line with defined organisational and managerial responsibilities, whenever:

- the Company's overall organisational chart is reviewed (in terms of the setting up/dissolution of first-level organisational units, etc);
- the organisational structure is significantly altered and/or key managerial positions are reassigned or reshuffled;
- persons vested with corporate powers leave the Company, or persons to be vested with corporate powers join the Company;

the Human Resources & Organisation Department shall:

- whenever possible, provide the LCA with a preview and, in any event, purely by way of information, the final drafts of the relevant Organisational Orders to be submitted to the Chairman/Managing Director for final approval;
- forward to the LCA updates on the recruitment/dismissal/resignation of staff via the "recruitment/resignation" mailing list distributed by the Human Resources Office.

The LCA shall inform the Human Resources & Organisation Department of each and every conferment of powers, promptly upon the finalisation thereof.

Furthermore, with a view to ensuring that Brembo's System of Delegated Powers is constantly updated, the latter is subject to annual revision, even if the organisational structure undergoes no change whatsoever.

The Supervisory Committee shall periodically verify the prevailing system of delegated powers and powers of attorney, especially with a view to ensuring that the latter be in line with the entire reporting system, recommending changes, where appropriate.

#### **4.4 PURPOSE OF THE BREMBO MODEL**

By adopting this Model, Brembo intends to:

1. fulfil all the legal requirements and adopt the principles that inspired the Legislative Decree by formalising a structured and organic system, which already exists within the company and is responsible for control procedures and activities (preventive and ex

*post facto*) designed to prevent and monitor the risk that Offences will be committed, through the identification of Sensitive Activities;

2. constitute an effective instrument of corporate management, also acknowledging the Model's function of creating and protecting the value of the company.

Indeed, by adopting the Model, Brembo has the following objectives:

- a) to consolidate an ethos of risk prevention and control in achieving company objectives;
- b) to envisage a system for the constant monitoring of corporate operations in order to allow Brembo to react promptly to hinder or prevent Offences;
- c) to provide adequate information to employees and all those who act on behalf of Brembo or are linked to Brembo, concerning:
  - (i) activities entailing the risk of committing Offences in the case of behaviours that do not comply with the Code of Ethics and other corporate rules of conduct/procedures (as well as the law);
  - (ii) the penalties that can ensue to them or the company due to violation of legal provisions or Brembo's internal regulations;
- d) to disseminate and consolidate a corporate culture based on legality, with the express suppression by Brembo of any behaviour that runs counter to law or internal provisions and, in particular, the provisions contained in this Model;
- e) to set up an efficient and balanced corporate organisation with special emphasis on decisions and transparency in decision-making processes, checks to be carried out both before and following decisions, as well as internal and external communications.

To this end, the Model lays down measures designed to improve the efficiency of business operations in constant compliance with statutory and regulatory provisions, identifying measures to eliminate risk situations in a timely manner.

In particular, Brembo shall adopt and implement efficient organisational and procedural choices for:

- a) ensuring that human resources are recruited, managed and trained in accordance with the principles and policies set forth in Brembo's Code of Ethics and in Brembo's Anti-bribery Code of Conduct, as well as in compliance with applicable statutory provisions, in particular, Article 8 of the Workers' Charter;
- b) promoting collaboration towards the most efficient implementation of the Model by all parties involved in corporate operations, as well as ensuring the protection and confidentiality of persons who provide true information that is useful for identifying violations of the rules;

- c) ensuring that powers, competencies and responsibilities are distributed and allocated within the corporate organisation in accordance with the principles of transparency, clarity and verifiability and are always in line with Brembo's actual business objectives;
- d) ensuring that corporate objectives at all levels are realistic and empirically feasible;
- e) identifying and describing Brembo's business operations, the subdivision of tasks and the Company's organisational chart, in documents that are constantly updated and that provide a clear indication of the powers, competencies and responsibilities of the various parties in the course of individual business activities;
- f) implementing training programmes with a view to ensuring that all those who operate with or within the Company, or who are directly or indirectly involved in activities at risk, are thoroughly familiar with the Code of Ethics and the Model.

#### **4.5 PROCEDURES FOLLOWED TO DESIGN THE MODEL**

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In order to ensure that the Model is drawn up and updated in compliance with the provisions of Article 6 of the Decree, Brembo analysed its corporate context with a view to pinpointing the corporate areas or sectors potentially at risk of commission of the Offences covered under the Decree, as well as the ways and means through which such Offences could be committed, basically following the procedures recommended by Confindustria and broadly summarised below:

- a) performing **a risk-assessment process**, which is made up of the following steps:
  - 1. risks identification:** *entailing an analysis of the corporate context with a view to pinpointing the corporate areas or sectors potentially at risk of commission of the Offences covered under Legislative Decree No. 231/2001, as well as the ways and means through which such Offences could be committed;*
  - 2. control System plan:** *entailing an assessment of the prevailing system with a view to pinpointing the capabilities to be reinforced or expanded so as to effectively ensure that all the identified risks are contained within acceptable limits;*
- b) setting up of an adequate **disciplinary system** for the violation of the rules of the code of ethics and procedures imposed under the Model, given that all such violations are harmful to the relationship of trust established with the entity and must consequently entail disciplinary actions, regardless of whether criminal charges are formally filed in cases where the violation in question also constitutes a criminal offence;
- c) forming an organ vested with autonomous powers of initiative and control (hereinafter "**Supervisory Committee**"), which is endowed with autonomy, independence, professionalism and integrity, and tasked with overseeing the **effectiveness** of the Model and constantly monitoring its **appropriateness**.



Towards this end, Brembo undertook the following series of activities, subdivided into various phases, with a view to designing a risk prevention and management system that is compliant with the Decree:

#### **4.5.1 Analysis of potential risks**

Brembo adopted and updated the Model in respect of the Offences covered under Legislative Decree No. 231/2001, on the basis of a preliminary analysis of its sensitive activities and related control mechanisms.

Brembo then revised this assessment in light of specialist advice from expert consultants retained by top company management, and proceeded to analyse its corporate context with a view to identifying the extent to which its organisational units, business operations and work processes were potentially at risk of commission of one or more Offences contemplated in the Decree.

Brembo set up a Managerial Risk Committee (formerly "CAPRI Core", close-knit Self-assessment and Risk Prevention Committee) made up of about 10 managers in charge of strategic policy making, orientation and control within the Group, which was (and is still) tasked with assessing the findings reached through the risk analysis mentioned above, validating potential risk of commission of one or more the Offences contemplated in the Decree, taking due account of the Company's Profile and the specific contexts in which Brembo operates.

