

ANNUAL
SUSTAINABILITY
REPORT
2019

2019 CONSOLIDATED DISCLOSURE
OF NON-FINANCIAL INFORMATION
IN ACCORDANCE WITH LEGISLATIVE
DECREE NO. 254/2016



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We are focused on
the **men and women**
of today and
tomorrow, on their
right to live in a
healthy and
sustainable
environment.





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Letter of the Chief Corporate Social Responsibility Officer

Dear Stakeholders,

As Brembo's Chief CSR Officer, I am proud to present our Consolidated Disclosure of Non-Financial Information 2019, a document used by the Company to report upon its efforts in the field of social responsibility and sustainability.

Ever since its foundation, Brembo has operated in accordance with deep-rooted values and principles of respect for the environment and for people. It has increased its social and environmental commitment over time, so that it now forms an essential part of its business strategy. Over the last year, the Group's longstanding focus on active, ongoing dialogue with its stakeholders and the context in which it works has been demonstrated through its structured exploration of the issues it deems to be the most important in terms of sustainability. The current materiality matrix, valid for the three-year period from 2019–2021, is in fact the result of feedback from the stakeholders themselves and is the tangible demonstration of the Group's commitment to continuously improving the impact of all its corporate activities on the environment and the society around it.

In order to boost awareness of social responsibility issues at our various facilities around the world, Brembo has developed its sustainability governance structure, appointing CSR Ambassadors and CSR Champions around the world and tasking them with spreading this culture and promoting local sustainable development activities.

So as to spread sustainability culture within the Company and stimulate tangible activities among our employees, we have promoted the annual Brembo Sustainability Awards presented to Brembo individuals or teams all over the world who have developed tangible proposals that contribute to the Group's development in terms of social responsibility.

Brembo is also continuing to work towards the 17 Sustainable Development Goals identified in the UN 2030 Agenda, partly through its We Support SDGs communication campaign that has been running at all its plants. Through this initiative, the Company illustrates the corporate projects that contribute to achieve the goals and describes the tangible actions that each individual can perform on a daily basis in order to achieve them.

These activities reveal the great importance that the Company attributes to its employees, who represent a priceless legacy of experience, passion and expertise. Brembo offers them opportunities for professional development, a stimulating and gratifying work environment, and extensive ongoing training. There are currently 10,868 people contributing to the company's development, working in 14 countries on 3 continents, in 24 plants and offices.

In addition to focusing on its employees, the Group has also always attributed great importance to its supply chain, in the belief that progress towards more sustainable development can only be achieved if the efforts are shared. Because of this, we are also working hard to spread our sustainability culture among our suppliers. To this regard, over the years Brembo has developed a structured process that enables us to develop strategic relations with a supply chain that focuses on ongoing innovation and quality improvements, within a context of social responsibility and in keeping with fundamental issues such as human rights and protection against child labour.

Brembo also expresses its commitment to sustainability in the R&D sector: contributing to a reduction in CO₂ and fine particle emissions through our braking system is one of our priorities. Electrification, self-driving vehicles, environmental impact, connectivity and the global economy are the main guidelines that the company has been following over the years, with a particular focus on the development of so-called "lightweight discs".

Because of this, the market-leading role that Brembo has carved out for itself over the course of its history, thanks to the high innovation, quality and reliability of the braking systems it offers the world's leading car manufacturers, should therefore be boosted by its capacity to develop carbon-neutral products, with the two-fold objective of supporting the transition towards sustainable mobility and significantly reducing the environmental impact of the group's production sites.

Decarbonisation, which is closely tied to the reduction of CO₂ emissions, is a crucial issue that Brembo is working on very hard in order to develop a more sustainable industry. This commitment has been acknowledged (in 2019 once again) by the "CDP - Carbon Disclosure Project", an independent organisation that monitors action undertaken to contain the causes of climate change, confirming Brembo's place on the A List of excellent



companies on a world level with particular reference to CO₂ emissions (Climate Change) and the responsible management of water resources (Water Security). It was the only Italian company to receive this double recognition.

From sustainability to social commitment. In 2019 too, Brembo confirmed its engagement in the development of a number of projects and initiatives to support local communities in priority areas of intervention, such as child protection, education and training, art and culture, and sport.

Last year, we focused particularly on India, where our most important projects include the “House of Smile”, built in Pune in partnership with the NGO Cesvi and dedicated to women and children in highly vulnerable situations, and the School on Wheels project, thanks to which we supplied the local NGO Door Step School with a school bus perfectly kitted out as a classroom on wheels, for teaching children to read and write and providing them with schooling.

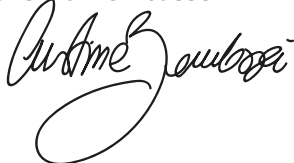
In Italy we continued the SOSSteniamoci project in partnership with the NGO Cesvi. This project is targeted at unaccompanied minor immigrants. The next few months will see the conclusion of a training and inclusion-in-the-workplace process for a second group of nineteen young people, following on from the positive experience of 2018. The project participants were picked on the basis of their strong motivation, their responsibility and their great desire to build a life for themselves in Italy.

The future is already here at Brembo, as an innovative firm on a global level that sets itself increasingly ambitious objectives. Our efforts will continue to be oriented towards more sustainable mobility, developing emission-neutral products, and towards the progressive reduction in the environmental impact of all our production sites, drawing inspiration from best practices and strictly applying the most stringent standards.

We have achieved many satisfactory results to date, but we are well aware that we have to do even more. Racing towards a more sustainable future is the only challenge we want to tackle with no brakes.

Chief CSR Officer

Cristina Bombassei





Reader's Guide

This **Consolidated Disclosure of Non-Financial Information for 2019** (hereinafter also “**Non-Financial Information**” or “**Disclosure**” or “**NFI**”), in accordance with **Legislative Decree No. 254/2016 of the Brembo Group** (hereinafter also “**Brembo**”, the “**Group**” or the “**Company**”) is intended to provide an accurate, thorough and transparent view of the Group's strategies, actions and results in its pursuit of economic growth and business development, while taking account of the expectations of the stakeholders involved and seeking constant improvement of the environmental and social impacts of its activities.

This document meets the requirements of **Legislative Decree No. 254 of 30 December 2016**, as subsequently amended and extended, which introduced the obligation for large entities of public interest¹ to draw up and publish a "Disclosure of Non-Financial Information". This includes a description of the company's organisation and management business model, information on the main risks arising from the company's activity and its products and services, information on the policies applied and the results achieved with reference to environmental, social and personnel issues, topics related to human rights and the battle against active and passive bribery, to the degree necessary to ensure an understanding of the company's activity, performance, results and the impact of such activity.

This Disclosure therefore contains a description of the **company's business model**, information on the **policies** applied concerning the aspects mentioned by the Decree and those considered to be important for Brembo, the results arising from such policies and the **main risks** connected to such aspects and the related risk management policies.

The information was selected based on the principle of "materiality" (or "relevance") that identifies those items of information that provide an understanding of the company's activity regarding the non-financial aspects indicated in the Decree. For this reason, in accordance with the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) (Core Option) adopted as the standard of reference for the preparation of this document, the contents of the Disclosure of Non-Financial Information were determined through a **materiality**

analysis. This process resulted in the identification of the areas of concentration of the greatest risks and opportunities to develop the company's business from a long-term perspective and to create value for all stakeholders.

The identification of the indicators on the basis of which to monitor and disclose the Group's sustainability performance is based on the **set of indicators detailed in the GRI Standards**: the section “Methodological Note” contains a table that shows the pertinent GRI Aspect — from which the KPIs included herein are derived — for each material Topic identified by Brembo. The table summarising the GRI indicators specifies the precise point in this document where the indicators as per GRI Standards are illustrated. The reader can thus easily reconstruct the **connection between the Topics identified as material, the GRI indicators of reference** and the **page of the document** on which they are described and reported.

All of the figures reported in this document refer to the financial year **1° January – 31 December 2019** and to **all Group' companies consolidated on a line-by-line basis that have been included in the Consolidated Financial Statements at 31 December 2019**, as published in the 2019 Annual Report, unless otherwise indicated. Figures for 2017 and 2018 have been added and indicated appropriately if useful for purposes of comparison or contextualisation of the information.

The Disclosure of Non-Financial Information was approved by the Board of Directors on 9 March 2020, following examination by the Audit, Risk & Sustainability Committee in the meeting held on 25 February 2020.

The Disclosure of Non-Financial Information is organised into eight sections. The first three illustrate Brembo's vision, business approach and the main features of how it operates responsibly in terms of the Governance, control and risk management system. The sections below focus on reporting the results achieved in the various sustainability areas and on the approach to the most significant aspects for Brembo and for its stakeholders.

For information or comments about this document please send an email to the following address sustainability@brembo.it.

¹ Entities of public interest which, at consolidated level, employee at least 500 staff on average during the year and report a total balance sheet value of more than 20 million euros or net income from sales and services of more than 40 million euros.



Sustainability Highlights

The Group



14

Number of countries
in which the Group is
present



7

Number of Group
brands



5

Number of
research centres in
different countries

Sustainability

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

4 QUALITY
EDUCATION



6 CLEAN WATER
AND SANITATION



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



Organisational Structure



1,726

Number of people
trained on ethical
topics



36%

Proportion
of women
on the BoD



7

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

Brembo People



+2.2%

Year-on-year
workforce increase



Over
250,000

Training hours
provided during
the year



100%

OHSAS 18001
certified plants



The supply chain



€1,687 million
Procurement value



88%
Local supplies, i.e., supplies from suppliers located in the same countries where the Group operates



63%
Suppliers of direct materials involved in social and environmental auditing activities (in terms of value of supplies)

The Production Process



2,741
Active patents, utility and design models



1,168 FTE²
People involved in R&D activities



100%³
Plants with IATF 16949 quality certification

Environment



-13.8%
Emissions of CO₂ per cast tonne compared to the previous year



-2%
Emissions of CO₂ per unit of finished product compared to the previous year



30%
Electricity coming from renewable sources



100%
ISO 14001 environmentally certified plants

Local areas



€2,338 million
Economic value distributed



91%
Local managers born in the countries where they work for Brembo



5
Action areas for social projects

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

³ Net of the Zaragoza plant in Spain which is ISO 9001-certified. The new Chennai site in India will be certified by 2020.



1. The Group

Creating **value**
through a solid,
constantly **evolving**
organisation.
A Group that takes
concrete actions
for future
generations.





1.1 Group profile and main applications

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

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

The company currently operates in 14 countries in 3 continents, with a staff of over 10,800 people.

**14**

Number of countries
in which the Group is
present

**7**

Number of Group
brands

**5**

Number of
research centres in
different countries

Figures for the three-year period 2017 – 2018 – 2019



Employees
9,837 – 10,634

10,868
No.

Net Investments
356 – 286

247
€ million

Turnover
2,464 – 2,640

2,592
€ million

Ebitda
480 – 501

515
€ million

Net debt
219 – 137

346
€ million

Net profit
263 – 238

231
€ million

Main applications

Cars

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



75%
on total sales

Commercial vehicles

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



10%
on total sales

Racing

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



4.8%
on total sales

Motorbikes

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



10.2%
on total sales



1.2 Brembo's history

1960s - Innovation

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

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

1970s - Performance

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

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

1980s - Comfort

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

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



1990s - The world

Brembo continues to grow: in 1995, the company is listed on the Milan Stock Exchange. This marks the start of a strategic process that will lay the foundations for market and production globalisation. Brembo starts manufacturing in Spain, Poland and Mexico, and also for the US market, where Chrysler is its first client. These are years of radical innovation, with the first monobloc brake calipers for cars and the first radial-mount calipers for motorbikes.

2000s - Style

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

Since 2010 - The evolution

Brembo looks to the future. It is with conviction that the Group chooses Industry 4.0, a full-fledged industrial automation revolution to improve productivity and working conditions, in addition to entering the electric vehicle industry. The Group complements the launch of new sites with the opening of R&D centres also in Poland, China, India and the USA. In 2017, Brembo's President Alberto Bombassei is added to Detroit's Automotive Hall of Fame. Always ready for the next technology challenge, Brembo decisively opts for the world of electric vehicles, and as of 2018 it has become the exclusive supplier of braking systems for the Formula E racing cars.















1.3 Global footprint







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

Manufacturing plants are located in:

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

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

Distribution and Sales plants are located in:

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





14

Countries
in the world



18

Manufacturing
sites



5

Research and
Development
centres



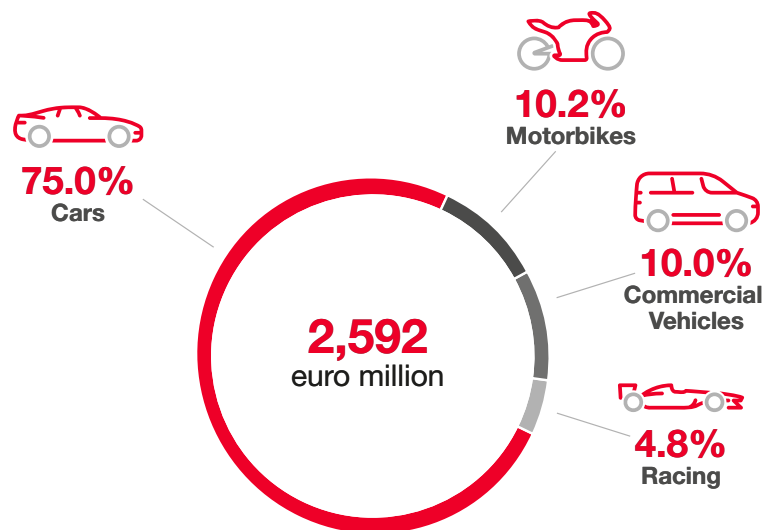


1.4 Target markets and brands

Brembo's **reference market** is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes.

Overall in 2019, Brembo's consolidated net sales amounted to €2,592 million, with a slight 1.8% decrease compared to €2,640 million in 2018.

Breakdown of net sales by application (% on total)



Cars

Overall, the Western European market (EU15+EFTA) closed the reporting year with car registrations up by 1.2% compared to 2018. Among the main markets, a sales increase was reported by Germany (+5%), France (+1.9%) and Italy (+0.3%), whereas Spain and the United Kingdom showed a decline by 4.8% and 2.4%, respectively.

The trend was positive in Eastern Europe, with car registrations up by 6.2% compared to 2018. In Russia, after two years of uptrend, registrations of light vehicles showed a new slowdown closing 2019 with a 2.3% decrease in sales compared to the previous year.

In 2019, light vehicles sales in the United States dropped by 1.4% overall compared to 2018. In South America Brazil showed a positive sales performance for the second year in a row (+7.6%), whereas Argentina closed 2019 with an overall sales decline of 42.7%. With reference to Asian markets, China closed 2019 on a negative trend, with an 8.3% reduction in sales of light vehicles compared to 2018; nevertheless, China remained the number-one market in the world. Japan also recorded a negative trend, ending 2019 with a 1.4% decrease in sales.

Within this scenario, Brembo's net sales of car applications in 2019 amounted to €1,943,270 thousand, accounting for 75.0% of the Group's turnover, down by 3.7% compared to 2018.

Motorbikes

Europe, the United States, Japan are Brembo's three most important markets in the motorbike sector. In Europe — where the top motorbike markets are Italy, Germany, France, Spain and the UK — registrations rose by 7.5% overall in 2019 compared to 2018. All the main markets closed 2019 with an increase over the previous year. With regard to displacements, Brembo's target (over 500cc) grew by 7.0% compared to 2018. Instead, ATVs (All Terrain Vehicles, quadricycles for recreation and work) declined by 23.0%. In the United States, registrations of motorbikes, scooters and ATVs increased by 0.8% overall in 2019 compared to 2018. ATVs alone grew by 1.8%, whereas motorbikes and scooters together reported a +0.4% downtrend. In 2019, the Japanese market, considering displacements over 50cc overall, reported a 3.5% increase compared to the previous year, whilst the Indian market (motorbikes and scooters



together) declined by 14.2%. In Brazil, registrations grew by 14.6% overall compared to 2018. Against this background, Brembo's net sales of motorbike applications amounted to €263,114 thousand in 2019, up 5.7% compared to €248,940 thousand for 2018.