The Managerial Risk Committee meets and undertakes the tasks further detailed here below whenever the scope of the Decree is extended to cover additional Offences or a change occurs in the company's risk profile with reference to its operations (e.g., establishment of new business functions, etc.).

#### **4.5.2 Mapping of the areas/activities found to be sensitive or at risk, and analysis of the related Controlling & Prevention Measures**

The mapping of the areas/activities found to be sensitive or at risk, and the analysis of the related Controlling & Prevention Measures adopted and implemented by Brembo entails the involvement of five distinct corporate functions:

- Brembo's **Legal and Corporate Department/Corporate & Compliance Area** ("LCA");
- the **Managerial Risk Committee** (which, as noted above, replaces the former CAPRI or Self-Assessment and Risk Prevention Committee);
- the **231 Officers**;

- Brembo's **Supervisory Committee**;
- Brembo's **Internal Audit**.

From the outset, when the provisions of Legislative Decree No. 231/2001 were implemented for the very first time, and subsequently, whenever the mapping of the areas/activities found to be sensitive or at risk, and the analysis of the related Controlling Measures had to be updated (such as, in the instance mentioned above, following the extension of Legislative Decree No. 231 to include additional offences or changes in the risk exposure involved in corporate processes), Brembo's **LCA** has always:

- identified the compliance issues arising for the (new or existing) business operations in question;
- examined the regulatory framework governing the business operations subject to risk assessment by mapping all applicable statutory and regulatory requirements and industry best practices;
- provided support to all 231 Officers in the implementation of the action plan activities drawn up by the Managerial Risk Committee and shared with the Supervisory Committee (see below).

Including at the behest and with the support of Brembo's LES, the Managerial Risk Committee:

- assesses the potential risk of commission for the cases of crime provided for by the Legislative Decree based on the company profile and the specific areas in which Brembo works;
- draws up an action plan for mapping activities; and
- taking due account of the nature of the Offence/Sensitive Areas, identifies the company officer in charge of addressing matters pertaining to the Offences that could, in theory, be committed by Brembo (the so-called "**231 Officers**").

The appointed **231 Officers** proceed (in compliance with the action plan approved by the Managerial Risk Committee and submitted to the Supervisory Committee) to:

- identify and analyse sensitive corporate areas in light of underlying Offences;
- identify the persons involved in sensitive activities and the ways and means through which one or more of the underlying Offences could potentially be committed in the areas found to be at risk;
- identify and assess the existing system of preliminary checks to which sensitive activities are subjected, taking due account of the prevailing corporate control environment and specific control mechanisms;
- assess residual risks, drawing up action plans for improvements, where appropriate;
- constantly oversee the corporate sensitive activities identified within their Department through a periodic review of the Sensitive Activity Analysis Sheets, in order to, *inter*

*alia*, keep always up-to-date the mapping of the areas/activities found to be sensitive or at risk, and assess the appropriateness and efficacy of the Controlling & Prevention Measures adopted;

and, through all of the above, contributing towards the design and ongoing improvement of the Internal Control and Risk Management System, and reporting on all matters falling within their sphere of competence.

The LCA is in charge of coordinating the tasks incumbent on the 231 Officers and providing legal advice on matters pertaining to the Decree as well as ensuring that all 231 Officers receive specific training regarding their duties.

The Internal Audit function shall provide the work group of the 231 Officers with advice and support on procedural matters.

The **Supervisory Committee** of Brembo analyses the action plan set up by the Managerial Risk Committee for the 231 Officers' mapping activity and validates the results. In carrying out this task, the Supervisory Committee provides recommendations, suggestions or proposed amendments for the action plan (see below).

The findings of the 231 Officers must be set forth in specific forms known as "**Sensitive Activity Analyses**" and submitted to the Supervisory Committee to serve as input for the latter in forming its opinion on the effectiveness of the prevailing Model in containing the risk of the commission of Offences.

The forms in question, all of which are available for consultation at the LES, must:

- be itemised in the relevant Special Sections and deemed to form an integral part of the Model;
- be broken down by offence and by sensitive area, and provide the following information:
  - description of the underlying Offence;
  - description of the Sensitive Area at risk of commission of the aforesaid underlying Offence;
  - persons involved in the Sensitive Activity;
  - Control Environment;
  - description of the Controlling & Prevention Measures in force;
  - summary of the fundamental elements of the Controlling & Prevention Measures in force;
- be considered to incorporate and not only merely to identify the control mechanisms applicable in respect of specific Offences;
- be deemed the "mobile" portion of the Model, insofar as they are subject to constant monitoring and updating, and therefore constitute the tool that ensures

the Model is more effective and, in particular, that it is constantly updated as specified in paragraph 3 below.

Finally, the **Supervisory Committee** has the power/duty to recommend the implementation of further ameliorative actions and order the analysis of additional activities presenting potential risks of the commission of Offences and therefore possibly qualifying as Sensitive Activities, especially in light of changes in the regulatory framework or Brembo's business operations.

It should be noted that the analysis already undertaken revealed that the Offences most at risk of commission within Sensitive Areas, in the course of Sensitive Activities, or, within the company in general, include:

- Offences committed in the course of relations with the Public Administration;
- Domestic and Transnational Organised Crime Offences;
- Offences in restraint of trade and industry;
- Corporate offences;
- Market abuse offences;
- Manslaughter and serious or very serious negligent injury committed as a result of violations of accident-prevention and occupational health and safety regulations;
- Receiving, laundering and using money, assets or profits obtained illegally and self-laundering;
- Cybercrime and illegal handling of data;
- Offences in breach of intellectual property rights;
- Subornation of perjury or witness intimidation or bribery;
- Environmental Offences;
- employment of illegally staying third-country nationals;

in respect of which Brembo has endowed its Model with **Special Sections** detailing the relevant sensitive activities, the persons involved in undertaking the same, and the related control mechanisms.

#### **4.5.3 Monitoring and updating of Controlling & Prevention Measures**

The 231 Officers are tasked with the ongoing monitoring and periodic reviews of risk assessment of the Sensitive Activities falling within their respective spheres of competence. Also owing to the direct involvement of Brembo's corporate Departments (i.e., the Departments to which the 231 Officers are assigned and where they operate), the Company can guarantee that all control mechanisms applicable to specific Sensitive Areas/Activities be constantly monitored to ensure their ongoing appropriateness and

effectiveness, with a view to maintaining the Model in line with corporate and operational developments, and, where necessary, duly updating the relevant "Sensitive Activity Analysis" forms and/or Special Sections.

Similarly, the Supervisory Committee of Brembo is also tasked with monitoring the effective functioning and implementation of the procedures and organisational checks and procedures entrenched in the Model, on the basis of a risk-based audit plan.

In the event of extraordinary corporate transactions (mergers, transformations, etc.), the Company must, including, without limitation, at the recommendation of the Supervisory Committee, assess the repercussions that the transaction in question could have on Sensitive Activities and related controlling and prevention measures, and, where necessary, duly update and adapt the relevant Sensitive Activity Analysis Sheets and/or Special Sections to take account of the new corporate reality.

#### **4.5.4 Adoption of the Brembo model and its constant updating**

Pursuant to Legislative Decree No. 231/2001 and the Italian Civil Code provisions on corporate governance (above all, Article 2381), after the sensitive activities/areas or those at risk of commission of the Offences have been mapped and the related Controlling and Prevention Measures have been duly analysed, the Model will be adopted (or updated) by a specific Board resolution.

1. The Board of Directors, acting on its own initiative or at the behest of the Supervisory Committee, shall pass timely resolutions amending and/or updating the Model, especially to ensure compliance with regulatory reforms, not only in the circumstances mentioned above (the inclusion of new offences under Legislative Decree No. 231 or changes in the risk profile inherent to business operations), but also in the case where violations or evasion of the provisions of the same indicate the Model's unsuitability to effectively prevent offences.
2. The Supervisory Committee must be given advance notice of, and express an opinion on, any and all proposed amendments to the Model.
3. In departure from the provisions set forth in the preceding point, the Chairman may bring non-substantive changes to the Model insofar as such changes may be required in the interests of greater clarity or efficiency, as well as to merely formal adjustments, such as the updating of the list of offences and of Special Sections cited in the Model's General Section, the updating of Brembo's description, etc. Any and all

such changes must be notified to the Board of Directors and the Supervisory Committee.

4. The Supervisory Committee shall, in any event, promptly report to the Chairman, without delay, any events that highlight the need for a revision of the Model. In such cases, the Chairman shall call a Board of Directors' meeting for the purpose of passing the resolutions falling within the responsibility of the Board. The same shall apply, insofar as is compatible, to changes to be introduced by the relevant corporate departments in the procedures required for implementing the Model. The Supervisory Committee must be given timely notice of, and express an opinion on, any and all amendments to procedures.
5. Brembo's Board of Directors, upon proposal of the Supervisory Committee and/or LES, is empowered to subsequently extend this Model by Board resolution, in the case where it becomes necessary to introduce further Special Sections dealing with new offences that may in the future be included within the scope of application of Legislative Decree No. 231/2001.

## **4.6 SUPERVISORY COMMITTEE**

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### **4.6.1 Setting up of a Supervisory Committee**

#### **1) REQUIREMENTS**

1.1) The Board of Directors has established a **Supervisory Committee** that meets the following requirements:

#### **a) Autonomy and independence**

Pursuant to Article 6, paragraph 1(b), of the Decree, the Supervisory Committee must be endowed with "*autonomous powers of initiative and control*". The requirements of autonomy and independence imply that the Supervisory Committee may not be directly involved in undertaking any of the managerial activities it is tasked with overseeing.

The autonomy in question refers to the decision-making authority that is inherent to oversight functions and may be described as the unfettered freedom of self-determination and action, with full technical discretion in the discharge of the functions of a self-referential body.

Such autonomy is, first and foremost, vis-à-vis the Company and its top-level management and executives, with the result that the Supervisory Committee must be in a position to discharge its tasks completely free from any sort of influence or pressure, and may not be involved in undertaking any managerial and/or operational activities whatsoever falling outside the scope of its specific oversight functions.

The Supervisory Committee operates with autonomous powers of initiative, being assigned adequate financial tools which ensure its independent efficiency. For this purpose, the Board of Directors assigns to the Supervisory Committee, according to its prescriptions, a budget to be used for all its institutional activities, which are yearly reported.

### **b) Professionalism**

The Supervisory Committee must be professionally capable and reliable, it being understood that these requirements apply to the said committee as a whole, and therefore, also to each and every one of its individual members. The Supervisory Committee must be endowed with all the technical skills required to discharge its assigned functions with the greatest diligence and effectiveness (availing, where necessary, of the expert advice of outside consultants and specialists, as contemplated in the Supervisory Committee Rules, set forth below). These features, together with independence, ensure the objectivity of the Supervisory Committee's findings and opinions.

### **c) Constant oversight**

To ensure the ongoing effectiveness and implementation of the Model, the latter must be subjected to constant monitoring for compliance and appropriateness by a corporate structure tasked with oversight on a full-time basis and duly invested with the required investigative powers. The corporate structure in question within the Company is the Internal Audit function in charge of overseeing the implementation and promoting the updating of the Model, on an ongoing basis.

The Supervisory Committee shall be afforded free access to all corporate data, as well any and all the assistance, that it may request or require from corporate functions and structures, in the performance of its oversight tasks. The Supervisory Committee shall report its findings to, *inter alia*, the Board of Statutory Auditors.

1.2) Each and every member of the Supervisory Committee must meet the following requirements of autonomy, independence, personal integrity and professionalism.

1. **Autonomy and independence** means the absence of operational tasks, of meddlings, interferences and conditioning, either economical or personal, by company's

bodies and by the top management, and also the absence of conflict interests, even *potentially*, and the lack of relation with the members of the corporate bodies and with the top management.

With reference to the Chief Internal Audit Officer, this latter operative responsibilities and his function has be autonomous and independent, as prescribed, moreover, by the Corporate Governance Code of Brembo S.p.A.

Furthermore the autonomy and the independence of Supervisory Committee, as a whole, are guaranteed from the positioning recognized into the corporate organizational structure, by professionalism and integrity requirements of its members, by the reporting lines towards the top management and by the fact that the Supervisory Committee self-regulated its functioning, its activities and decisions and has an appropriate budget to be used, also, for appoint external consultants.

2. **Professionalism** means that Supervisory Committee members must meet certain specific requirements in terms of professional qualifications and experience<sup>9</sup>, in one or more specialist fields ranging from law (company, criminal, civil, administrative and procedural law) through to accountancy, risk management, corporate compliance, business administration, as well as workplace accident prevention and occupational safety.