Commercial and Industrial Vehicles

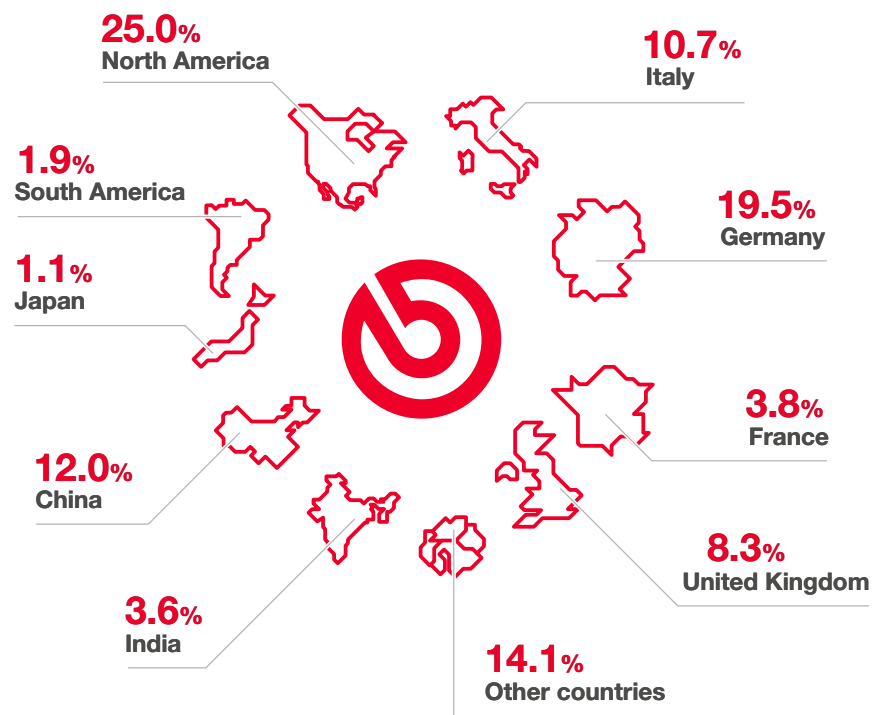
In 2019, the European commercial vehicles market (EU+EFTA) — Brembo's reference market — showed a 2.5% increase in registrations, thus reporting growth for the seventh year in a row. In Europe, sales of light commercial vehicles (up to 3.5 tonnes) increased by 2.8% overall compared to the same period of 2018. All the main European markets by sales volume closed 2019 with an uptrend compared to the previous year (Germany: +6.9%; France: +4.5%; Italy: +3.4%; United Kingdom: +2.4%; Spain: +0.3%) In Eastern European countries, this segment grew by 2.8% over 2018. In Europe, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) rose by 0.9% in 2019 compared to the previous

year. Among the first five European markets by sales volume, a positive performance was reported by the United Kingdom (+9.5%), Germany (+4.2%), France (+1.5%) and Spain (+1.1%), whereas Italy declined by 7.6%. In Eastern Europe, sales of commercial vehicles over 3.5 tonnes improved by 0.9% in 2019 compared to the previous year. In 2019, Brembo's net sales of applications in this segment amounted to €259,545 thousand, up by 1.7% compared to €255,191 thousand for 2018.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing, braking systems for race cars and motorbikes; AP Racing, braking systems and clutches for race cars; Marchesini, magnesium and aluminium wheels for racing motorbikes. In 2019, Brembo's net sales of applications in this segment amounted to €125,473 thousand, up by 7.5% compared to €116,696 thousand for 2018.

Net sales breakdown by geographical area (% on total)





The brands

Brembo markets its products with the following 7 brands:



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



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

Brembo Racing products are designed to provide maximum performance under the most extreme conditions, and they are used by the best teams in the most prestigious F1, Indy, Nascar, Rally, MotoGP, Superbike, Enduro and Cross championships. Since December 2018, Brembo Racing is the exclusive supplier of braking systems for Spark Racing Technologies, the sole maker of Formula E championship racing cars.



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



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



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



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



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



The Red Dot Award

Brembo's 19RCS SHORT-STROKE radial master cylinder was assigned the Red Dot Award: Product Design 2019, one of the world's most important design awards. In 2019 designers and manufacturers from 55 Countries competed through more

than 5,500 products. The international jury of experts in various disciplines has been meeting for over 60 years to select the year's best projects.

The 2019 awards

CDP – A List 2019	To recognise Brembo's commitment to responsible management of water resources and reducing CO ₂ emissions, the non-profit organisation CDP (former Carbon Disclosure Project) included the Group among global A-List companies in the 'Water Security' and 'Climate Change' categories.
The Best Brand award	The Brembo brand continues to win prestigious awards and establish itself as one of the brands most appreciated in Italy and abroad for its authoritativeness and recognition. In 2019 Brembo was once again named 'Best Brand' in brake systems by the readers of the main German specialist magazines (including <i>Auto Motor und Sport</i> , <i>Motorrad</i> and <i>Motorsport Aktuell</i>) — a recognition it has received every year since 2006. In particular, the prestigious fortnightly publication <i>Auto Motor und Sport</i> named Brembo its top brake systems manufacturer for the tenth time, with over 66% of votes. Brembo also placed first again in the rankings of the best brands in the categories of car brake upgrades (73.7% of votes) and motorbike brake pads (88.1% of votes).
'Marketer of the year' award	Società Italiana Marketing (SIM) — the scientific association that brings together the entire Italian academic community in this discipline — bestowed its 'Marketer of the Year 2019' award on Brembo's chairman and founder, Alberto Bombassei. The award shows how Brembo's success is due not only to the excellence of its products, but also the aesthetics and attention to design with which the Company conceives and manufactures its discs and calipers.
Mercurio Prize	Brembo is the winner of the 2019 Mercurio Prize, the important award bestowed each year by the Italy-Germany economic association Mercurio on companies that stand out for their contributions to economic relations between Germany and Italy, in addition to particularly significant initiatives in economic and cultural exchange between the two countries. Germany has always been among the top markets for the Group's products, where it has long partnered with all its major automotive brands, from Porsche to Mercedes, Audi and Volkswagen.
Team of the Year Industry 2019	Brembo's Legal Department, led by its Chief of Legal and Corporate Affairs Officer Umberto Simonelli, received the Inhouse Community Award 2019 in the 'Team of Year Industry' category for its work as a team perfectly integrated into the Company's production process capable of offering the economic and financial expertise, in addition to the legal knowledge required to develop solutions for the Company.
Best commercial service	At the Serca Group's 30 th Convention, during the event commemorating the Dipart Group's tenth anniversary, Brembo Spain received an award for "Best commercial service offered to distributors".



Most welcomed brand	Brembo was named most welcomed brand in China in the aftermarket category by <i>Automobile & Parts</i> . Published for the first time in 1981, <i>Automobile & Parts</i> is one of the most important magazines for automotive industry experts, with over 100,000 weekly copies covering all aspects of automotive supply, including products, technologies, production and post-sales support.
Jaguar Land Rover Quality Award	The CJLR — Chery Jaguar Land Rover — automotive group recognised Brembo China's Nanjing plant for the high standard of service and quality provided. The JLRQ Award certifies that the Nanjing plant met all the requirements of excellence in management processes, quality of performance and level of logistic service.
Honda OEM Quality & Delivery Supplier Award	At the Honda Supplier Conference 2019, Brembo North America received the Honda OEM Quality & Delivery Supplier Award for the quality of its service in the OEM segment in 2018. During the visit by David Magargel, Honda's Purchasing Manager, the merit for the award bestowed was shared with the entire team at the plant in Homer, Michigan.
CSR recognised in Spain	At the annual event "III Noche del Cluster de Automoción Industria de Aragón", Brembo won the Corporate Social Responsibility prize (in the Large Companies category), thanks to the launch of several initiatives. These included the Brembo Sustainability Awards, which promote projects relating to social responsibility, stimulate the improvement and company welfare and spread a culture of sustainability within the company.
Ford Q1 Prize	The Ford Q1 certification is the highest award that Ford bestows on its tier-one suppliers. This recognition demonstrates that the requirements of quality, reliability, logistics, engineering performance, process innovation and customer satisfaction are always at the highest level and always receive maximum priority. With Q1, Ford extends its international quality standards and covers a full range — defined by specifically designed rules — of fundamental quality and production standards, which ensure that all suppliers, now and in the future, will continue to operate successfully on the market and evolve constantly.
Integrated Governance Index	In 2019 Brembo ranked number-one among companies in the Industry and Consumer Goods sector of the Integrated Governance Index (presented on 13 June at the ESG Business Conference). The index, created by ETicaNews and Top Legal with scientific support from a number of industry associations, measures the degree of interaction of ESG (Environmental, Social and Governance) issues in company strategies.
FCA Green Status	FCA Tier One suppliers (such as Brembo North America) are evaluated on the basis of the quantity of commercial activities entrusted to companies managed by minorities, women and veterans. Brembo was awarded Green Status for 2018, which means that it met all sourcing requirements, participating in the MatchMaker event and supplier diversity programmes.



1.5 Stock performance

For a listed company, the value of its stock is an important indicator of its credibility and reputation. For this reason, over the past few years the Group has paid particular attention to the brand's trust and relational capital and its competitive positioning.

The year 2019 was marked by strong uncertainty linked to higher international trading tensions, and concerns about a possible slowdown of global economic growth, all of which bore down on the automotive industry. Against this backdrop Brembo stressed

its commitment to monitoring any new developments in its industry, thus guaranteeing the strength of its fundamentals and the dynamic nature of its operations on a global level, allowing it to remain cautiously optimistic about future prospects.

The Company's shares closed 2019 at €11.06, a gain of 24.3%, reaching their low on 28 August (€8.20) and high on 23 April (€11.88). The FTSE MIB index closed the year up 28.3%, whereas the European Automotive Components Index (BEUAUTP Index) was down 11.7%.

Brembo stock performance in 2019





2. Sustainability

The **values** in which we believe are reflected in our **daily actions**, in increasingly **concrete** pursuit of **sustainable development** goals.





2.1 Sustainability for Brembo

Corporate social responsibility is not an abstract concept for Brembo, but consists in daily concrete practices, designed to balance economic decisions against an assessment of their social and environmental impact in relation to the expectations of all Group stakeholders.

SUSTAINABLE
DEVELOPMENT
GOALS



4 QUALITY
EDUCATION



6 CLEAN WATER
AND SANITATION



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



It is the path through which Brembo has worked to further strengthen the structure of this awareness and commitment, started at the end of the Nineties with an analysis of the value of the intangibles, aimed at measuring the company's ability to create value not only from an economic perspective, but also considering the social and environmental impacts, safeguards for employment, appreciation of human resources, promotion of employee safety and capacity for growth and innovation.

In 1999, this analysis work was included in the first Intangible Capital Report which was followed by the publication, from 2004 to 2007, of the Value Report, a document describing the inter-relationship between the Group's economic results and its environmental and social performance.

Over the next few years this reporting approach combining financial and social responsibility information continued with the in-depth analysis, included in the Management Report, of aspects regarding the global macro-economic scenario, safety and environmental risks, company organisation, research and human resources.

Brembo has always paid particular attention to the development of global policies involving all Group companies in the areas of compliance, ethics, responsibility, sustainability and transparency. Brembo considers these values to be the foundation of the precious 'intangible' heritage formed by its brand, its reputation and the set of principles that characterise the way in which a socially responsible company acts.



The Governance of Sustainability

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

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

To support the Chief CSR Officer, Brembo has created a **CSR Steering Committee** consisting of the company's top management and the heads of the departments that are more closely involved with sustainability issues. The Committee is tasked with determining the Sustainability Guidelines, adopting the relative policies, proposing a plan containing the environmental and social strategic objectives, approving the projects submitted by the Chief CSR Officer and validating the preparatory activities needed to launch the sustainability reporting process. The CSR Steering Committee is also required to effectively oversee the stakeholder engagement process and the sustainability-related risks, as well as to assess the draft Disclosure of Non-financial Information.

Finally, in accordance with the provisions of Borsa Italiana's Corporate Governance Code, the Group has set up an **Audit, Risk & Sustainability Committee** within the Board of Directors, consisting of 3 Independent Directors, each with a 3-year term expiring upon the General Shareholders' Meeting called to approve the Financial Statements at 31 December 2019. This Committee will be retained when company boards and officers are reappointed at the General Shareholders' Meeting called to

approve the 2019 financial statements, set for 23 April 2020. More specifically the Audit, Risk & Sustainability Committee provides support to the Board of Directors by analysing the sustainability policies and procedures, as well as the guidelines, the company goals with related processes linked to social and environmental topics, and by monitoring sustainability-related international initiatives and actively involving the Group with such initiatives to raise the company's profile in the international arena. The Audit, Risk & Sustainability Committee is also required to express specialised opinions in relation to the identification of the main corporate risks, particularly those involving sustainability, environmental and social topics. Finally, the Committee analyses and assesses the draft Disclosure of Non-Financial Information, which is submitted for approval to the Board of Directors on a yearly basis.

One interesting new development in 2019 relates to the **CSR Ambassadors and CSR Champions**, positions created to raise awareness of sustainability at the various Brembo plants worldwide and to establish a direct, active communications channel. Their mission is to spread a CSR culture, promote activities and support local initiatives relating to sustainability, in addition to interacting regularly with the CSR Function to share information, events and projects in favour of sustainable development. The differences between the two positions are the level of responsibility and scope of action: CSR Ambassadors operate at the level of the region/legal entity and rely on assistance from the CSR Champions who operate at the site level and report the information to the appropriate CSR Ambassador. At the end of 2019, there were 10 CSR Ambassadors and 23 CSR Champions at work within the Group.



Learn more

**"Thinking responsibly,
Acting concretely"**
Video on Brembo's Corporate
Social Responsibility

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



Brembo's sustainability management procedures

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

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

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

It should be noted that in 2019 Brembo implemented software, called CSR 365, to collect the data and information included in the Non-Financial Statement in order to improve the traceability of approval processes and minimise the risks of error in the data collection and consolidation phase.

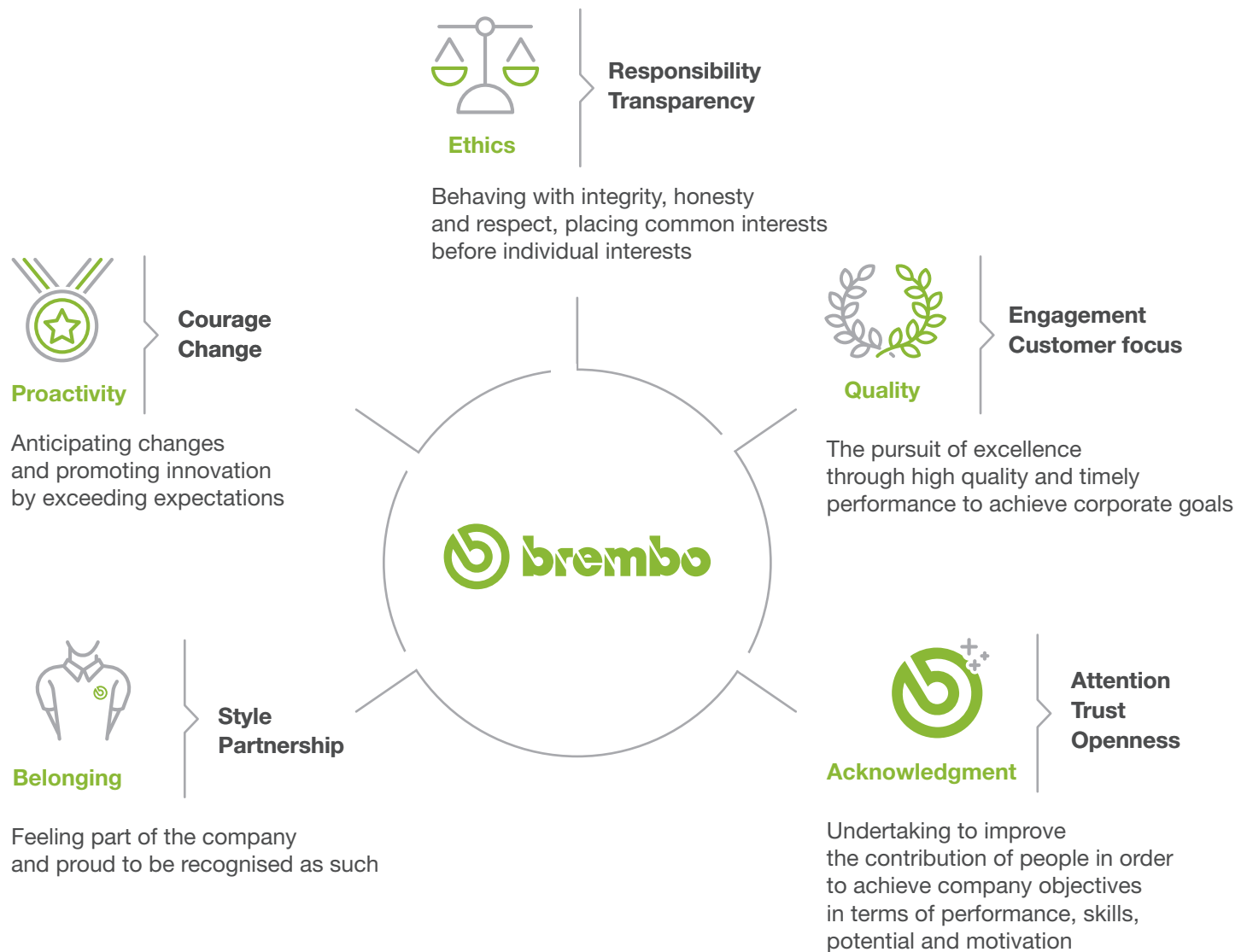
The “**Institutional Bodies involved in Corporate Social Responsibility**” procedure, on the other hand, describes the roles and responsibilities of Brembo's institutional bodies involved in Corporate Social Responsibility issues, regulating their relations and communication flows.