3. **Personal integrity** entails:

- (i) Absence of causes of ineligibility and forfeiture in accordance with the Article 2382 of Italian Civil Code;
- (ii) Not been subject to preventive measures imposed by court, pursuant to Legislative Decree No. 159 of 6 September 2011 as further amended and extended, without prejudice to subsequent rehabilitation;
- (iii) not having been incurred, pursuant to a final and binding judgement no longer subject to appeal, and without prejudice to subsequent rehabilitation:
  - a custodial sentence for having committed one or more offences punishable under regulations governing the banking, financial and/or insurance industries, and/or markets and financial instruments, taxation and payment instruments;
  - a custodial sentence for having committed one or more offences punishable under Title XI of Book V of the Italian Civil Code, and/or Royal Decree No. 267 of 16 March 1942;

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<sup>9</sup> Confindustria explicitly refers to specialist know-how in the field of corporate oversight and control systems analysis, such as statistical sampling, risk assessment and analysis, risk containment measures (authorisation procedures, inbuilt checks and balances, etc.), the flowcharting of procedures and processes for pinpointing weaknesses, interviewing and questionnaire-drafting techniques, elements of psychology, and fraud detection techniques.



- a custodial sentence of no less than six months for having committed one or more offences against the public administration, in breach of the public trust, or property offences, or offences against public order and/or the public economy;
  - a custodial sentence of no less than one year for any offence committed other than negligently;
  - any sentence whatsoever, for having committed one or more of the offences covered under the Decree;
- (iv) not having incurred, at the request of the parties, any of the sentences contemplated in point 2 above, without prejudice to the benefit of the extinction of the offence.

## **2) REASONS FOR INELIGIBILITY, INCOMPATIBILITY AND REVOCATION FROM THE OFFICE**

2.1) Reasons for ineligibility, incompatibility and, in case of occurrence, revocation from the office are the following:

- the lack or the sudden loss of autonomy, independence, professionalism and constant oversight, also including the case of the assignment to the Supervisory Committee member of operating tasks and functions that are incompatible with these requirements;
- relations of kinship, marriage, cohabitation or affinity within the fourth degree with members of the Board of Directors of Brembo S.p.a or its Subsidiaries;
- ongoing direct or indirect economic and/or other contractual relationships, whether entailing consideration or otherwise, with BREMBO and/or any of its subsidiaries (including service as a Director of BREMBO and/or any of its subsidiaries) and/or with any of the directors thereof. Towards such end, no account shall be taken of service as BREMBO's Acting Auditor, and/or as the Company's Internal Auditing Director, and/or as a member of the Supervisory Committee, in respect of any and all matters pertaining to official tasks and duties discharged in such capacity;
- subjection to preventive measures ordered by the judicial authorities, as well as disqualification from and/or unfitness for holding professional office, declaration of bankruptcy, disqualification — including, of a temporary nature — from holding public office or inability to hold executive positions;
- subjection to criminal proceedings, and/or a conviction or order for the execution of sentencing within the meaning of Articles 444 et seqq. of the Italian Code of Criminal Procedure, including by a court other than the court of last resort, in respect of the Offences covered under the Decree and/or other offences of similar type;
- a finding of guilt, including by a court other than the court of last resort, in respect of one or more of the administrative offences punishable under Articles 187-bis and 187-ter of Legislative Decree No. 58/1998 (hereinafter "TUF");

- a conviction or an order to execute the imposed sentence within the meaning of Articles 444 et seqq. of the Italian Code of Criminal Procedure, whether for one of the Offences covered under Decree No. 231 or otherwise for one of the administrative offences punishable under Articles 187-bis and 187-ter of TUF, including by a court other than the court of last resort, holding the Company's Supervisory Committee responsible for "having exercise no or insufficient oversight" within the meaning of Article 6, paragraph 1(d), of Decree No. 231;
- a serious dereliction of duty within the meaning of the Model and these Rules, or otherwise serious conflicts of interest that hinder the diligent and effective discharge of official duties, or that compromise the exercise of independent judgement in the exercise of the tasks assigned;
- any breach of the confidentiality obligations imposed under the Regulations of Supervisory Committee;
- failure to attend at least 80% (eighty percent) of Supervisory Committee meetings;
- any and all situations, other than those contemplated above, that could entail non-satisfaction of the requirements of autonomy and independence imposed on Supervisory Committee members.

2.2) All the members of the Supervisory Committee are subject to the prohibition against engaging in competition within the meaning of Article 2390 of the Italian Civil Code.

2.3) Before taking office, all newly appointed Supervisory Committee members are required to forward to BREMBO's Board of Directors a copy of their CV and a statement attesting that they do not labour under any of the causes of ineligibility mentioned in point B.1, and furthermore, that they undertake not only to discharge the assigned tasks and duties properly, diligently, competently and in accordance with BREMBO's Values, Code of Ethics and Model, but also to notify the BREMBO's Board of Directors in writing of the occurrence of any circumstances whatsoever warranting their dismissal from the Supervisory Committee.

2.4) In the event of the preventive imposition of one of the interdictive measures contemplated in Decree No. 231, BREMBO's Board of Directors, after acquiring an in-depth understanding of the facts, shall assess whether or not the Supervisory Committee may be held responsible for exercising no or insufficient oversight, and consequently address the issue of whether or not a cause for dismissal from the Supervisory Committee is warranted.

2.5) A Supervisory Committee member may be dismissed by Board resolution, passed in light of the opinion of the Board of Statutory Auditors and the other Supervisory Board

members, solely "for juste cause", and that is to say, upon satisfaction of one or more of the conditions set forth in points B.1, B.2 and B.4.

### **3) REPLACEMENT OF SUPERVISORY BOARD MEMBERS**

3.1) In the event of the resignation, dismissal, disqualification from or unfitness for office of any member of the Supervisory Committee, the said Committee shall inform the BREMBO's Board of Directors, that shall assess whether or not to appoint a replacement.

3.2) In the event of the resignation or dismissal of the Supervisory Committee Chairman, the said Committee shall be chaired by the member of the Committee oldest in age, on a temporary basis and until the appointment of a new Supervisory Committee Chairman.

3.3) In the event of the resignation or dismissal of all the Supervisory Committee members, BREMBO's Board of Directors, acting in concert with the Board of Statutory Auditors, shall proceed with the appointment of a new Supervisory Committee.

3.4) In the case of a member of the Supervisory Committee sits on other BREMBO'S Governance Committee, she/he shall cease to sit on the Supervisory Committee upon termination in said office or appointment and shall be replaced by whoever replaces them in the said capacities. Through to the appointment of a new Supervisory Committee, the latter's functions and tasks shall be discharged, on a temporary basis, by the Board of Statutory Auditors, pursuant to Article 6, paragraph 4-*bis*, of Decree No. 231.

#### **4.6.2. Reporting obligations to the Supervisory Committee**

In order to facilitate the activity of supervision on the effectiveness, observance and update of the Model within areas at risk, the Supervisory Committee must receive all information, including from third parties, pertaining to the implementation of the Model itself. Such information shall include in general any and all reports of the commission of an offence covered under the Decree and subsequent laws in respect of the Group's business, or any behaviour that is not in keeping with the rules of conduct in force within the Group, as specified in the Model and/o in general in the Brembo Corporate and Compliance Tools

Reporting obligations to the Supervisory Committee are directed at:

- Brembo's management and business functions of first level and the Audit's structure within areas at risk and it concerns:

- i) Periodical results of the implementation of the Model in the areas of activity at risk (ongoing and periodical information flows);
  - ii) Every anomaly found during the verification activities performed within the available information (ad hoc information flows);
- Brembo's staff and collaborators shall be thus entitled to report violations of the Model, the Code of Ethics and Brembo's Corporate and Compliance Tools directly to the Supervisory Committee, through specific information channels (paragraph 4.11).

The Supervisory Committee must receive the above-mentioned information, concerning also timings and information channels that shall be used, pursuant to specific guide lines and internal procedures and instructions.

### **4.6.3 Rules of the Supervisory Committee**

Brembo S.p.A.'s Supervisory Committee is regulated pursuant to specific rules governing its proceedings that form an integral part of this Model and attached hereto in Attachment D.

## **4.7 THE BREMBO MODEL AND GROUP COMPANIES**

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Through its organisational structure, Brembo shall notify the Model, and any and all subsequent versions of the same, to all Group companies. Although the Group companies are independent on a financial, managerial and organisational level, since they are part of the Brembo Group they implement the guidelines and adopt the general principles of behaviour and compliance defined by the Parent Company, in addition to carry out local compliance programmes according to the rules about company's responsibility in force in their individual country.

### **4.7.1 Group's Italian Companies**

Although they are not listed on the stock market<sup>10</sup>, for the purposes of the Legislative Decree and under their own responsibility the Group's Italian companies adopt:

- i) their own "Organisational, Management and Control Model", inspired by the principles and contents of this Model. The sole exception is represented by specific situations related to the nature, dimension and type of activity and to the structure of the

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<sup>10</sup> Adoption of a Model 231 is a requisite for companies under Italian law listed with the STAR segment of the Italian Stock Exchange, whereas for non-listed companies it is an option that constitutes an exempting element for the purposes of responsibility as provided for by Legislative Decree 231.

internal delegation of power, which impose or suggest that different measures be adopted for the more rational and effective pursuit of the objectives indicated in this Model;

ii) Brembo's Corporate and Compliance Tools, including the Code of Ethics.

The Model of the Group's Italian companies is adopted after identifying within the individual company the activities representing a criminal risk and the appropriate measures to prevent such crimes. For this specific activity the companies can request support from the Parent Company regarding the method to be applied, envisaging:

- assessment of the potential risk of commission for the cases of crime provided for by the Legislative Decree based on the company profile and the specific areas in which it operates;
- identification of people who, in the Group companies, will be responsible for risk assessment and establishing control protocols, as well as ensuing updates/improvement plans.

During the procedure for identifying activities at risk and adopting its own Model, and until the Model has been approved, each Group company shall adopt internal control measures aimed at preventing unlawful behaviour.

In the Group's smaller Italian companies the functions of the Supervisory Committee can be conducted directly by the executive body (as provided for by Article 6 of the Legislative Decree). Nevertheless, they independently evaluate if they should appoint their own Supervisory Committee or if the executive body should perform these functions.

Group companies shall inform the Parent Company's Supervisory Committee of the adoption and implementation of their own Model and shall give timely notice of any and all problems encountered in complying with the provisions of the same.

## **4.7.2 Group's foreign companies**

### **A. Brembo's Corporate and Compliance Tools**

As part of an international industrial group, which is subject to the management and coordination by Brembo S.p.A., the Group's foreign companies embrace the general principles of compliance dictated by the Parent Company.

Brembo requires the Group's foreign companies to adopt and implement the **Brembo's Corporate and Compliance Tools**, in order to constantly ensure high ethical and compliance standards with reference to all corporate operations of the Brembo group.

## **B. Compliance with Local Regulations: the so called Local Compliance Tools**

In addition to Brembo's Corporate and Compliance Tools and on the basis of the provisions set forth by this subset of rules, the individual Foreign Companies are responsible for adopting the so-called Local Compliance Tools, i.e., the most appropriate measure to meet any local compliance regulations, setting up a risk-assessment process, mapping sensitive areas and drafting the most suitable control protocols in order to formalise their own compliance programme, which forms part of the internal control and risk management system of each Foreign Company.

In adopting and implementing the so-called Local Compliance Tools, it must be borne in mind that — as core principle — if local regulations are less stringent than those of the Parent Company, then the latter's compliance principles will prevail (principle of prevalence).

## **C. Relationships with the Parent Company in respect of compliance**

Relationships amongst Group companies are characterised by the utmost transparency and strict compliance with all the requirements imposed under the legal framework of reference, on the basis of the aforementioned principle of prevalence, and must always be in line with the strategic and compliance guidelines laid down by the parent company Brembo S.p.A.

All Italian and Foreign Group Companies shall be informed by the Parent Company of the latter's adopted Model (any and all subsequent updates thereof) and of Brembo's Corporate and Compliance Tools.

Each company shall appoint a Country General Manager tasked with overseeing the functioning of the oversight and risk management system of the company in question. The aforesaid Country General Managers (or the relevant Managing Director/Sole Director for Italian companies) shall, with the support of the various local process managers and related organisational structure:

- ensure that their respective companies adopt and implement, if Italian, a Model and if foreign, the so-called Local Compliance Tools (see below) consisting of the most appropriate measures to meet any local compliance regulations, and to endow the said Foreign Group companies with a risk assessment process, procedures for mapping areas at risk and oversight provisions, laying the foundations of a fully formalised

- compliance system;
- implement, at local level, including through specific tools/awareness and training programmes targeted at employees, all of BREMBO's Corporate and Compliance Tools as drawn up by the Parent Company, bringing to the same any and all the adjustments required to ensure compliance with local regulations, without prejudice to the principle of prevalence referenced in point 4.7.2 B;
  - serve as the reference point for Brembo and the Parent Company's Supervisory Committee for any and all overseas implications of the 231 Model;
  - analyse the relevant regulatory framework with input from the Parent Company's LCA (which, in turn, shall draw on constant updates from local legal advisors).