2.2 The Group's values

Ethics, quality, acknowledgement, proactivity and belonging are the five guiding values, enshrined in the company's Code of Ethics, that make up the wealth of Brembo's shared culture,

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



For further information: <https://www.brembo.com/en/sustainability/esg/governance/codes-policies>



2.3 The history of CSR

Brembo has always been a responsible firm with regard to its employees, the environment, the community and all its stakeholders. By building itself upon solid values, it has always implemented practices and strategies that demonstrate its focus on the impact of its activities on the world around it.



1961

Origins and values

On 11 January 1961, Emilio Bombassei and Italo Breda founded **Officine Meccaniche di Sombreno**, the original progenitor of today's Brembo.

1999

First Intangible Capital Report

This report documents Brembo's ability to create social and environmental value and to produce innovation.
First automotive Quality certification (QS 9000 – AVSQ 94)



2005

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

2007

Publication of the Charter of Values

The document identifies and describes behaviours that reflect and express the company's values.

Open Day at the Stezzano site in Italy

1989

Associazione Brembo Italo Breda Foundation

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

2000

First ISO 14001 Environmental Certification

2001

Financial Statements Oscar
(listed companies)

2003

Adoption of the Code of Ethics on a Group level
First OHSAS 18001 Occupational Health and Safety Certification

2004

First Value Report

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

2006

First Family Day in Poland

2009

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



2010

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

2011

Brembo signs up to the CDP (former Carbon Disclosure Project) –Climate Change
A programme designed to monitor and reduce greenhouse gas emissions.

First edition of the Code of Basic Working Conditions Brembo hosts the 30th FARO Convention, Raw Materials Monitoring Centre
Event dedicated to suppliers.

2013

Institution of the CSR Steering Committee and appointment of the Chief CSR Officer
The Committee aims to promote and coordinate Brembo Group's sustainability efforts.

Brembo India, Water Saving Project
Safe reuse of water 2-3 times in the Pune plant thanks to a dedicated system.

Sustainability Supplier of the Year Award from Fiat-Chrysler
Brembo is recognised as the best supplier in terms of sustainability in the EMEA.

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



2012

Ambrogio Lorenzetti award for business governance (listed companies)

Launch of the Brembo WHP (Workplace Health Promotion) Project, Italy
This project, in partnership with local institutions, promotes healthy lifestyles at work and at home.

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

Launch of Brembo to You, Italy
This project aims to make people reflect upon individual wellbeing.

2014

The Social and Cultural Sponsorships and Donations Committee is set up
The Committee aims to guarantee structured sponsorship management on a Group level.

First Family Day in the Czech Republic

First edition of the Policy on non discrimination and diversity

Launch of the "Brembo Strong" project in Brembo North America
The project promotes a healthy lifestyle at work and at home.



2015

Biofilter, Iron Foundry in Mapello

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

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

Support for the I Was a Sari Association, in India

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

Launch of the Brembo Car Pooling Project

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

2016

SOSTeniamoci

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

Brembo signs up to the CDP (former Carbon Disclosure Project) – Water

Programme designed to monitor and reduce water consumption.

2018

Adherence to the sustainable development goals of the 2030 Agenda

Brembo becomes an advocate of the Sustainable Development Guidelines. The Group launches an internal communication campaign to raise awareness about this topic amongst all Brembo employees around the world.

Worldwide Publication of the Supplier Code of Conduct

Launch of the Internal Communication Campaign on Safety at Work

Integrated Governance Index

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

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

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

2017

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

Definition of a CSR Management System for the Group

Sustainability audit by Volkswagen, Dabrowa plant, in Poland

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

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

Brembo-CESVI Houses of Smile in India

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

House of Smile and I was a Sari receive the Impresa Awards prize

Set up by the Indo-Italian Chamber of Commerce and Industry, in the "Community Development (Society) Awards 2017" category.



2019

CSR Ambassador and CSR Champion

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

Sustainability Awards

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

We support SDGs

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

Cluster de Automoción de Aragón – Social Responsibility Prize

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

FCA Green Status

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



Welcome - Working for refugee integration

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

Integrated Governance Index

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

Sustainability Map

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

Call to Action

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

Door Step School

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



2.4 Dialogue with Stakeholders

Over the years Brembo has established an active and constant dialogue with its internal and external stakeholders, based on the values of transparency, trust and consensus in decisions. Thanks to this dialogue the Group has the opportunity to obtain important information about the reference context and receive feedback on its operations, so that it can continually improve the impact of the company's activities on the environment and on society.

Through this process of listening and dialogue, Brembo is able to assess the extent to which it is understanding and satisfying the expectations and interests of its stakeholders and identify




the areas in which to increase its commitment and those in which to confirm the approach adopted.

Establishing ongoing, mutually fruitful dialogue requires:

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






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

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



Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
Brembo People 	<ul style="list-style-type: none"> • Internal climate (every 3 years), job satisfaction and engagement surveys • Trade union roundtables • Daily activities and reports of the Human Resources and Organisation function • Channels for receiving reports of violations of the Code of Ethics, Code of Basic Working Conditions and Policy on Non discrimination and Diversity. • Internal communication activity (Intranet portal, house organ and notice boards) • Training activities concerning organisational behaviour 	<ul style="list-style-type: none"> • Safe work environment, where the health and mental and physical wellbeing of individuals are protected • Job stability • Opportunities for personal and professional growth • Training and skill development processes • Remuneration policies and merit-based incentive systems • Inclusion and appreciation of diversity • Transparency and engagement with regard to company objectives and performance
Suppliers 	<ul style="list-style-type: none"> • Daily activities and reports of the Purchasing function • Engagement Survey on the relevance of material topics for Brembo 	<ul style="list-style-type: none"> • Timely and proper fulfilment of contractual conditions • Continuity of supply requests • Possibility of developing strategic partnerships to improve activities
Local Communities 	<ul style="list-style-type: none"> • Orientation and involvement of secondary school and university students and related recruiting programmes • Roundtables and discussions with the Public Administration • Initiatives involving the opening of Brembo's facilities to visits from workers' families ("open door" days) in various countries where the Group is present • Initiatives in support of the social and cultural development of local communities promoted by the Group • Whistleblowing mechanism for alleged violations of the Code of Ethics • Monitoring through the media (press, specialist publications, TV, Web and social networks) 	<ul style="list-style-type: none"> • Support to the world of schools, also through a willingness to host students on alternating school-work paths • Collaboration with Universities and research centres in the development and spread of engineering, technical and scientific knowledge and skills • Offering of job opportunities and transparent, merit-based recruitment processes • Creation and protection of employment within the Group and its ancillary businesses • Development of production and logistics processes that safeguard environmental conditions and the health of populations near Brembo's production facilities and those of the suppliers • Participation and support by Brembo in cultural development and social inclusion projects



Group stakeholders	Feedback and engagement tools	Stakeholders' expectations and interests with regard to Brembo
Institutions 	<ul style="list-style-type: none"> • Roundtables and initiatives involving discussion with institutions, at national and international level • Hearings before parliamentary committees 	<ul style="list-style-type: none"> • Ensuring full compliance with and observance of applicable legislation • Contributing to the development of regulations concerning the monitoring of polluting emissions in the automotive sector through the sharing of know-how and of specific industry knowledge • Promotion of local development and the achievement of the objectives established by the international agenda • Monitoring of the process to manage social and environmental risks throughout the value chain
Future Generations 	<ul style="list-style-type: none"> • Focus on the awareness campaigns of environmental associations and on analyses of the scientific community 	<ul style="list-style-type: none"> • Fight against atmospheric pollution and global warming • Conservation of natural resources and circularity of the economy • Protection of ecosystems and natural biodiversity • Contribution to the achievement of the UN Sustainable Development Goals
Industry Companies and Competitors 	<ul style="list-style-type: none"> • Participation in the proceedings and themed committees of trade associations • Participation in events and special roundtables on the reference market 	<ul style="list-style-type: none"> • Involvement in the analysis of the industry's performance and needs to define common strategies for improving the sector and developing industry-wide policies • Strengthening industrial relations, including in view of pre-competitive collaboration on certain key aspects, such as improving sector sustainability • Protection of freedom of competition



Dialogue with the key players in the automotive industry

Promoting constructive dialogue with institutions and encouraging discussion between the industry's key players are two important aspects for Brembo to strengthen its brand on the market and increase its competitiveness. The Group is a member of various associations and takes part in working groups at both local and international level. It is committed to

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

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

Association	Main objectives
CLEPA - European Association of Automotive Suppliers	Brings together the automotive suppliers at European level, representing their interests in dealings with the European institutions, the United Nations and related organisations, including ACEA, JAMA and MEMA. Until 31 December, Brembo held the Presidency of CLEPA.
CAEF - European Foundry Association	Brings together and represents the foundry sector's operators at European level.
MADE S.c.a.r.l.	The Competence Centres are highly specialised centres set up by the Italian Ministry of Economic Development. The Competence Center, established in the form of a S.c.a.r.l. with the name of "MADE", aims to teach SMEs about the digital strategies and technologies dedicated to industry, including collaborative robotics and use of big data, distance maintenance, virtual design and man-machine interaction, cyber-physical production systems (digital technologies supporting the factory).
EIT Raw Materials	EIT Raw Materials represents an innovation community (KIC), part of the European Institute of Innovation and Technology (EIT) — an independent body directly funded by the EU to support the promotion of economic growth and the creation of sustainable jobs — which is committed to ensuring accessibility, availability and sustainable use of raw materials for the economy and citizens.
EIT Manufacturing - MADE BY EUROPE	This innovation community (KIC), part of the European Institute of Innovation and Technology (EIT) — an independent body directly funded by the EU to support the promotion of economic growth and the creation of sustainable jobs — aims to give a fresh boost to the European manufacturing industry's competitiveness.
SAE - Society of Automotive Engineers	SAE International is a global association of engineers and technical experts employed in the automotive, aerospace and commercial vehicle production industry, which promotes collaboration, sharing of expertise and professional development of its members.
UNECE - United Nations Economic Commission for Europe	Its main aim is to promote economic integration amongst the 56 member states in Europe, North America and Asia.



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



Italy

- **CONFINDUSTRIA:** represents manufacturers and services operating in Italy, promoting the protection of their legitimate interests in relations with institutions, public administrations and economic, political, trade union and social organisations. Brembo is the general representative for large enterprises within the association's General Council.
 - **AIDAF, Italian Family Business:** founded in 1997 by Alberto Falck and a group of entrepreneurs who share the same principles, AIDAF aims to be a point of reference for Italian family businesses.
 - **ANFIA:** brings together more than 260 Italian enterprises operating in the motor vehicle construction, conversion and equipment sectors for the individual and collective transport of people and goods. Brembo is a member of the Board of Directors.
 - **ANCMA:** represents manufacturers of motorbikes and their components operating in Italy, safeguarding their interests and promoting the resolution of economic, technical and regulatory issues in the industry.
 - **ASSOFOND:** represents the Italian foundry sector in its relations with national, European and international economic, political and social institutions, administrations, and organisations.
 - **ASSONIME:** represents Italian joint stock companies. It studies and discusses issues concerning the Italian economy's interests and development. In June 2017, the Brembo's Chairman was appointed a member of the Board of Directors for the 2017-2018 two-year period.
 - **AIR:** the Associazione Italiana Investor Relations promotes the role of the Investor Relations Officer (IRO) within the financial community.
 - **AIRI:** the Italian Association for Industrial Research plays an active role in promoting national and international cooperation in industrial research. Brembo is a member of the Board.
 - **AODV:** association of Regulatory Body members pursuant to Legislative Decree No. 231/2001.
 - **ACI:** with more than one million members, the Italian Automobile Club (ACI) is the largest free association in Italy that represents and safeguards the interests of the Italian automobile sector, and promotes the sector's development through dissemination of a new mobility culture.
 - **Italian-Chinese Chamber of Commerce:** fosters the development of economic and commercial relations between Italy and China through information and training initiatives, seeking opportunities for Italian enterprises interested in the Chinese market and Chinese enterprises wishing to operate in Italy.
 - **Italian-Russian Chamber of Commerce:** contributes to the development of economic, commercial, technical, legal, scientific and cultural collaboration between Italy, the Russian Confederation and other CIS states.
 - **Italian Chamber of commerce and industry for Spain:** promotes economic and commercial relations between Spain and Italy.
 - **Lombardy Mobility Cluster:** this is one of the nine Technology Clusters recognised by the Lombardy Region, for which it acts as institutional representative for Research and Innovation; it covers the automotive, nautical, railway, and intermodality sectors (transport and infrastructures). Brembo is a member of the Board.
 - **Italian National Transport Cluster:** the National Technology Cluster "Trasporti Italia 2020" (CTN Tra.IT2020) is an association recognised by the Italian Ministry of Education, Universities and Research as a reference for the land and maritime mobility vehicles and systems sector.
 - **Italian National Technological Cluster "Fabbrica Intelligente":** an association that includes large and medium-small sized enterprises, universities and research centres, business associations and other stakeholders operating in the advanced manufacturing sector. The association is recognised by the Italian Ministry of Education, Universities and Research as a driver of local sustainable economic growth throughout the entire national economic system, encouraging innovation and specialisation of national manufacturing systems.
 - **Sodalitas Foundation:** a network of enterprises, volunteers and colleagues committed to generating shared value, promoting the culture of partnerships seeking to build a future of growth, sustainability, inclusion and development throughout the community.
 - **GEO – Green Economy Observatory:** a collaborative platform, promoted by IEFE Bocconi, for businesses and entities in all the sectors interested in the issues of sustainability and the circular economy.
- Brembo is also part of the following associations: **IBC (Industrie Beni di Consumo)** for barcodes; **OICA** – Organisation Internationale des Constructeurs d'Automobiles; **ACEA** – Association des Constructeurs Européens d'Automobiles; **Albo** Research laboratories; **AICIPI** – Italian association of



consultants and experts in business and enterprise intellectual property; **AIPI** – Italian Interior Designers Association; **UNI** – Italian national body for standardisation; **WG 16 ISO 26262** – Functional Safety Expert Member of TC22/SC3/WG16 “ISO 26262 working group”; **AUTOSAR** (Safety Group) – Automotive Open System Architecture; **ASM** – American Society for Metals; **FIA** – Italian Automobile Federation; **IEEE** Computer Society; **NED COMMUNITY** – Italian association of non-executive and independent directors; **ASFOR** – Italian association for managerial training; **AIGI** – Italian Company Lawyers Association; **Forum** of the Secretaries of the Boards of Directors of FTSE-MIB Companies; **ISPI** – Institute of International Political Studies; **Club FARO** – Organisation for the optimised acquisition of raw materials and non-ferrous materials.



Poland

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

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



Spain

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

United Kingdom



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

United States



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

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



Mexico



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

Brazil



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

Japan



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

China



- **Italy-China Foundation:** brings together the Italian business world operating in China and Chinese companies operating in Italy with the aim of facilitating flows of people, ideas, capital, goods and services between Italy and China, improving Italy's presence in China and in Chinese institutions so as to foster commercial trade and strengthen cultural and business relations between the two countries; since 2018 Brembo's Chairman has been Chairman of the Foundation's Board of Directors.
- **Nanjing Association of Enterprises with Foreign Investment:** association that promotes foreign business investments.

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

India



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

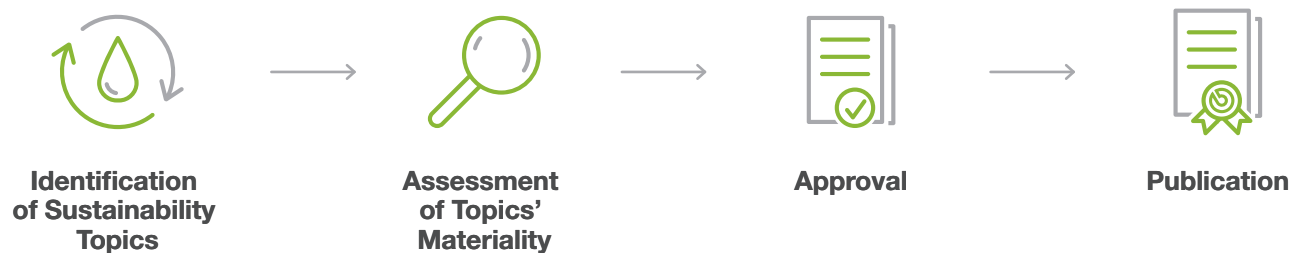


2.5 The materiality matrix

Brembo is aware of how important it is to identify the topics that are relevant for its stakeholders and to choose the contents of this Disclosure to provide an understanding of the activities carried out by the Group, its performance, its results and the impact produced by them, also considering the principles of the GRI Standards of materiality, inclusiveness, sustainability context and completeness. For this reason, the Group carries out an annual materiality analysis process in order to identify the areas in which its activities may have the greatest impact on natural ecosystems, as well as on the wellbeing of the community, individuals and all of its stakeholders.