In light of its role of coordinator on all compliance matters, the LCA shall maintain on file the Models adopted by all Italian Companies, as well as the local compliance programmes in force within Foreign Group companies.

The functioning, application and appropriateness of the compliance system in force within Group Companies shall be subject to periodic audits by the Parent Company's Internal Audit function which, in such regard, shall avail of the support of the local Internal Audit Director, if appointed.

#### **D. Priority criteria for implementing the compliance system among Group Companies**

The priority criteria for implementing the local compliance system (Brembo's Corporate and Compliance Tools and Local Compliance Tools) are based on the risk parameters of the Group companies (by way of example but not limited to: country risk; holding company, business enterprise or production company; participation/presence of other shareholders; consolidation; auditor certification; 262 mapping).

A summary of the results of the risk mapping of each individual Group Company is available for consultation at the LES. The mapping in question served as the basis for drawing up the action plan for implementing the compliance system within the various Group Companies.

### **4.8. COMMERCIAL DEALINGS WITH BUSINESS PARTNERS**

With regard to business partners, Brembo has given concrete application to the principles set forth in the Code of Ethics and the 231 Model, adopting the following measures (to be applied selectively on the basis of an assessment taking due account of the various types of business partner):

- the undertaking of an ethics-specific due diligence on suppliers, in the broadest sense,

- and including service providers, such as agents and consultants, to the sole exclusion of intellectual service providers (in particular, including a section devoted to verifying certain compliance requirements in the Supplier Pre-assessment Questionnaire that the Purchasing Department submits during the selection phase for possible business partners);
- the inclusion in the General Supply Terms and contractual specifications applicable worldwide of compliance clauses designed in line with the goals described below (and requiring, amongst the other things outlined below, not only compliance with applicable regulations and the relevant provisions of Brembo's Model and the internal rules, but also subjection to auditing aimed at verifying that the supplier also properly fulfils its compliance obligations);
  - the inclusion in agreements with suppliers of commitment to respect of Suppliers Code of Conduct, that synthesizes Brembo's policy of sustainability, and it indicates the principles that Group's Suppliers must be respect, subscribe and transfer on their supply chain.
  - the inclusion in its contracts, as well as purchase orders, of clauses that grant Brembo the right, where deemed appropriate, to terminate the contract if the counterparty is charged (including as a measure of merely precautionary nature) with one of the "trigger offences" envisaged by Legislative Decree No. 231/2001;
  - where possible, 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 one another to comply with their Code of Ethics and not to breach rules of conduct.

The inclusion of the foregoing clauses (referred to hereinafter as "**231 Clauses**") in relations with business partners serves the following objectives:

- ❖ Ethics: maximising the importance and essential nature that Brembo attributes to the actions of parties with which it comes into contact;
- ❖ Information: making its counterparties aware of its ethical values, as enshrined in the Code of Ethics, and principles of conduct, as set forth in the 231 Model, which inspires Brembo's behaviour;
- ❖ Protection: safeguarding its reputation through the power to terminate contracts, where deemed appropriate, if the counterparty is charged with one of the triggering offences envisaged by Legislative Decree No. 231/2001. 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.

It should be emphasised that the need to pursue the foregoing varies by the nature of the counterparty. Accordingly, the LCA considers the following when assessing the expediency of including 231 Clauses:

- the relationship formed over the years: counterparties with which Brembo has longstanding relationships and which have shown their full respect for and focus on complying with shared ethical values, allowing the ethics and information objectives to be considered implicit and already achieved, while reducing the need to pursue the protection goal to a negligible level on the basis of past experience;
- the counterparty's focus on compliance issues: companies that notoriously dedicate concrete attention to the principles of corporate social responsibility and have implemented governance tools similar to those adopted by Brembo, on the one hand, are usually inclined to accept (if indeed they have not themselves proposed) the inclusion of "231 Clauses" or similar clauses in cases of international companies, and on the other, allow the ethics and information objectives to be considered implicit and already achieved, and permit the risk protected by the projection objective to be viewed as negligible;
- the counterparty's prestige and notoriety: there are cases in which the image benefit that Brembo derives from relationships with certain counterparties is considered to be significantly superior to the protection objective pursued through the inclusion of 231 Clauses.

With regard to the specific type of business partners with which Brembo engages in joint-ventures (including consortia, temporary business associations, partnerships, collaborative agreements, the setting up of organisations with or without legal personality, in which Brembo holds a participating interest), Brembo shall ensure that its representatives on the managing bodies (if any) of the said joint-ventures promote the principles and contents of the Model and Brembo's Corporate e Compliance Tools within their respective spheres of competence.

## **4.9 DISCIPLINARY FRAMEWORK**

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### **4.9.1 General principles**

The Model imposes rules of conduct aimed at preventing the commission of the offences contemplated under the Decree and more generally, at ensuring the proper application of internal procedures (see Articles 6(2)(e) and 7(4)(b)).

The rules imposed under the Model are adopted by Brembo in complete autonomy, given the need to ensure compliance with the regulatory framework binding on the Company.

The setting up of a proper disciplinary framework is essential to the functioning of the Model. Since the application of the disciplinary system and relevant actions refer to the violation of rules of the Model, such application may be taken regardless of whether or not criminal charges are brought or the offences are successfully prosecuted by the judicial authority. The system applies to all company employees and directors, as well as any and all persons and parties that have entered into contractual relations with Brembo.

Any violation, by whosoever committed, of the Model or the procedures established in implementation thereof, must be immediately reported in writing to the Supervisory Committee by the addressees hereof, without prejudice to the procedures and other formalities to be discharged by the person or body vested with disciplinary powers.

The violations of the Model also include violations of the measures for the protection of the reporting party set forth in the following § 4.11 and in the Reporting Procedure. Consequently, the evaluation/decision on the application of the disciplinary system is also carried out against anyone violates these measures, or carries out, with fraudulent intent or gross negligence, reports that prove to be groundless.

The Supervisory Committee must immediately proceed with the necessary investigations, ensuring the confidentiality of the person against whom action is to be taken.

The Supervisory Committee shall, using the investigatory tools and procedures it deems fit, verify that from the very outset of their relationship with Brembo, all the persons and parties to which the Model applies are duly informed of the disciplinary system and trained in respect of its contents.