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

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



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

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

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

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

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



The Materiality Matrix

In 2019, Brembo involved representatives of the company's top management in a process aimed at assessing and updating the materiality matrix. Compared to last year's efforts, the potential new topics were identified by considering various sources: the issues reported in 2018, the subjects that emerged from interviews of top managers and members of the CSR Steering Committee and benchmarking activities. In addition, in their assessments, those interviewed about the topics sought to consider possible concrete responses that a company like Brembo might offer with regard to global challenges and megatrends.

Once identified, the 40 topics were submitted for assessment by the CSR Steering Committee which selected 33 topics⁴, according to personal knowledge and professional experience. These topics were then incorporated into the 17 material topics and then evaluated by stakeholders and the company's top management for the 2019 materiality analysis. Four new topics, in addition to those of 2018, were identified: 'Environmental Footprint', 'Carbon Neutral Mobility', 'Diversity' and 'Fostering a positive working environment'. Whereas some topics already included in the matrix were renamed, others — such as those relating to the 'Development of Brembo's People' and the 'Attraction of Talent and Partnerships with Universities' — were combined into a single topic renamed 'People Development and Engagement'.

The categories into which the topics are divided are the same as in 2018: 'Environment', 'Clients and products', 'Supply chain and Local communities', 'Human resources management', and 'Other themes'. It bears emphasising, once again, that the aspects relating to governance, legal compliance and economic performance associated with the creation of economic value are considered prerequisites in the materiality analysis and will therefore be explicitly presented in the sustainability report, but will not be subject to specific assessment and inclusion in the materiality matrix.

When formulating the 2019 Materiality Matrix, the 17 material topics identified in the interviews were then rated on a scale of increasing importance of 1 to 5 by the Group's top management and a sample of external stakeholders. The top management stakeholder group comprised the chairman and 25 managers, who evaluated the materiality of the topics by completing an online questionnaire and expressing their opinions, both by taking Brembo's perspective and interpreting the views of the external stakeholders with whom they interface daily.

Differently from the previous year, some external stakeholders were also directly involved. For the current reporting year, a stakeholder engagement process involving suppliers and customers as its main participants was launched.

For the suppliers stakeholder group, the survey was conducted by sending a questionnaire to a sample of approximately 200 companies, selected by location and the significance of the goods and services supplied. In addition, a smaller sample was identified within this category and contacted by telephone by an external company for one-to-one interviews.

Albeit to a lesser extent, customers were also interviewed directly during the materiality analysis. A cluster of nine customers was selected to ensure coverage of specific aspects of Brembo's business. The customers selected were contacted by telephone and interviewed, completing a questionnaire prepared in advance online and providing the Group with food for thought in further developing the topics analysed.

The response rate to the questionnaires was appreciated. Approximately 43% of the selected suppliers and approximately 67% of the customers participated in external stakeholder engagement. In 2020 Brembo will continue the engagement process on which it has embarked, while also extending it to involve other stakeholders.

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

⁴ After assessment by the CSR Steering Committee the following topics were not considered material for the Group, for purposes of the 2019 materiality analysis: Protection of the soil from losses and contaminating substances; Protection of biodiversity; Conflict Minerals; Responsible selection of materials; Proximity to the reference markets for shared company-local area growth; Partnership with universities; Participation in system/sector initiatives.





The matrix includes the 17 most significant topics, considered by Brembo and its stakeholder, which are placed along two axes:

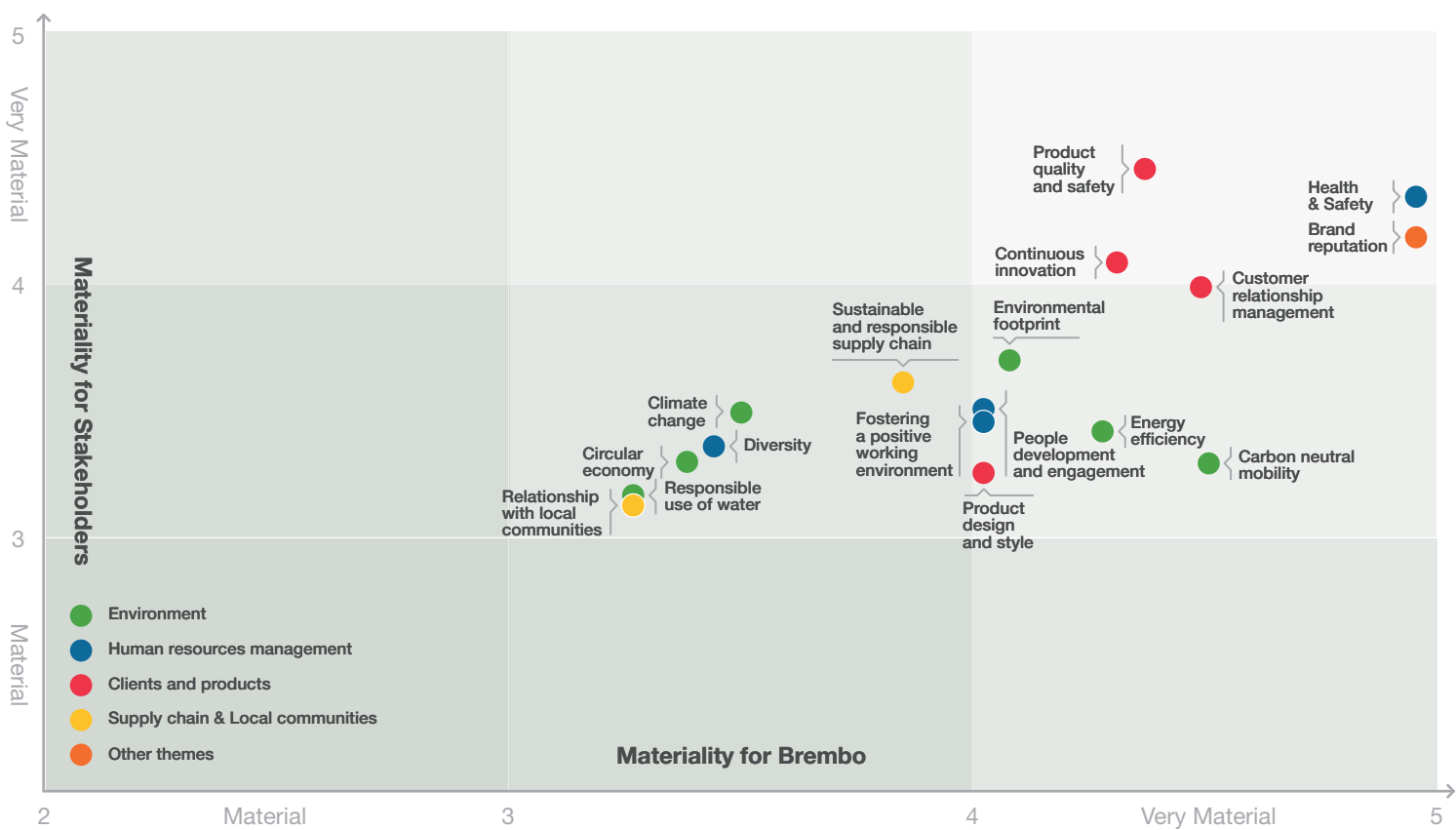
- ▶ the abscissa axis reflects the materiality of the Topics for Brembo;
- ▶ the ordinate axis reflects the materiality of the Topics for the Group's main stakeholders.

The 2019 Matrix was reviewed and approved by the Board of

Directors on 18 December 2019, following examination by the Audit, Risk & Sustainability Committee, in the meeting held on 12 December 2019.

The different colours of the Topics identify the stakeholder category most influenced by the various sustainability aspects.

The Matrix will be subject to constant updates to take account of rapid developments in the sector and international megatrends.



In 2019, the materiality confirmed once again how the continual promotion of ethical behaviours within the Group is an essential prerequisite for carrying out the company's operations built on the production of a safe and quality product. A product created from a process of continuous innovation, the result of the enhancement and development of the people working for the Group.

In particular, the strong relevance attributed to the **product quality and safety** topics became apparent after the interviews. In fact, these are two fundamental aspects for ensuring Brembo's competitive edge and meeting the numerous customer requirements. The priority attributed to these topics is also the result of a global legal scenario and market trends that emphasise the need for greater attention to be paid by companies such as Brembo to product quality and safety, together with a concrete commitment to the effective management of risks inherent in end consumer safety.

The topic of **health and safety** in the workplace continues to be important enough to Brembo to necessitate a structured approach consistent with the changes and trends in the relevant markets and the geographical diversification characteristic of the Group in operational and strategic terms.

The **brand reputation** topic, in terms of promoting its distinctive qualities and safeguarding the Group's reputation and value as a brand, is fundamental for a company that like Brembo strives daily to meet the public's expectations over time. In today's automotive industry, the Brembo brand is known worldwide as a symbol of beauty, guaranteed high technical performance and story-telling regarding its mission and history.

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

In this framework, promoting a constructive relationship capable

of placing customers at the heart of the Group's decisions represents an offshoot of the topic of **Customer Relationship Management**. Being capable of forming relationships based on trust and the exchange of best practices has enabled Brembo to grow over the years and offer its customers innovative solutions capable of meeting the demands of a constantly evolving market.

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

Environmental footprint



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

Energy efficiency



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

Climate change



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



Responsible water use



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

Continuous innovation



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

Circular economy



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

Product quality and safety



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

Carbon neutral mobility



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

Product design and style



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

Customer relationship management



Placing customers at the heart of the Group's decisions to understand and anticipate their present and future needs and to respond and promote the joint development of innovative new solutions in technological areas that have yet to be explored. Safeguarding the relationship of trust created with the customer, putting in place all the organisational safeguards required in terms of transparency and protection of privacy.

Sustainable and responsible supply chain



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



Relationship with local communities



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

People development and engagement



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

Diversity



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

Health and safety



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

Fostering a positive working environment



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

Brand reputation



Guaranteeing Brembo brand's distinctive features and protecting Group's reputation and brand value through a business approach respectful of principles of ethics and transparency.



2.6 The 2030 Agenda: Sustainable Development Goals and priorities for Brembo

The global agenda for sustainable development and SDGs

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

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

In order to make a tangible contribution to the implementation of the Global Agenda, the UN members states set themselves 17 shared sustainable development goals, with 169 targets to be reached by 2030. "Shared goals" means that all countries and all individuals are called upon to contribute, drawing up

their own sustainable development strategy and involving all components of society. An active role is therefore also required from businesses, which can use their resources and skills to make a fundamental contribution to achieving the SDGs. In 2018, Brembo has identified the links between the priorities defined in the materiality matrix and analysed their impact on each of the Global Agenda's goals. From a long-term perspective, Brembo confirms again that it can contribute to the achievement of the following SDGs: SDG 4, SDG 6, SDG 8, SDG 9 SDG 12 and SDG 13.

Aware of its global innovator role, Brembo decided to endorse the 2030 Agenda, advocating the sustainable development guidelines for all 17 goals. In accordance with international best practice, Brembo has identified the links between the priorities defined in the materiality matrix and analysed their impact on each of the Global Agenda's goals.

SUSTAINABLE DEVELOPMENT GOALS



Learn more

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



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

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Environmental footprint							●					●	●				
Energy efficiency							●		●		●	●	●				
Climate change							●		●				●				
Responsible use of water						●								●			
Circular economy												●		●			
Carbon neutral mobility									●		●		●				
Customer relationship management									●			●					
Continuous innovation						●			●			●	●				
Product quality and safety			●						●								
Product design and style									●								
Diversity					●					●							
Fostering a positive working environment			●	●				●									
People development and engagement				●	●			●		●							
Health & Safety			●					●									
Sustainable and responsible supply chain	●		●					●	●			●	●			●	●
Relationship with local communities		●	●	●				●	●	●	●					●	
Brand reputation																●	●

The “We Support SDGs” project is a further sign of the Group’s desire to take an active part in achieving the goals of the 2030 Agenda.

We Support SDGs: the choice to spread a culture of sustainability

In line with the indications of the SDGs Compass — a guide for companies in implementing the 2030 Agenda — Brembo believes that its commitment to achieving the Sustainable Development Goals must begin with spreading and promoting the SDGs to all Brembo’s people. This conviction gave rise to the “We Support SDGs” project, designed to spread knowledge of the goals and raise awareness regarding sustainable actions. The first step in this direction was circulating the 2019 Brembo calendar, which contains images and slogans illustrating each of the 17 Goals, to all personnel worldwide.

The communications campaign continued in June 2019 when Brembo announced its projects relating to the various SDGs by distributing pamphlets translated into the languages spoken in the various countries in which the Group operates to all Brembo people.

There are two types of pamphlets:

- ▶ goal pamphlets: these describe the goal and daily actions

that all personnel can take to become a spokesperson for sustainability in their company and private lives;

- ▶ project pamphlets: these are Brembo initiatives that contribute concretely to achieving the targets for each goal.

These pamphlets, which are also available in video form, are circulated via the Group’s main internal and external communications channels, such as the company Intranet, institutional site and social channels.

The message that the Group wishes to send can be summarised by the quote: “Alone we can do little. Together we can do a lot.” Each of us is fundamental to building a sustainable tomorrow, and Brembo wishes to get its people involved so that they feel they are a part of this project. To date goals 6, 11, 14 and 15 have been explored, corresponding to: ‘Clean Water and Health and Hygiene Services’, ‘Sustainable Cities and Communities’, ‘Life Under Water’ and ‘Life on Land’. The campaign will continue in 2020 and conclude in spring 2021.



3. Organisational structure

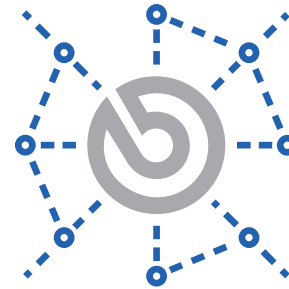
An organisational **model** capable of **tackling** environmental, social and **governance** issues, according to a **global**, coherent, rigorous vision.





3.1 Corporate Governance Model

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

**1,726**

Number of people
trained on ethical
topics

**36%**

Proportion
of women
on the BoD

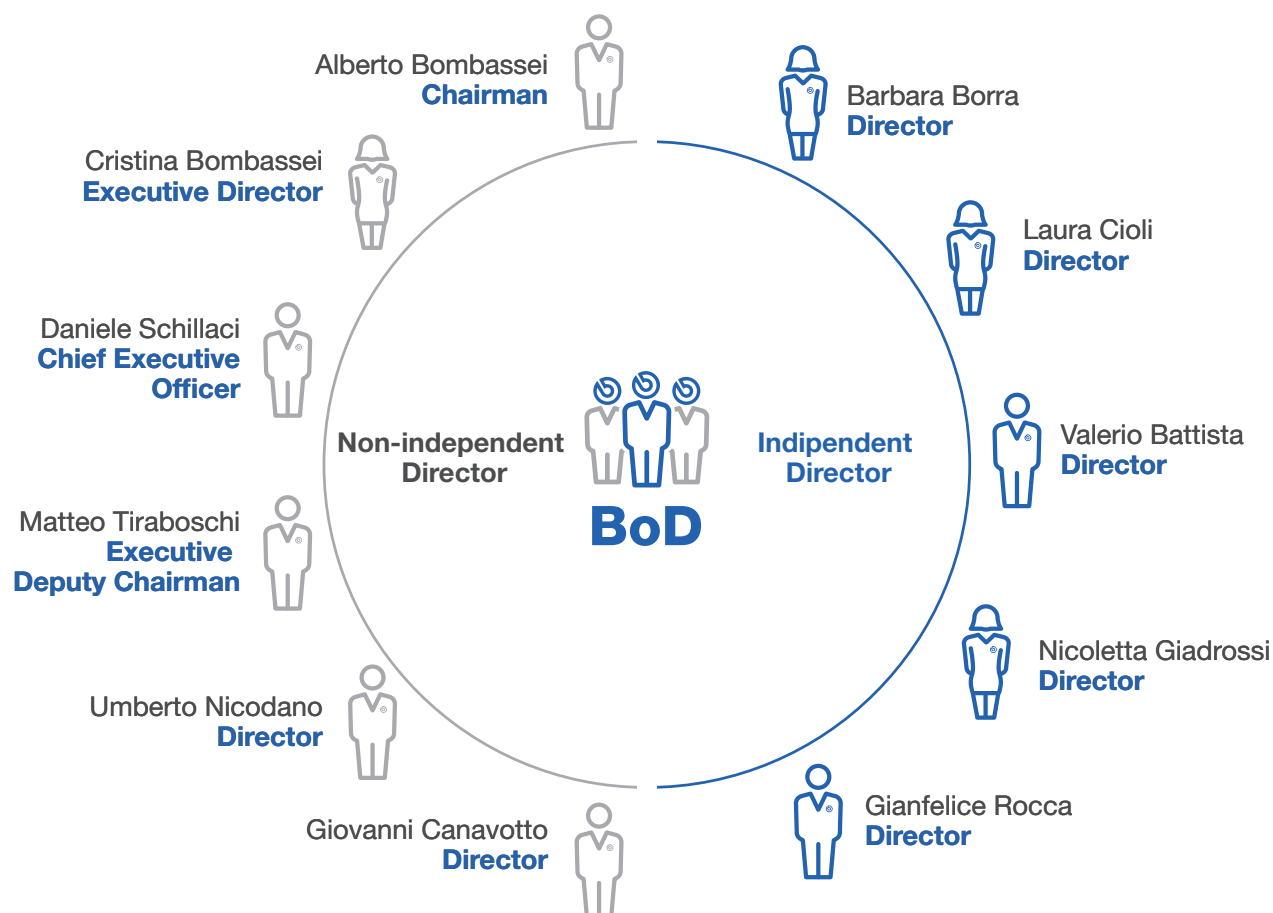
**7**

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

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

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





► Shareholders' Meeting.

It is the Body through which corporate intentions are forged and expressed for subsequent implementation by the Board of Directors. It comprises Brembo's shareholders and meets regularly to pass resolutions according to the formalities and on matters defined by the law, as well as by the Company's By-laws; the most important duties of the Shareholders' Meeting include selecting members of the Board of Directors and the Board of Statutory Auditors, as well as approving the Financial Statements for the year.

► Board of Directors (Board).

This is the Governing Body that steers the Group and is responsible for managing the Company, except for any matters that fall within the scope of the duties fulfilled by the Shareholders' Meeting. The Board of Directors is responsible for providing strategic and organisational guidance for the company and the Group, verifying the adequacy of the organisational structure and the fitness of the checks needed

to monitor the company's and the Group's progress. The functions and duties described in Article 1 of the Corporate Governance Code also fall into the BoD's remit and include assessing the types and levels of risk that are compatible with Brembo's strategic goals, including from the point of view of the mid-to-long-term sustainability of the company's activities. The Board of Directors is also responsible for analysing, sharing, approving and monitoring the annual budgets and strategic, business and financial plans. It is also tasked with ensuring sustainable growth in the medium-to-long term through an adequate control and risk management system, including risks having an impact on sustainability, in addition to the utmost transparency towards the market and investors, with a particular emphasis on material changes in business prospects and situations of risk to which the company is exposed.

Every quarter, the Board of Directors examines, assesses and monitors the management performance, the Group's strategic operations, the report of powers granted, the strategic projects and industrial plans, the Group's growth strategies with related



risks, as well as the suitability of the Internal Control and Risk Management System, the Governance and Compliance System and Brembo's significant operations.

Moreover, the Board of Directors defines annually the Remuneration Policy for Executive Directors, other Directors holding special offices and Key Management Personnel⁵.

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

- defining a remuneration system based on ethics, quality, proactivity, belonging and enhancement, and able to both attract and retain human resources who, thanks to their talent and excellent professional skills, can successfully manage and operate within the Company;
- motivating those resources to achieve increasingly challenging performance targets in view of a constant improvement, also through the adoption of incentive schemes designed to orient them towards the fulfilment of strategic business objectives,

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

The Shareholders' Meeting on 18 April 2019 approved the amendment to Article 6 of the By-laws, introducing — pursuant to Article 127-quinquies of TUF - the increased voting right mechanism. The amendment aims to foster stable and loyal ownership by promoting medium/long-term investment in Brembo's share capital in order to support the Group's organic and non-organic growth, as detailed in the Illustrative Report to the Shareholders' Meeting.

hence creating value in the medium-to-long term and aligning the management's interests and shareholders' expectations.

The current Board of Directors, which was appointed by the Shareholders' Meeting held on 20 April 2017, is made up of 11 members and will remain in office for the 2017-2019 three-year period, i.e. until the Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2019.

With regard to the composition of the Board of Directors, it should be noted that, as announced in the press release issued on 3 May 2019, following the resignation of Andrea Abbati Marescotti from his position as Chief Executive Officer and the ensuing waiver of all related powers as of 1 July 2019, the Board of Directors of 28 June 2019, in compliance with Article 2386 of the Italian Civil Code, co-opted Daniele Schillaci and appointed him Chief Executive Officer, vesting him with all related powers. The Ordinary General Shareholders' Meeting held on 29 July 2019 confirmed his appointment through to the end of the term of the current Board of Directors, i.e., until the approval of the 2019 Financial Statements.

The Company's By-laws thus provides for the allotment of two votes for each share belonging to the shareholder requesting to be registered in the Special List — maintained and updated by the Company — provided that the said share is held for a period of no less than 24 subsequent months starting from the date of its registration in such Special List. At 31 December 2019 only a few shareholders were registered in the Special List for the entitlement to increased voting right; to date, none of these benefit from the entitlement since 24 months have not yet elapsed since the date they were registered in the same List.

⁵ It should be noted that Brembo, with the support of its advisors, is monitoring the state of progress of the document put out for consultation by CONSOB for enacting the enabling law contained in Legislative Decree No. 49 of 10 June 2019 which adopted the directive on shareholders' rights (directive 828/2017, hereunder the "Directive", which amended previous directive 2007/36/EC), involving changes to the content of the Remuneration Policies and the Report.



Diversity Policies and Criteria for the Board of Directors

Individual competence and a diverse 'team' mix within the BoD constitute one of Brembo's governance system's main performance indicators. For this reason, ensuring a high level of quality and complementarity in the Directors' professional skillset and personalities is deemed necessary.

Brembo's Board of Directors approved the Board of Directors' Diversity Policies and Criteria, applicable with effect already from the Board's 2017-2019 term of office, which provide for new criteria, based on as objective a foundation as possible, in addition to those established by applicable laws and regulations, relating to the professionals to propose as candidates in order to ensure that the composition of the Board of Directors is adequate to the Group's size, position, complexity and the specific nature of its business sector and strategies.

These criteria, reported in the Regulations of the Board of Directors and incorporated in the Brembo S.p.A.'s Corporate Governance Code, and as described below, aim at ensuring the appointment of Board members who have an optimal combination of skills and professional background and form the diversity policies for the Governing Body's composition not only with regard to gender, but also experience, professionalism, age and other relevant aspects, as mandated by Article 123-*bis*, paragraph 2, letter d-*bis*), of TUF, in addition to being in line with the recommendations introduced in July 2018 by the Corporate Governance Code of Borsa Italiana.

In light of evolving statutory and regulatory provisions and the need to maintain ever higher levels and skills in the governing body, and in view of the renewal of the corporate offices planned for the General Shareholders' Meeting called to approve the 2019 financial statements (23 April 2020), in 2019 the Board of Directors re-examined the aforesaid Regulations, particularly with regard to the diversity criteria, and confirmed, with the favourable opinion of the Remuneration & Appointments Committee, that the Regulations of the Board of Directors are in line with best practices, ruling:

- the raising of the age limit for Independent Director candidates to 75, also in order to broaden the selection base to candidates with skills and standing recognised both at

national and international level and particularly qualified in the professional, managerial and business world;

- adjustment of the minimum quota reserved to the less represented gender in the corporate bodies introduced by Law no. 160⁶, of Law 27 December 2019, whose Article 1, paragraphs 302-303, provides for;
- the three-year term of office to be extended to a longer term of six years (without however specifying whether the latter includes the first three already spent or not);
- at least 2/5 (no longer at least 1/3) of the members of the relevant governing or control body to be reserved for the less represented gender.

It should be noted that in conducting the annual assessment of the size, composition and functioning of the Board of Directors and its Committees Brembo availed of the services of independent external advisors. With regard to the Board Performance Evaluation activity for the 2017-2019 period relating to the Board of Directors, it was found that all Directors meet the requirements established by applicable laws and regulations in force for the office and both qualitative and quantitative Additional Criteria set out in New Art. 2.C.3 of Brembo S.p.A.'s Corporate Governance Code. In detail:

- at least one third⁷ of the Board of Directors consists of the less-represented gender;
- the size of the Board is assessed positively by all the Directors, with a few open to eventually increasing the number of independents;
- the composition of the Board of Directors is an adequate mix, including in terms of diversity of skills, age groups and seniority of service, size, positioning, complexity, the specific nature of the Group's sector and strategies, which, additionally, represents a fundamental requirement for effective, competent management of the business.

For more information about the diversity criteria for the Board of Directors as defined by Brembo please refer to the 2019 Corporate Governance and Ownership Structure Report.

⁶ 2020 Budget Law – which applies from the first renewal of the governing and control bodies of companies listed in regulated markets after the law enters into force, i.e. after 1 January 2020.

⁷ Minimum quota of the less-represented gender in the corporate bodies of listed companies (Law Golfo-Mosca), in force at the date of appointment of the Board of Directors for the three-year term 2017-2019.



As required under the Corporate Governance Code, Brembo set up, within the Board of Directors, the Remuneration & Appointments Committee and the Audit, Risk & Sustainability Committee. The roles, composition and functioning of all Committees are defined in specific Regulations fully implementing the principles and criteria set forth in the latest edition of the Corporate Governance Code of Borsa Italiana - 2018 version.

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

At the end of its induction period Brembo offers to the members of the Board of Directors the option to engage in personalised

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

The induction programme sessions carried out in 2019 dealt with a detailed analysis of the Company's strategic market positioning and the new trends concerning products, production and development processes, and digital transformation of the automotive sector. Specifically, issues discussed included the trend of the automotive sector, the update of organic and non-organic growth strategies and M&A transactions. During the Board Meeting, Chief Legal and Corporate Affairs Officer also provided, by way of induction, detailed information on new laws and regulations of interest to Brembo, together with special documentation drawn up by the Legal and Corporate Affairs Department, included in documents relating to each meeting, with regard to the Crisis Code, the SHRD II, the impact for the Company and the Modern Slavery Act.

Composition of the Board of Directors and Board Committees at 31 December 2019

Position	Members	Year of birth	Seniority of service ¹	In office since	In office until	List ²	Exec.	Non exec.	Indep. as per Code	Indep. as per TUF	Attendance rate at 2019 meetings ³	No. of other offices held ⁴
Chairman	Alberto Bombassei	1940	21.12.84	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X				100%	–
Executive Deputy Chairman	Matteo Tiraboschi	1967	24.04.02	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X				100%	–
Chief Executive Officer	Daniele Schillaci	1964	28.06.19 (co-opt.)	01.07.2019	Approval of the Financial Statements at 31.12.2019	M	X				100%	–
Director	Cristina Bombassei	1968	16.12.97 (co-opt.)	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X				100%	–
Director	Giovanni Canavotto	1951	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		x ⁶			100%	–
Director	Barbara Borra	1960	29.04.14	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		X	X	X	100%	2
Director	Laura Cioli	1963	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		X	X	X	100%	3
Director	Nicoletta Giadrossi	1966	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	m ⁵		X	X	X	100%	3
Director	Umberto Nicodano	1952	03.05.00	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		X			100%	3
Director (LID)	Valerio Battista	1957	20.04.17	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		X	X	X	90%	2
Director	Gianfelice Rocca	1948	29.04.11	20.04.2017	Approval of the Financial Statements at 31.12.2019	M		X	X	X	70%	9

Directors who left office in 2019

Chief Executive Officer	Andrea Abbati Marescotti	1964	06.06.11 (co-opt.)	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	x				86% ⁷	
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Number of meetings held during the year of reference (2019)

Board of Directors: 10



Audit, Risk & Sustainability Committee

Position	Members	Members	Attendance rate at meetings ³
Director	Barbara Borra	X	100%
Director	Laura Cioli	X(Chair)	100%
Director	Nicoletta Giadrossi	X	100%
Director	Umberto Nicodano		
Director (LID)	Valerio Battista		
Director	Gianfelice Rocca		
Number of meetings held during the year of reference (2019)		Audit, Risk & Sustainability Committee: 7	

Remuneration & Appointments Committee

Position	Members	Members	Attendance rate at meetings ³
Director	Barbara Borra	X(Chair)	100%
Director	Laura Cioli		
Director	Nicoletta Giadrossi	X	75%
Director	Umberto Nicodano	X	75%
Director (LID)	Valerio Battista		
Director	Gianfelice Rocca		
Number of meetings held during the year of reference (2019)		Remuneration & Appointments Committee: 4	

NOTES

- ¹ This column shows the date on which the Director was appointed by the General Shareholders' Meeting as a Director of Brembo for the first time; 'co-option' means the date of co-option by the Board of Directors.
- ² This column indicates the list from which each Director was appointed ("M": majority list; "m": minority list).
- ³ This column shows the Directors' attendance rate at the meetings held by the BoD or Board Committees in 2019 (No. of times attended/No. of meetings held during the Director's actual term of office).
- ⁴ This column shows the number of Directorships or Auditorships held in other relevant companies (thus excluding Brembo) listed on regulated markets, including foreign markets, financial companies, banks, insurance companies and large companies. Said information can be obtained from their respective statements.
- ⁵ The candidature of Director Nicoletta Giadrossi was submitted by a group of Shareholders representing 0.515% of the share capital, directly during the General Shareholders' Meeting held on 20 April 2017.
- ⁶ In April 2019, Director Giovanni Canavotto left the office of System Division Chief Operating Officer, although retaining his role on the Company's Board of Directors until the natural end of his term of office. The management powers connected with his executive role have therefore been revoked, which qualified him as a Non-Executive Director.
- ⁷ Attendances refer to the period when the Director was in office during 2019, namely from 1 January 2019 to 30 June 2019.



**► Board of Statutory Auditors.**

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

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

annual and consolidated accounts and the independence of the statutory auditors.

The Board of Statutory Auditors of Brembo is made up of three Acting Auditors and two Alternate Auditors, all appointed by the Shareholders’ Meeting on 20 April 2017, based on list voting procedures; the Chairman of this Board is drawn from the minority list. All members of the Board of Statutory Auditors satisfy the eligibility, integrity and professionalism requirements laid down by the law. In addition, the Acting Auditors shall be chosen from persons who qualify as independent as per provisions of the Corporate Governance Code.

Board of Statutory Auditors

Position	Members	Year of birth	Date of first appointment	In office since	In office until	List	Indep. as per Code	Attendance to Board of Statutory Auditors' meetings in 2019	Attendance to Board of Directors' meetings in 2019	Weight of other offices held
Acting Auditors										
Chairwoman	Raffaella Pagani	1971	29.04.2014	20.04.2017	Approval of the Financial Statements at 31.12.2019	m	X	100%	90%	4.71
Acting Auditor	Alfredo Malguzzi	1962	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X	100%	90%	N.A.
Acting Auditor	Mario Tagliaferri	1961	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X	100%	100%	4.51
Alternate Auditors										
Alternate Auditor	Myriam Amato	1974	29.04.2014	20.04.2017	Approval of the Financial Statements at 31.12.2019	m	X	–	–	–
Alternate Auditor	Marco Salvatore	1965	29.04.2014	20.04.2017	Approval of the Financial Statements at 31.12.2019	M	X	–	–	–
Total number of meetings										
Number of meetings held during the year of reference (2019)							Board of Statutory Auditors: 10	Board of Directors: 10		



Diversity Policies for the Board of Statutory Auditors

When the Company's Boards were renewed for the period 2017-2019, the outgoing Board of Directors provided the guidelines to the Shareholders for the assessment of the new members of the Board of Statutory Auditors, with reference to the experience and professionalism of candidates, in order to ensure an adequate diversity within the Control Body

In addition to current legal and regulatory requirements, with the update of Brembo S.p.A.'s Corporate Governance Code as of 7 November 2018, Brembo's Board of Directors introduced new diversity criteria, including gender-related ones, aimed at ensuring that the composition of the Board of Statutory Auditors is suitable for the Group's size, positioning, complexity, industry-related aspects and strategies.