Disciplinary proceedings must, in any case, be managed in compliance with the requirements of the legal status of the party against whom proceedings are being taken.

#### **4.9.2 Applicability to workers, office staff and middle managers of the company**

The corporate disciplinary system is based on the rules set forth in such regard in the Italian Civil Code, the Workers' Charter and the applicable National Collective Bargaining Agreement, and the applicable law in force.

The disciplinary measures applicable to blue collars, office staff and middle managers contemplated under the National Collective Bargaining Agreement include:

1. verbal reprimand;

2. written warning;
3. a fine of up to three hours of minimum remuneration;
4. suspension from work without pay up to a maximum of three days;
5. dismissal with notice;
6. dismissal without notice.

In compliance with the National Collective Bargaining Agreement, the system highlights behaviour meritorious of disciplinary action, on the basis of the seriousness of each case, listing the sanctions applicable in consequence thereof.

Apart from the examples of such behaviour provided in the applicable National Collective Bargaining Agreement, workers engaging in the following behaviours, by way of commission or omission, including in complicity with others, shall be exposed to disciplinary action:

- a) those who violate the internal procedures set forth in the Model as a result of "non-compliance with service-related provisions";
- b) those who violate the internal procedures set forth in the Model by engaging in behaviour consisting in "tolerance of anomalies during work operations" or "non-compliance with service-related duties and obligations, without entailing prejudice to the service or Brembo's interests";
- c) those who violate the internal procedures set forth in the Model or engage, during the course of activities in areas at risk, in a behaviour that is not compliant with the requirements of the Model, in the case where such behaviour amounts to "refusal to carry out orders pertaining to service obligations" or "habitual negligence or habitual non-compliance with statutory or regulatory obligations or service obligations in the course of their work" or, in general, any and all negligence or deliberate failure to comply with laws or regulations or service obligations, and that is not otherwise punishable;
- d) those who, during activities in areas at risk, engage in a behaviour that is not compliant with the requirements of this Model, in the case where such behaviour amounts to "irregularity, recklessness or negligence, or non-compliance with laws, regulations or service obligations, compromising the safety and regularity of the service and entailing serious damage to Brembo's or third-party property";
- e) those who, during activities in areas at risk, engage in a behaviour that is clearly in breach of the requirements of this Model, to such an extent as to entail the concrete application against Brembo of the measures contemplated in the Decree, such behaviour being regarded as "wilful violation of laws, regulations or official duties that may occasion or have occasioned serious prejudice to Brembo or third parties";

- f) those who have directly committed an offence contemplated in Legislative Decree No. 231/2001.

The Supervisory Committee must necessarily be involved in the investigations into the violation and the procedure for the imposition of disciplinary sanctions following the breach of the Model, in the sense that no disciplinary proceeding may be closed without further action and no disciplinary action may be imposed for a violation of the Model without prior immediate consultation with and, where required by the person exercising disciplinary powers, the prior issue of an opinion by the Supervisory Committee.

Formal allegations may entail the revocation of any and all powers of attorney conferred on the person concerned.

The type and severity of the aforesaid penalties shall be determined taking due account of, *inter alia*:

- the level of negligence, carelessness or ineptitude, as assessed in light of the foreseeability of the event;
- the job description, position and responsibilities of the persons concerned.

### **4.9.3. Applicability to top management**

In the case of a violation of the Model by the top management, the Company shall apply the most appropriate measures provided for under applicable regulations and the National Collective Bargaining Agreement, up to the termination of the employment contract.

In such cases, moreover, the executive may face the revocation of any powers that may have been delegated to him/her and, if possible, a change in his/her job description.

Disciplinary measures, as well as any and all claims for damages, must be commensurate with the job description, position and level of trust inherent to the responsibilities vested in the person concerned.

The Supervisory Committee must necessarily be involved in the investigations into the violation and the procedure for the imposition of disciplinary sanctions to executives following the breach of the Model, in the sense that no disciplinary proceeding may be closed without further action and no disciplinary action may be imposed against an executive for a violation of the Model without immediate consultation with and, where required by the person exercising disciplinary powers, the issue of an opinion by the Supervisory Committee.

#### **4.9.4. Applicability to directors and auditors**

This Model must be delivered to all members of the Board of Directors and the Board of Statutory Auditors.

In the event of breaches of the internal procedures entrenched in the Model by one or more members of the Board of Directors and/or the Board of Statutory Auditors, the Chairman of the Supervisory Committee shall give notice thereof to the entire Board of Directors and the Board of Statutory Auditors which shall then determine the action to be taken in respect of the said non-compliant member or members, in accordance with applicable regulations.

Disciplinary measures, as well as any and all claims for damages, must be commensurate with the job description, position and level of trust inherent to the responsibilities vested in the person concerned.

#### **4.9.5. Applicability to Brembo's contractual counterparties**

As described in point 4.8 above, in its relationships with business partners, Brembo decided, *inter alia*, to apply its Model also with respect to said parties, pursuant to the provisions set forth in 231 Clauses.

With reference to the disciplinary system, it bears recalling that the 231 Clauses also envisage:

- the inclusion in its contracts, as well as purchase orders, of clauses that grant Brembo the right, where deemed appropriate, to terminate the contract if the counterparty is charged (including as a measure of merely precautionary nature) with one of the "trigger offences" envisaged by Legislative Decree No. 231/2001;
- where possible, 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.

### **4.10 TRAINING AND INFORMATION REGARDING THE BREMBO MODEL**

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In order to enhance the effectiveness of this Model, Brembo intends to ensure proper awareness about and divulgation of the rules of conduct contained herein, with differing

degrees of detail in function of the extent to which recipients are involved in sensitive activities.

All company employees and stakeholders must be informed of the adoption of the Model and any and all updates of the latter, immediately following approval of the same.

The Model shall be published in full on the Company's Intranet site, whilst only the General Section and some of the Special Sections will appear on Brembo's website, to the exclusion of portions deemed too sensitive for disclosure outside the Company.

New recruits will be provided with an information package (National Collective Bargaining Agreement, Code of Ethics, Welcome Kit, etc.), designed to ensure that they are aware of the principles deemed to be of fundamental importance within the Company. All new recruits will be bound to provide Brembo with a signed declaration attesting that they have received the information package, are fully aware of the documents thereto attached and undertake to comply with the provisions therein contained.