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

- minimum quota reserved to the less represented gender determined in accordance with the laws and regulations in force at the time of approval⁸;
- record of honouring shared ethical principles;
- overall experience of at least three years in professional or academic endeavours closely related to the Company's business; or

► Independent Auditors.

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

The management and development of the governance system is founded on a number of responsibilities, related to a system of procedures, practices and activities designed not only to meet legal requirements, but also to make the governance system effective as a whole.

- experience gained in an executive position at bodies operating in sectors closely related to the Company's business; or
- experience gained in a governance or control role at companies in Brembo's sector and of the same size for a suitable period.

With reference to the current composition of the Board of Statutory Auditors, its self-assessment activity showed that:

- all the statutory auditors meet the regulatory and legal requirements for the membership of the Board of Statutory Auditors, and also meet both qualitative and quantitative Additional Criteria established by the new Article 8.C.3 of Brembo S.p.A.'s Corporate Governance Code;
- the composition of the Control Body is an adequate mix of skills and at least one third⁹ of its members belongs to the less-represented gender.

For more information about the Board of Directors' diversity standards as defined by Brembo, please refer to Brembo's Corporate Governance Code (Article 8., c.3), at https://www.brembo.com/en/PrincipiCodici/Manuale_CorporateGovernance_2019_EN.pdf

For this purpose the following tools are also in place at Group level:

► Delegation of Powers.

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

It is an integral part of Brembo's Internal Control and Risk Management System and is used as a tool for management, oversight and supervision, including with regard to Legislative Decree No. 231/2001, because it permits:

⁸ For the three-year term 2017-2019, the Golfo-Mosca Law applies: No. 1/3. For the three-year term 2020-2022, the 2020 Budget Law applies: 2/5, without prejudice to the rounding-down criterion to the next lower unit provided for in the case of company bodies composed of three members.

⁹ Minimum quota for the less-represented gender in the bodies of listed companies, pursuant to Articles 147-ter, paragraph 1-ter, 147-quater, paragraph 1-bis, and 148, paragraph 1-bis, of Legislative decree No. 58 of 24 February 1998 (Consolidated Law or TUF) as introduced through Law No. 120 of 12 July 2011 (Golfo-Mosca Law), in force at the date of appointment of the Board of Statutory Auditors in office.



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

► Governance model of subsidiaries.

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

3.2 Responsible business management system

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

In order to promote a Group's prevention policy, Brembo has implemented an integrated global compliance system, adopting a system of tools which apply to the entire Group (Brembo Corporate and Compliance Tools¹⁰) designed to ensure a high ethical standard. The Code of Ethics is the mainstay of this system, but the Code must be read and interpreted together with the documents considered essential for the development and dissemination of the Group's core values. These include the Anti-bribery Code of Conduct, the Code of Basic Working Conditions, Brembo's Policy on Non discrimination and Diversity and other codes of conduct, policies, procedures, guidelines and organisational provisions existing today. These documents meet the requirements of Legislative Decree No. 254/2016, which requires information to be provided on the policies implemented by the business for managing the impact of its activity in non-financial environments.

- **Code of Ethics.** This Code sets out the behavioural standards that must be adhered to by all those who, for whatsoever reason, work on behalf of Brembo, in order to support sustainable growth and protect the company's reputation, in compliance with the principles shared on a Group level, applicable laws and best practice, encouraging the understanding of and respect for diversity in countries where Brembo operates, and fostering a real culture of integrity with

all the company's stakeholders. The third edition of the Code of Ethics, approved by the Board of Directors in December 2016, is available in the local languages of the Countries where Brembo operates.

- **Anti-bribery Code of Conduct.** This Code is aimed at maximising transparency, clarifying permissible behaviour, ensuring strict compliance with anti-bribery regulations in force in all countries in which Brembo operates and by any person who, in any capacity, work for Brembo, maintaining the highest standards of integrity. It also defines, inter alia, Brembo's policy on giving and receiving of gifts, hospitality and entertainment, the free provision of goods and services for promotional or public relations purposes, financing to political parties, donations to charitable organisations. Any amendments to the Anti-bribery Code is submitted for approval to the Audit, Risk & Sustainability Committee, the Supervisory Committee and the Board of Directors.

The second edition of the Code was approved by Brembo S.p.A.'s Board of Directors in July 2017 and circulated to all Group employees.

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

- **Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.** Brembo adopted its own Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter "231 Model"), approved by the Board of Directors and applied to Brembo

¹⁰ The Brembo Codes of Conduct and Policies are available for public consultation at <http://www.brembo.com/en/company/corporate-governance/codes-policies>



S.p.A., compliant with Confindustria's Guidelines on Organisational Models, which is an integral part of the Internal Control and Risk Management System. The 231 Model is made up of:

- a General Section illustrating the Company's profile, the regulations of reference, the purpose of the 231 Model and the ways in which it is constructed, the recipients, the Regulation of the Supervisory Committee, as well as the disciplinary system and the measures to be implemented in terms of staff training, dissemination, and amending and updating processes;
- several Special Sections focusing on specific types of offences which — in light of Brembo's profile and business operations — could, in the abstract, be committed within the company; these sections define the principles of conduct and preventive measures that the Company has adopted;
- Sensitive Activity Analysis Sheets that can be broken down by offence and sensitive area, and provide the following information: (i) description of the underlying Offence; (ii) description of the Sensitive Area at risk of commission of the aforesaid underlying Offence; (iii) persons involved in the Sensitive Activity; (iv) Control Environment; (v) description of the Controlling & Prevention Measures in force.

The Model was updated in order to include, on the one hand, the management instruments and any penalties for the infringement of the measures to protect whistleblowing parties and, on the other hand, the definition of the instruments for the control and management of the formal communication channels to be used to report any infringements to the Supervisory Committee. In 2019, the company updated the list of underlying offences to reflect the legal developments in the interim¹¹ and reformulated the requirements of autonomy and independence applicable to members of the Supervisory Committee in order to ensure constantly ever higher levels of knowledge and experience among members of this body with regard to the business in which Brembo operates.

► **Brembo Compliance Guidelines.** These summarise the main rules of conduct and main control principles indicated in the Special Sections of the 231 Model which the Subsidiaries are required to adopt to prevent crimes within the meaning of Legislative Decree No. 231/2001 from being committed. They prevent from criminal liability being transferred to Brembo S.p.A. and its subsidiaries and corporate liability being transferred from the Subsidiaries to the Parent. They are approved by the Board of Directors.

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

► **Procedure for Related Party Transactions—Conflicts of interest.** The purpose of the Procedure is to ensure the transparency and the substantive and procedural propriety of Related Party Transactions that are not concluded at arm's length, with a view to safeguarding the company's higher interests. In fact, a conflict of interest exists when a personal interest or activity interferes or could interfere with Brembo's task. According to the Group's Code of Ethics, any situation that could generate a potential or actual conflict of interest must be communicated to the immediate superior of the person concerned. The Guidelines set out procedures to ensure that decisions taken at any level are not influenced by personal interests and/or relationships, but are in the exclusive interest of Brembo; similarly, commercial agreements are to be signed or continued solely on the basis of objective criteria, including quality, price and reliability of the business partner in question.

¹¹ "Provisions implementing the delegation principle of reservation of criminal law" (published in March 2018 - entered in force on 6 April 2018). Law No. 3 of 9 January 2019 (published in the Official Journal No. 13 of 16 January 2019 and effective as of 31 January 2019), which introduced the offence of influence peddling. Law No. 39 of 3 May 2019, which introduced the offence of fraud in sporting competitions.



Brembo has assessed the impact of Legislative Decree No. 49 of 10 May 2019 which transposed into Italian law the Directive EU 2017/828 (the so called “Shareholders’ Rights II”) on related parties and is expecting implementing regulations to be issued by Consob to implement any necessary amendments to the Procedure (reference legislation — Legislative Decree No. 49/2019, Article 1).

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

No legal action relating to unfair competition, antitrust and monopolistic practices were reported in 2019.

- ▶ **Privacy Policy.** Approved by Brembo’s Board of Directors on 8 May 2018, this policy outlines the core principles for the protection of Personal Data. More specifically, the Policy provides detailed instructions directed at all the Group’s employees and contractors in relation to the handling of personal data, in compliance with the European General Data Protection Regulation 679/2016/EU. This document also identifies the parties and functions involved in the processing of Personal Data, their specific roles and responsibilities. Furthermore, the Group has established the dedicated email address privacy.italy@brembo.it, which stakeholders can use to bring any policy breach or any request for additional information relating to Personal Data protection to the

attention of the Group’s Data Protection Officer (DPO). The dedicated email is present in each European country where Brembo has a subsidiary; in any case, only the DPO and authorised personnel has access to it. In 2019 as well, the DPO’s Annual Report was submitted to the Board of Directors and, on that occasion, the adequacy of the Company to the GDPR was deemed appropriate.

In 2019, there were no reported instances of data protection breach or customer data leaks at Brembo.

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

When defining this Code, the Group was inspired by the main international sources and standards, including the United Nations Universal Declaration of Human Rights, the Tripartite Declaration of Principles concerning Multinational Enterprises, the ILO’s Social Policy and the Guidelines for OECD Multinational Enterprises.

The publication of this document, which expresses Brembo’s attention and commitment to employee protection and local development, has enabled the Company to involve its own supply chain in this process and disseminate its own way of doing business ethically in accordance with the values set out in Brembo’s Code of Ethics. In 2019, the Code was updated to include the issues associated with human trafficking and modern slavery.

- ▶ **Policy on non discrimination and diversity.** Through this policy, Brembo recognises and promotes the positive value of diversity and demonstrates its commitment to combating any form of discrimination, based on gender, race, colour, religion, creed, age, ethnic origin, national origin, civil status, pregnancy, disability, sexual orientation or any other characteristic or personal condition, within the context of all working relations. In particular, Brembo undertakes to ensure that all people have an equal opportunity to access work, services and programmes irrespective of personal characteristics not related to performance, competence, knowledge or qualifications.

- ▶ **Modern Slavery Statement.** In accordance with the contents of the British Modern Slavery Act 2015, Brembo S.p.A. published



its Modern Slavery Statement in July 2019. Said statement was adopted for Brembo S.p.A. and for some of the Group Companies concerned by the requirements specified in the legislation (Brembo Poland Sp. z o.o. and Brembo Czech s.r.o.). It should be noted that the Company AP Racing, wholly controlled by Brembo S.p.A., has already prepared and approved its own Statement for 2018 and published it on its own website. The Statement describes the organisation, sensitive areas and actions and measures adopted by the Company to ensure the absence of any form of “Modern slavery, forced labour and human trafficking” both in respect of its own employees and those of the supply chain.

- ▶ **Supply Chain Policy.** Issued and published at the end of 2017 on the company’s website, the new version of the supply chain management policy expresses Brembo’s commitment to selecting potential suppliers that are able to supply products and services in line with the Group’s approach to quality and customer satisfaction. The criteria and methods of selecting and interacting with the suppliers are designed to ensure that components purchased are of adequate levels of quality and reliability, and also that the related environmental aspects are managed correctly.
- ▶ **Environmental Policy.** It constitutes a statement by Brembo of its full endorsement of sustainable development principles, substantiated by its commitment towards minimising the use of non-renewable resources, and keeping the use of renewable ones within the limits of their regeneration capability. In its capacity as a global and responsible corporation and by means of its Environmental Policy, Brembo wants to direct its activities through tangible steps towards a development model which strikes the right balance between economic and financial objectives and social and environmental responsibility, across the entire value chain.
- ▶ **Supplier Code of Conduct.** Published in 2017, it summarises the principles contained in Brembo’s sustainability policy, with which the Group’s suppliers are required to comply. The signing of the Code is an essential prerequisite to register onto the “Brembo Supplier Portal”. This entails for suppliers a commitment towards adopting the same sustainability behaviours defined by the Group, and to transpose them into

their own supply chain. Additionally, the Code contains the guidelines for the control and monitoring of the implementation of sustainability principles by suppliers. In 2018, the Supplier Code of Conduct was published in the suppliers’ section of the Group’s website: <https://www.brembo.com/en/company/suppliers/supplier-policy>. Moreover, the Supplier Code of Conduct has replaced the Code of Basic Working Conditions in the list of annexes to the General Terms & Conditions of Purchasing that Brembo requires all suppliers to observe and that are included in every purchase order it issues. In fact, Brembo inserts in contracts with its business partners specific references to the Ethical Code of Conduct, Model 231 and the Supplier Code of Conduct mentioning the ethical and anti-corruption principles adopted by the Group and including withdrawal clauses should the other party be accused of predicate offences contemplated by Legislative Decree No. 231/2001.

- ▶ **Quality Manual.** This constitutes an important tool to guide and direct corporate processes towards quality improvements. It describes the general organisational criteria and the corporate policies towards quality by laying down the core operational principles of every process involved. The Quality Policy, a document expressing Brembo’s commitment towards Customer Satisfaction and continual improvement, constitutes an integral part of the Quality Manual. It lays down the main quality goals which, besides customer satisfaction and continual improvement, include constant product, service and internal process innovation, furthering the development and the engagement of suppliers into innovation and continual improvement processes, as well as the satisfaction of all employees by promoting the development of skills and encouraging professional growth.
- ▶ **Health, Safety and Environment Manual.** This sets out Brembo’s commitment to a continual improvement in performance in the health and work safety area within the Group. It contains the principles, which are made public on the company’s website, through the Safety & Environment policy and the main goals related to these aspects, such as improving workplace health and safety, through integrated planning of the phases of each individual process, with the goal of minimising all risks for workers.





Principles for safety and environment management

- Prevention of risks to workers is implemented through appropriate management of the substances and processes combined with correct operation, maintenance and control of machinery and equipment.
- Training and information are the main ways in which to inform workers about the principles, guidelines of the Management System for Workplace Health and Safety, and ways in which it is implemented.
- Brembo's propensity to reduce the residual risks of its business is also demonstrated by its open, effective communications with people and organisations outside the company.
- Suppliers and contractors need to be involved with the Safety Management System in order to reduce the risks of operations carried out at industrial plants.
- Health, individual and collective safety are essential prerequisites: they steer the company's decision-making processes and individual behaviour.
- Involvement of all employees on a wider scale is an essential factor in continuing to improve processes and services as far as Workplace Health and Safety is concerned.

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

► **Supervisory Committee.** Made up of 3 members, the current Supervisory Committee was appointed in the General Shareholders' Meeting on 20 April 2017 called upon to appoint the new Corporate Bodies. It will continue to serve until the end of the term of office of the Board of Directors, thus until the approval of the 2019 Financial Statements. In accordance with Brembo's 231 Model concerning the requirements for members of the Supervisory Body (autonomy, independence, integrity and professionalism), best practices and case law on this subject, the Supervisory Committee's members

were identified amongst persons complying with the above mentioned requirements, as well as with specific inspective and advisory skills. Its Chairman is external to the company's organisation. The task of the Supervisory Committee is to monitor, receive and report to the Board any irregularity or breach of the Organisation, Management and Control Model, adopted pursuant to Legislative Decree No. 231/01 by Brembo S.p.A., as well as breaches of the Code of Ethics and Anti-bribery Code of Conduct, which apply across the Group. A body with a similar function has also been set up in the Spanish company Corporación Upwards 98 S.A. in accordance with local legislation. All members meet the requirements of autonomy, independence, integrity and professionalism aimed at ensuring continuity of action and an effective and efficient implementation of the Model.

Supervisory Committee

Position	Members	Year of birth	Date of first appointment	In office since	In office until	Indep. as per Brembo S.p.A. 231 Model	Attendance to Supervisory Committee's meetings
Chairman	Alessandro De Nicola	1961	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	X	100%
Independent Director	Laura Cioli	1963	20.04.2017	20.04.2017	Approval of the Financial Statements at 31.12.2019	X	100%
Internal Audit Director of Brembo	Alessandra Ramorino	1968	29.04.2008	20.04.2017	Approval of the Financial Statements at 31.12.2019		100%

► **Internal Audit.** It ensures the performance of independent, objective assurance and financial advice activities aimed at improving the organisation's efficacy and efficiency. Internal Audit is tasked with assisting the Group in achieving its objectives through a systematic professional approach

oriented towards providing value-added services in all areas within its purview, to achieve ongoing improvement. It is also charged with verifying and assessing the operability and suitability of the Group's Internal Control and Risk Management System, in a manner consistent with the



implementing Guidelines and Policies approved by Brembo's Board of Directors.

- ▶ **Group Legal and Corporate Affairs Department.** It draws up and executes programmes for preventing and mitigating the Group's administrative and criminal liability, also with reference to anti-bribery and antitrust issues.
- ▶ **Group Human Resources and Organisation Department.** It receives and ensures that reports about the Code of Basic Working Conditions and the Policy on Non Discrimination and Diversity are analysed and handled correctly.

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

- ▶ **Whistleblowing procedure.** Designed to establish and properly manage direct communication channels for the timely reporting of any breaches or irregularities concerning the Organisation, Management and Control Model, the Code of Ethics or other provisions of Brembo's codes of conduct.

In line with Whistleblowing Law 179 dated 30 November 2017, the Group's whistleblowing procedure is structured in such a way as to guarantee the confidentiality of the reporting person and of the information received, as well as the validity of such information. More specifically, the Supervisory Body ensures suitable levels of protection against anyone whistleblowing in bad faith, banning this type of behaviour, and informing the individuals or organisations involved in instances of proven bad faith. Furthermore, the procedure states that anonymous whistleblowing complaints will be taken into consideration only when properly substantiated and supported by facts. Under the Whistleblowing Procedure, any breaches, behaviours or practices not complying with the requirements of the anti-corruption Code of Conduct must be reported directly to the Supervisory Committee, using one of the channels made available by the Procedure itself. All stakeholders have the option to report any cases of breach and irregularity, through the dedicated email organismo_vigilanza@brembo.it without fear of potential reprisals that such a report or any further related investigations could generate. In 2019, there were no corruption-related complaints reported within the Group.

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

The training campaign on the bribery theme was launched in January 2012 (through an on-line course on Model 231/01, which includes a special part dedicated to this subject) and included classroom sessions (following adoption of the first edition of the Anti-bribery Code – November 2013). The training programme for topics relating to ethics, antitrust, anti-corruption, compliance with Model 231/01 and GDPR also continued in 2019 involving 16% of company personnel, more than twice that of the previous year. In particular, the total number of resources who have received anti-corruption training is 691, i.e. 6% of the entire workforce (including 41 managers and 650 employees).

As far as Board members are concerned, the basic compliance training (including antibribery) is carried out routinely at the start of the term of office and specific matters are examined in subsequent years of the three-year term. In 2019 these focused on topics such as strategy, product diversification and cyber risk. Moreover, as of 2018 Brembo promoted the delivery of class-based training sessions held by the Data Protection Offi-



1,726

Brembo People

received training in 2019 regarding Ethics, Antitrust, Anti-bribery compliance with the 231 Model, and privacy.





cer about the new regulatory principles established by the new General Data Protection Regulation (GDPR). These courses saw the participation of Brembo's Privacy reference persons, in their capacity as key players in the practical and operational handling of Personal Data processing across the different functions and companies within the Group. In 2018, Brembo also provided specific training to ICT Department employees on the subject of privacy and data protection. As of January 2019, the Group launched an e-learning course module about GDPR open to all the Authorised Personnel of Brembo S.p.A.

and La.Cam. S.r.l. The course has been extended to all the Group's European companies, who are implementing it with the necessary local adjustments.

Antitrust training is an integral part of the company training scheme that is planned on an annual basis (Brembo Academy) and is constantly updated based on any requirements and needs that might arise. Brembo has also organised specialised training sessions for the Performance Group and Aftermarket sales functions, with a particular focus on distribution contracts.

3.3 Internal Control and Risk Management System

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

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

Organisational Structure

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

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

- **Internal Audit** has the task of ensuring, on the one hand, that Brembo carries out the risk assessment and management procedures adopting a risk-based approach; on the other, it serves to identify, manage and control possible negative events, in order to provide reasonable certainty about the achievement of the Group's objectives.

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



Risk Management Policy

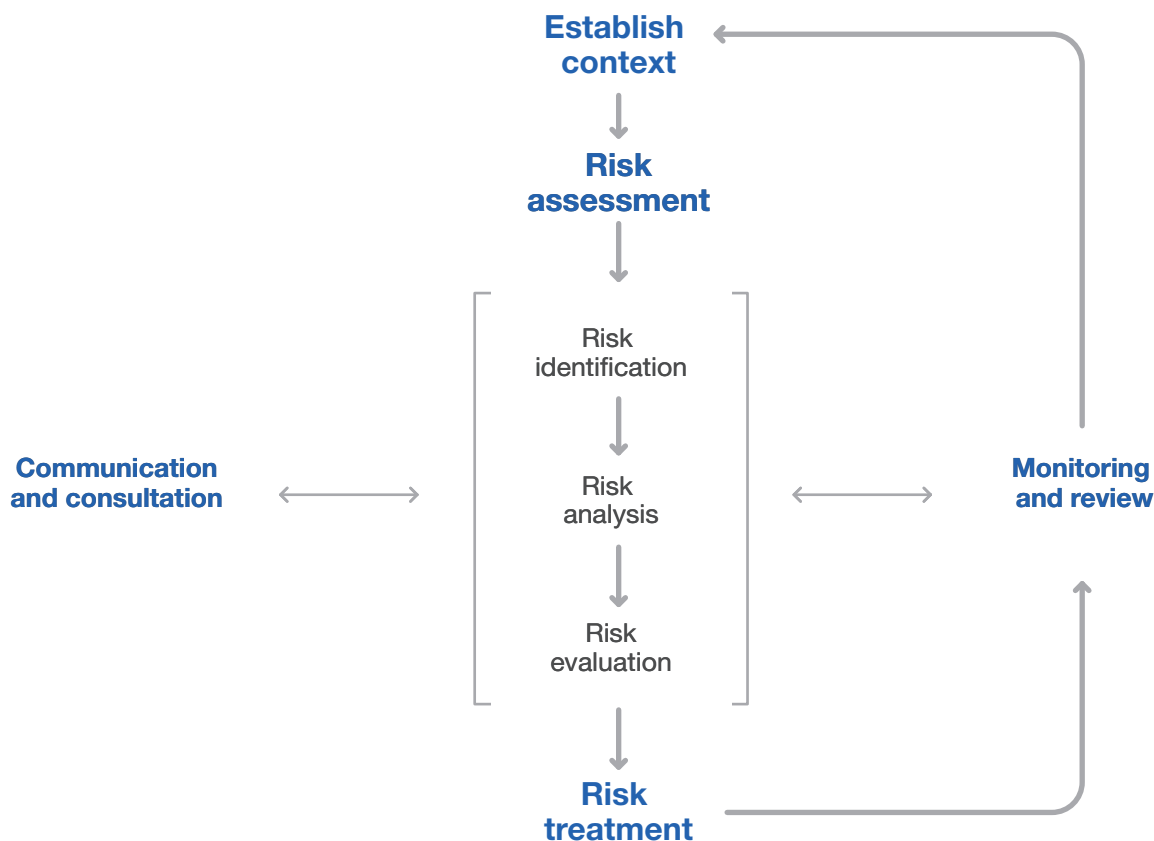
A **Risk Management Policy** based on **ISO standard 31000**, approved by the Board of Directors, which establishes the Group's general direction and policies relating to risks, risk management and harmonisation of processes. The risk management policy pursues a variety of aims, including:

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

Risk Management Procedure

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

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



- **Risk identification:** designed to identify the sources of risk, events and their causes, identifying the respective areas of impact and potential consequences, to create a complete risk catalogue including those in the areas covered by Italian

Legislative Decree No. 254/2016: relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, relevant for and pertaining to the Company's activities and characteristics.



- **Risk analysis:** designed to assess the risks by determining the likelihood of occurrence and the impact, using exercises and simulations identifying possible scenarios, causes and potential consequences, considering any cascading (domino effect) and/or cumulative effects.
- **Evaluation:** designed to support the decision-making

processes by identifying risks that need to be treated and the related priorities for action or implementation.

- **Treatment:** designed to select one or more options for changing risk exposure, both in terms of impact and probability of occurrence, and to implement such options through specific action plans.

Risk Model

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

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

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

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

Legislative Decree No. 254/2016

During 2019, Brembo continued along its development path designed to reinforce its Sustainability Model and comply with the non-financial statutory disclosure requirements, introduced with Legislative Decree No. 254/2016. Brembo has updated the risk assessment in the Sustainability area, using the assessment criteria aligned with the Group's risk management methodology. Set out below are the main risks identified by Brembo, as well as the mitigation measures put in place to date and the future objectives for managing them.

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

Brembo pays particular attention to compliance with the environmental requirements specified in legislation of Countries where it operates, with a particular focus on atmospheric



emissions, waste management and water discharges. It participates in local committees, through membership of trade associations and uses specialist consultancy services, so as to identify new regulatory trends and comply promptly with the new regulations. Brembo also carries out regular audits to check that its production sites are in compliance with environmental requirements. The Group adopted an Environmental Risk Management System, an integral part of the Environmental Management System certified to ISO14001:2015. Finally, with the aim of making this management system more robust, the Environment and Energy Department has assessed and approved the purchase of ORME, a specially developed software that will be implemented from 2020.

Finally, recent years have seen an increase in the importance and likelihood of occurrence of risks related to climate change and the consequent worsening of extreme atmospheric events (for example floods and tornados) which may affect the Group's production sites and cause not only material damage and implications for production continuity, but also the potential dispersion of hazardous substances into the environment. To safeguard against such critical issues the Group is committed to starting a thorough monitoring of emerging studies on the matter, above in terms of assessment of such risks. In fact, based on TCFD recommendations, the Group is demonstrating a profound interest in wanting to manage its own exposure to the climate-related risk. The revolutionary reach of this methodology allows Brembo to provide its stakeholders, including investors, with increasingly effective and comparable information about the link between climate and the Group's financial impact.

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

In this regard Brembo requires its Direct Material suppliers to complete a self-assessment questionnaire about its commitment to the aforementioned topics. The completed questionnaires are then analysed by the Company Departments involved with the aim of ensuring a consistent assessment of suppliers and the related sustainability risk profile, also through a dedicated IT tool. In addition, Brembo involves a number of Direct Material

suppliers, selected based on the critical issues of the country and production process, in on-site sustainability audits. Finally, the Group requires its suppliers to develop and maintain an environmental management system compliant with ISO standards:14001 and to base their own conduct on the main international declarations and guidelines on mankind and human rights. In 2019, the percentage of Direct Material suppliers that completed the self-assessment questionnaire exceeded 60%.

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

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

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

- ▶ Brembo's commitment to safeguarding and promoting workplace **health and safety** translates into a thorough risk management process, through a continual analysis of the critical issues and adoption of a preventive approach. The Group is putting into place numerous mitigation measures. These include research into new load handling systems; testing of automatic systems within the sites; the dissemination of the LOTO (Lock Out Tag Out) procedure. The ongoing training and promotion of a culture of safety, health and ergonomics in all work environments is also key in the health and safety area.
- ▶ In the **personnel management** field some areas in which the Group operates feature a risk related to the availability of direct and indirect labour. Brembo constantly monitors the job market in the geographical areas of interest and periodically reviews the salary entry levels for the most critical roles. To help with the personnel search and selection process, the



Group employs specialist companies, as well as structured and strategic partnerships with the academic world, local research bodies and educational institutions, within a broader context of talent attraction and retention policies. Finally, targeted communication campaigns with a particular focus on certain reference markets have been implemented for the Brembo brand to maintain a high level of attractiveness as an employer.

To tackle the risk related to the growing automation and robotisation of the industrial processes introduced by technological innovation, Brembo carries out a periodic mapping of the skills of the professional manufacturing family, so as to identify the areas that, regarding the Industry 4.0 implementation plan, will be involved in targeted training pathways or will see development through the introduction of skills from outside. The Group continued the training campaign dedicated to all manual and clerical workers in the Italian production sites, which aims to promote and accustom the company's workforce with the new issues and skills considered necessary for the industrial digitalisation process. In order to expand the depth and reach of the training activities organised in the context of the Professional Academies, there is provision for the training offer in the technical-specialist area to be consolidated and renewed constantly.

Risks connected to corruption and regulatory compliance. This area includes risks related **to the entity's corporate liability** in the event of breaches of anti-corruption regulations with particular reference to the countries considered to be most critical. To mitigate this risk, Brembo has adopted instruments such as: the Organisation, Management and Control Model (pursuant to Legislative Decree No. 231/2001), which ensures transparent, ethical behaviour by employees and promotes a preventive Group policy; the Anti-Bribery Code of Conduct, adopted for the first time in November 2013 (approved and circulated to employees) and updated, in its second edition, in July 2017, supplemented with a special Addendum for China; the Supervisory Board; and, finally, an entities' administrative and criminal liability compliance programme in accordance with applicable local legislation of countries where it operates through subsidiaries. Brembo promotes the implementation of the general principles of conduct at all subsidiaries through the Brembo Corporate and Compliance Tools. The system of delegation of power and authority, which is based on the separation of powers and ensures the full traceability and

transparency of behaviour, in particular in cash transactions, is also an integral part of this system. The risk of corruption is also constantly monitored through regular audits. In addition, in order to spread and promote a culture of compliance and ensure the optimal dissemination and adoption of ethical values, specific training plans are conducted for all employees (in Italy and internationally) on general principles of conduct. 2019 reconfirmed Brembo's commitment to monitoring, updating and refining the compliance system in order to ensure maximum adherence to the regulatory changes in the Countries in which it operates.

Last year, an additional risk was added, in abstract terms, involving potential non-conformity with the General Data Privacy Regulation (**GDPR**), which came into force on 25 May 2018, with implications both in terms of possible administrative sanctions and the leaking of personal data relating to the Group's main stakeholders. To safeguard against this risk, Brembo has adopted and disseminated new policies containing data protection principles, acquired a Processing Record and defined suitable privacy-related roles and responsibilities within its own organisational structure, also providing for specific continual training activities. Finally, the Group has updated the clauses contained in the contracts, forms and documents about privacy.

Social risks. The very nature of the sector in which Brembo operates makes the **quality and safety of products** one of the major risks pertaining to the social sphere, with particular regard to **new and innovative products** that require specific know-how both during the supplier selection and assessment phase and during the production process. To best tackle such risks the Group has acquired a Quality Management System, featuring Guidelines common to all plants, in order to manage all phases of the production process (design, development and production) based on homogenous quality standards and indicators. Again in order to ensure maximum safety, Brembo carefully controls the supplier selection and monitoring process through supplier site visits to check their ability to meet the quality and process requirements.

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



the Group reinforced its structure responsible for managing work connected with developing new solutions in the area of mechatronics. Particular attention was paid to improving the quality of mechatronic products purchased from suppliers and monitoring the production processes. In particular, Brembo has developed a common **Quality Management Model for**

mechatronic products at Group level, conforming to ASPICE certification and consistent with ISO – 26262. Finally, mention should be made of the continuous benchmarking analysis carried out to allow the internal teams to identify and adopt the best market practices for consolidating and reinforcing the internal processes.



4. Brembo People

Awareness,
participation and
engagement.
Company culture
generates shared
knowledge and
authentic **human**
relationships.





4.1 A Group that grows with talented people, where passion becomes work

The more than 10,800 people who work for Brembo every day with dedication and passion represent the company's strategic wealth. Their knowledge and skills are the real competitive advantage behind the Group's ability to innovate and pursue excellence when manufacturing all its products.



+2.2%

Year-on-year
workforce increase



Over
250,000

Training hours
provided during
the year



100%

OHSAS 18001
certified plants

Growth, development and continual upgrading of the wealth of expertise are some of the pillars in Brembo's strategy.

Aware of the huge strategic value of People, Brembo works constantly to boost, on the one hand, the sense of belonging and the motivation of everyone who works for the Group and, on the other, to consolidate its image as a "best place to work", as witnessed by the places obtained in Employer Branding-related rankings, such as the 2019 ranking drawn by Universum which saw Brembo among the first thirty Italian employers in the STEM (Science, Technology, Engineering and Mathematics) field.

The Brembo brand's major ability to attract talented people, distinguished not only by their professional experience and abilities, but also by their passion, their upholding of the Group's values and their ability to work very effectively with others, is also reflected in the growth in the workforce recorded by the company during 2019, with a positive balance of 234 new staff compared to the previous year.

Brembo Group is thus able to rely on a dynamic highly professional and qualified team, with 73% of the workforce having achieved a mid-high level of education and over 24% having a university qualification, of whom more than 1,650 People, 15% of employees, trained in engineering or other technical-scientific disciplines.

Brembo is constantly looking for talents who stand out for their ability to make a personal contribution and develop in a continually evolving context, ready to tackle and anticipate the Group's future challenges. The company has structured a search and selection process, defined within the framework of the Group's specific Guidelines, also founded on the principles of diversity and equal opportunities, that allows each candidate's skills and value to be appreciated fully and without discrimination. It also works to offer its people a stimulating work environment with concrete opportunities for professional growth and job stability, also in dialogue with the trade union



10,868
Brembo
People



40.46
years:
Average age



+234
People. Headcount
increase in 2019



organisations where present. As proof of this commitment on the matter of employment more than 80% of staff are hired with an indefinite-term contract. In addition, the Group, consistent with the contents of the Code of Basic Working Conditions, applies

collective bargaining when the law or social system so require. In particular, as of today, 86.3% of the workforce is covered by a collective bargaining system.