Training activities will:

- i) be targeted at familiarising recipients with the provisions of Legislative Decree No. 231/2001, as further amended and extended, explaining why Brembo has decided to implement a Model and illustrating the main behaviours in which to engage in order to prevent the commission of the Offences;
- ii) vary, in terms of content and training methods, in function of the job description of recipients, the level of risk involved in the area in which they operate, as well as on the basis of whether or not they are empowered to represent Brembo towards third parties.

Each year, the training plan is submitted for review by the Supervisory Committee and is constantly updated according to the state of progress thereof.

Beginning in January 2012, in addition to traditional classroom training, self-learning is available through the use of multi-media materials distributed to the employees involved (executives, middle managers and office staff), inasmuch as self-learning was deemed especially effective in that it allows:

- a record to be kept of the documentation used for training purposes and recipients of training;
- certification of course attendance, with monitoring of the beginning and end of each course;
- course efficacy to be *reviewed according to the score obtained on the test-out*.

## **4.11. WHISTLEBLOWING**

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In accordance with industry-wide compliance-oriented best practices, Brembo has adopted a specific “whistle-blowing procedure” aimed at setting up and managing reporting channels with a view to ensuring adequate information flows towards and within the Company (through the Supervisory Committee) focusing on irregularities and/or breaches of the Model, the Code of Ethics or other provisions set forth in Brembo’s internal rules and regulations.

The principles underlying the management of input from whistle-blowers, include:

- **assurance of anonymity and confidentiality:** all of Brembo S.p.A.’s functions/organisation positions in charge of receiving and processing reports must ensure the utmost anonymity of the person or persons making the report, whose identity may be revealed only to the Supervisory Committee;
- **bad faith reports:** the Supervisory Committee shall ensure adequate protection against bad faith reports, taking action against such conduct and informing the parties/companies targeted by reports found to have been made in bad faith;
- **anonymous reports:** anonymous reports shall be taken into consideration only if appropriately detailed and supported by facts.

Reports may be forwarded by any person or party whatsoever, including company employees, members of corporate organs (Board of Directors and Board of Statutory Auditors), as well as the independent auditors, customers, suppliers, consultants, outside collaborators, shareholders and partners of Brembo S.p.A. and its subsidiaries, and third parties.

Reports shall be submitted to the Supervisory Committee as follows:

- Oral reports to the Supervisory Committee;
- Ordinary post (Supervisory Committee of Brembo S.p.A. — viale Europa 2 — 24040 Stezzano (Bergamo) Italy);
- E-mail ([organismo\\_vigilanza@brembo.it](mailto:organismo_vigilanza@brembo.it));
- Voice mail (+39 035-6055295);
- Internet (Corporate Governance section of the website [www.brembo.com](http://www.brembo.com));
- Facsimile transmission (+39 035-6055203);
- Brembo’s Intranet.

It is understood that where exist the additional reports channel (at Brembo Subsidiaries) and/or other specific channels set up at the parent company's business functions (below in brief Local Reporting Channel Manager), the Local Reporting Channel Manager must:

. if received any informative that as a result of the preliminary assessment phase, also hypothetically, may have relevance in this Model, proceed to communicate to Supervisory Committee of Brembo S.p.A, and transmitting all information that it holds. It is understood that the Supervisory Committee may require to Local Reporting Channel Manager to collect more information and carry out others check.

. shall ensure the reporting flow to Supervisory Committee of Brembo S.p.A by forwarding a specific report that gives evidence of all reporting received and on how each reporting is managed.



## **5. INTRODUCTION TO SPECIAL SECTIONS**

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The Special Sections of the Brembo Model are structured as follows:

1. Summary description of the underlying offences, broken down into broad categories;
2. Rating of the level of the risk of the commission of the Offences covered in each Special Section;
3. Description of the main Sensitive Corporate Areas/Activities found to be at risk in light of the Company's profile;
4. Definition of the general principles/rules of conduct adopted within Brembo with a view to preventing wrongdoing and containing the risk of the commission of Offences;
5. Controlling & Prevention Measures in force within Brembo (reference to the relevant "Sensitive Activity Analysis" sheets — the "mobile" section of the Model).

The findings reached through risk assessment and analysis of the Company's business operations as a whole suggest that the probability of the commission of following Offences is not material, indicated below:

- currency falsification offences, save for counterfeiting;
- offences against the person involving pornography, illicit brokering and labour exploitation, female genital mutilation, and child prostitution, including child enticement and certain cross-border offences;
  - terrorism offences, or the subversion of the democratic order, and offences involving the holding of persons in slavery, human-trafficking, slave trading, trade in organs from living persons and forms of racial discrimination;
- some of the environmental offences associated with:
  - *killing, destruction, capture, withdrawal or possession of protected wild plant and animal species (Article 727-bis of the Italian Penal Code);*
  - *destruction or deterioration of habitat within a protected site (Article 733-bis of the Italian Penal Code);*
  - *trade in protected animal or plant species or possession of reptiles or mammals that could endanger public health and safety (Law No. 150/1992);*
  - *intentional or negligent pollution of the sea through discharge of waste from ships (Legislative Decree No. 202/2007);*
  - *Fraud offenses in sports competitions or abusive exercise of playing and betting activities;*

since:

- (i) the business operations conducted by the Company in light of its profile and corporate object clause provide little opportunity for the commission of the said offences;

(ii) there is no way the said offences could be committed in the interest or for the benefit of the Company, as required for vicarious corporate liability to arise pursuant to the Decree.

In any case, in according to these types of crimes and the risk associated, the general principles described in the Code of Ethics, in the Brembo Compliance Guidelines and more generally in Brembo Corporate and Compliance Tools are applied to prevent them.

With reference to Self-laundering (Article 648-ter 1 of Italian Penal Code), introduced into Italy's penal system through Article 3, paragraph 5, of Law No. 186 of 15 December 2014, Brembo's existing preventive measures concerning sensitive processes at risk of commission of illegal money receiving and laundering (as indicated in the Decree) are to be considered, by way of preliminary analysis, appropriate and capable of preventing also the newly introduced offence of self-laundering. In addition, the measures adopted to prevent/mitigate the non-compliance risks (other than those indicated in the Decree) inherent to administrative-accounting and fiscal operations are also deemed adequate tools to prevent behaviours which can potentially result at risk of commission of self-laundering.

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**The Special Sections of the Brembo Model and related "mobile" sheets are for internal use only.**

*The original version of this Model is in Italian and has been translated into English for dissemination purposes. In case of differences between the two versions, the Italian one will apply.*