People hired by geographical area¹² and gender (No.)¹³

Geographical Area	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Europe	582	144	748	152	600	138
America	454	96	475	113	434	128
Asia	282	59	317	49	308	27
Total	1,318	299	1,540	314	1,342	293

People terminated by geographical area¹² and gender (No.)¹³

Geographical Area	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Europe	347	86	532	99	569	100
America	174	30	333	78	390	102
Asia	110	25	184	34	422	32
Total	631	141	1,049	211	1,381	234

People hired and terminated by age in 2019

Age group *	Hired	Terminated
≤30 years	874	786
31-40 years	485	480
41-50 years	212	209
≥51 years	64	140
Total	1,635	1,615

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

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

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

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

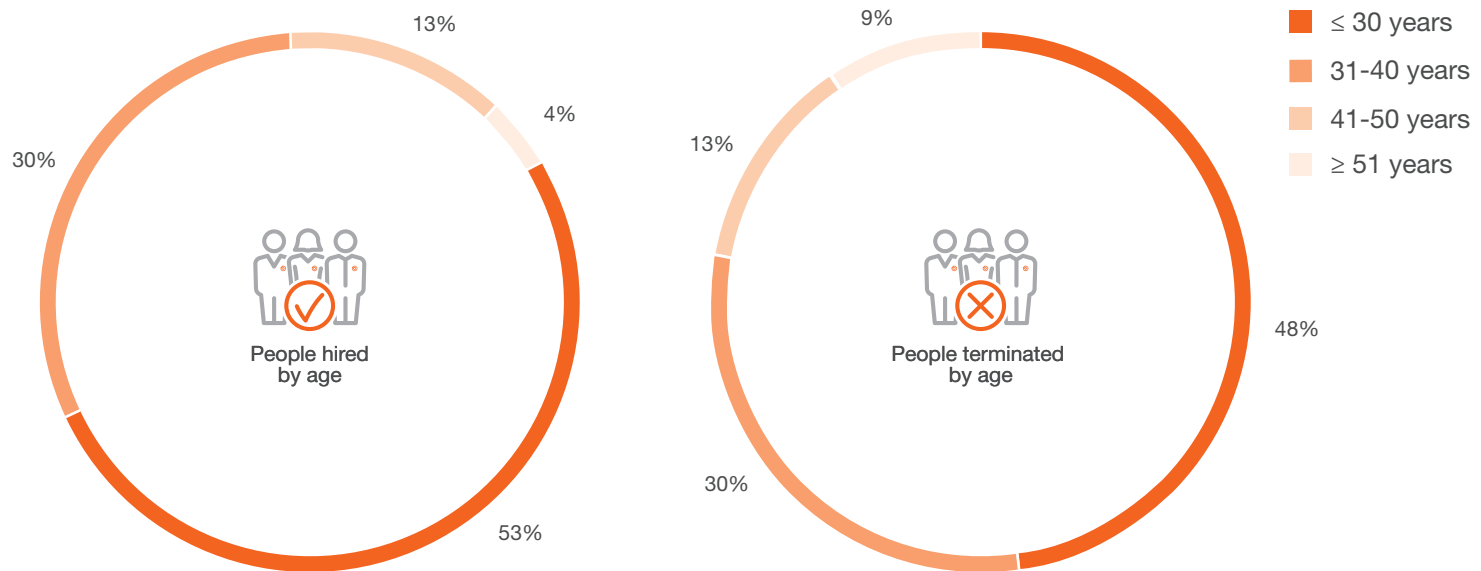
Asia: including China, Japan and India.

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





People hired and terminated by age



The turnover rates do not represent a critical issue for the Group, as the figures show. Sometimes, the new entrant turnover rate may show higher values than normal, for example due to the start-up of new plants. The Group does its utmost to apply a number of different strategies to tackle issues relating to talent attraction and retention, such as close collaboration with Educational and Training Institutions and Bodies and regular analyses concerning the Engagement Survey.

Non-financial reporting is seized by the Group as an opportunity to analyse consolidated annual data: if critical issues arise during this phase or at other times of the year, the resources in the Human Resources and Organisation Department allocated in the various organisational and/or geographical units are involved immediately. If the critical issue is confirmed, the various remedial measures are activated as necessary, in the broader context of the corporate events provided for by Brembo's annual Committee System.



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

Accademia del freno, Polytechnic University of Milan

Begonnen: Learn German with Brembo
Polytechnic University of Milan

Masters in Motor Racing Engineering,
Professional Datagest

Formula SAE Italy – Formula Electric Italy,
Student Competition

Student career Sponsorship,
within ESOP – Eurobrake – Europe's Braking
Technology Conference & Exhibition

As already mentioned, the Group believes that active collaboration with the higher education institutions (for example, including, amongst others, those in the Bergamo province, Italy), and the university institutions present in the various local areas where it operates, is a key part of its own talent search and selection process. In order to place itself as a point of reference for many talents, Brembo has set up structured and strategic partnerships with more than 35 Universities worldwide (including, amongst others, the most prestigious in Italy, Sweden, Czech Republic, Poland, the United Kingdom, the United States and Mexico). This heritage is mapped in detail through the annual structured "University Relations Mapping" process involving all the Group's companies.



Together with many of these Universities, Brembo takes part in multiple job fairs (in particular, with regard to Italy, Poland and Czech Republic), organises on-site visits (such as those made in Brazil, Italy, Poland and the United Kingdom), and promotes initiatives aimed at both making contact with those about to graduate and new graduates interested in the Group — informing them about the career opportunities — and fostering dialogue and contacts between the Company and the external context, local communities and the academic world.

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

In this regard, another activity that plays a major role in developing such synergies is the organisation of specific training paths during which Brembo's professionals and researchers make available their skills and experience to students. They do this both by giving students the opportunity to spend time in the company's laboratories on thesis, research or internship projects and by providing Brembo specialists to teach as part of certain specific training initiatives, such as the Accademia del Freno organised and run directly at the Polytechnic University of Milan.

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

In parallel, through a series of initiatives, the company offers its collaboration in matching job supply and demand (firstly, Brembo S.p.A.'s active participation in the We4Youth project, promoted by the Sodalitas Foundation). In fact, the Group takes an active part in the policy and management committees for the training offer of various universities (such as, inter alia, the Steering Committee of the Degree Course in Modern Foreign Languages and Literatures at the University of Bergamo), supports specific training/apprenticeship programmes (Politechnika Częstochowska in Poland and

Northants Engineering in the UK) and puts in place initiatives to support young people in actively approaching the world of work (group mentoring at the Milan Polytechnic University in Italy).

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

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

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

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

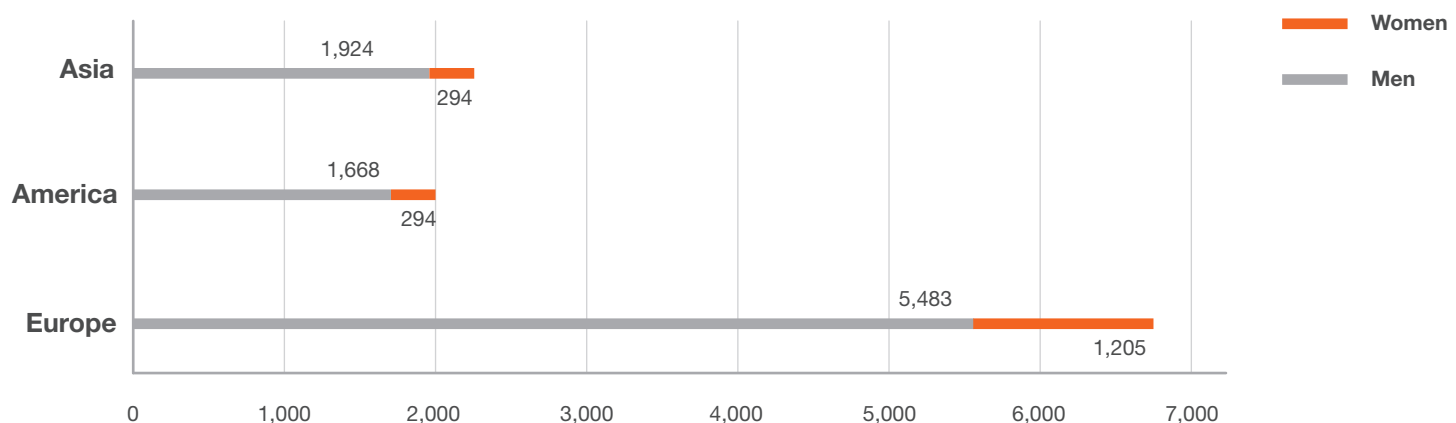


4.2 Different ways of being Brembo People

Brembo's well-established global presence means that the company operates in very different contexts in economic and cultural terms. And it is in the Group's nature to consider this diversity as one of its strengths. Brembo works daily to promote and enhance a culture that, since recruitment, values internal diversity, fostering an environment in which everyone's point of view, voice, individuality and specific skills count and where everyone can not only feel an integral part of Brembo, but also contribute to the Group's success.

An awareness of the value and the opportunities arising on diversity has led Brembo to create a highly multicultural team in which out of 100 Brembo People, 31 work in Italy, 20 in Poland, 14 in China, 10 in Mexico, 9 in the Czech Republic, and 6 in the United States and India, while the remaining 4 are distributed between Brazil, the United Kingdom, Spain, Japan and other countries.

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



Personnel changes by geographical area compared to 2018

+ 39 Europe

- 37 America

+ 232 Asia

As far as gender differences are concerned, men make up the predominant percentage of the total workforce. In fact, 84% of employees are men against a female component of 16%, which also reflects some of the intrinsic characteristics of the Automotive jobs market. The female component is in any case in line with the previous year and is more significant amongst clerical staff, representing 25% of the workforce in

this category.

Brembo also promotes the integration of different age bands, giving a voice to the young and valuing the competencies of senior staff. More specifically, the distribution of People by age band sees 25% under 30 (included), 32% between 31 and 40, 29% between 41 and 50 and 14% over 51.

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

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

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

Asia: including China, Japan and India.



Brembo's focus on diversity and inclusion also takes shape in the recruitment into the company of people with disabilities, in accordance with the rules and practices laid down in applicable legislation. In particular, 145 people with disabilities were working in the company at 31 December 2019.

In brief, the promotion of diversity in the broader sense of the word is a priority for Brembo. This is expressed through a respect for codes and internal policies, as well as through the construction of special training paths included in the broader context of the Group's training offer dedicated to management and employees. In fact, in order to make a concrete contribution to improving the level of awareness and understanding of this topic, the Group's own training offer provides support and assistance to people through various types of initiatives, both ad hoc, and relating to matters of diversity in the broader context of leadership paths,

with a particular focus on the roles of intermediate managers. This is without overlooking the role of individual contributors, namely every employee who, although not responsible for a team, can and indeed must contribute to maintaining work environments that encourage the promotion of diversity. More specifically, a particular emphasis has been placed on diversity in terms of gender, cultural background, generational membership and finally personal characteristics. In this context, it is important to report that energy and resources were invested in 2019 to renewing the two key training packages for Brembo Academy both for managers and - indeed - for professionals.

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

People by age and gender (No.)

	2017			2018			2019*		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
≤ 30 years	2,000	351	2,351	2,274	361	2,635	2,400	357	2,757
31-40 years	2,709	555	3,264	2,874	584	3,458	2,828	627	3,455
41-50 years	2,240	553	2,793	2,381	605	2,986	2,489	610	3,099
≥ 51 years	1,254	175	1,429	1,365	190	1,555	1,358	199	1,557
Total	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868

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

People by classification level and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	475	59	534	467	65	532	478	77	555
White-collar workers	1,845	653	2,498	2,036	685	2,721	2,017	688	2,705
Blue-collar workers	5,883	922	6,805	6,391	990	7,381	6,580	1,028	7,608
Total	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868

STEM in Pink

Brembo has participated in the work of the 'STEM in Pink' project group (albeit still in an embryonic state) of Confindustria Bergamo, for the promotion of workshops focused on the topic of women in business and guiding young female students towards technical-scientific degree courses. The proposal stems from

the desire of certain major companies in the area to reinforce the recruitment of female staff and to dispel preconceptions in favour of gender parity. This falls within the broader 2019-2020 Orientation Plan of the Ministry of Education, Universities and Research -Regional Education Office for Lombardy.





A further sign of Brembo's commitment to developing an organisation that is as multicultural and as aware of local issues as possible, as well as deeply-rooted on the local territory, starting with the managerial team, is that the clear majority of local managers at all Group Companies comes from the local area: out of 555 Brembo managers in the different countries, 91% were born in the country where they are working.

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

In order to monitor the effective implementation and the respect of the Code of Basic Working Conditions and the Policy on Non Discrimination and Diversity, beside the protection by the Human Resources and Organisation Department and the related management safeguards present in the organisational units in the rest of the world, as well as the presence of the institutional Whistleblowing channel, a specific mechanism has been put in place to gather any reports on behaviour that does not comply with company policies, including a dedicated email address working_conditions@brembo.it, accessible from both inside and outside the company. Another channel for reporting, investigating and/or managing these issues is the usual upward hierarchy within the company, including the meetings provided for by the Brembo Agenda as part of the Brembo Committee System.

In this regard, an episode that the reporting person considered to



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

be possible workplace discrimination was brought to Brembo's attention in 2019. The events linked to the aforesaid episode were duly examined and no factors were identified that could be related to discrimination. The internal enquiry was therefore concluded with no grounds to proceed and no action was taken.

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

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

In this area the Group offers its employees the option to subscribe to part-time working schemes, which were taken up, in 2019, by 271 employees, of whom 81% were women.

Brembo People with part-time contracts by gender

2017			2018			2019		
Men	Women	Total	Men	Women	Total	Men	Women	Total
57	200	257	49	211	260	52	219	271



As far as family is concerned, over the year Brembo organised social events for employees, when personnel together with their family members are invited to take part in workplace visits and entertainment. These events were organised in numerous countries, including Brazil, India, Poland, Czech Republic, and the UK. In addition, in Italy Brembo runs the "Brembo Kids" programme for its staff with school-age children. As part of this project the Group has set up a recreational centre on the Stezzano site, which operates during the school summer holidays and offers facilities and services suitable for children aged from 3 to 11. The centre involves the children in fun and educational activities structured around programmes where they try out different art forms with the aim of stimulating their creativity and teaching them how to share their ideas with others. In Czech Republic the "Open Doors" initiative was organised for local communities close to the production site. Again regarding improvements in the balance between professional life and personal/family life, Brembo is promoting various initiatives for the benefit of its employees, such as for example revising Saturday work shifts in India, and the ensuing reorganisation of the latter over only 5 working days out of 7.

One of the other initiatives that it is interesting to report is the smart working project at Brembo S.p.A. started on a trial basis at the end of 2019. The initiative was given the name of "Bsmart" and involves 150 people from different organisational units and company sites. The pilot project, lasting six months, gives the option of working from home one day a week, with flexible working hours between 8 and 20, providing employees with a greater degree of flexibility and autonomy in the choice of spaces, hours and tools to be used in their jobs, against a greater focus on results and responsibilities. At the end of the trial, the Group will decide, where possible, on how to extend the initiative. Again during 2019, in line with the CCNL (National Collective Employment Contract), the company's new welfare WEA was rolled out, which, through the dedicated Internet platform, offers Brembo employees the possibility of using various types of services (for example education, transport, welfare), and enabling them from this year to add their production bonus to their own welfare portfolio and thus enjoy preferential tax and contributions treatment for these amounts.

Many health-related initiatives have also been promoted: from continuation of accreditation WHP (Workplace Health Promotion) in Italy (and all the correlated initiatives, including the Sportello di educazione alimentare), sports in Italy (Brembo Ski), Poland (football, running and volleyball teams) and the Czech Republic (Brembo CUP and Children's Day) and the publication of a book of fairytales about Health and Safety topics in the Czech Republic ("Storia di una goccia di alluminio"). These are in addition to education and training initiatives conducted in India on domestic safety (so, well outside the business scope) and HIV transmission, in Mexico, Poland and the USA on damage from tobacco, as well as the prevention of breast cancer in Brazil and again in Mexico.

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

Brembo North America: raising funds for charity

Brembo North America promoted the charity initiative "Memorial Heart Walk", as part of the initiative organised by the American Heart Association on 11 May. The non-competitive 5 km walk was held at Eastern Michigan University. Many of Brembo North America's staff took part, also to honour the memory of a colleague who died the previous year, at just 47 years of age, due to a cardiac problem. The Plymouth staff raised a significant sum in total.





4.3 Training and development of skills

For Brembo, being able to rely on competent trained people means having the measure of the value that each employee personally contributes to achieving the common goals. It is for this reason that the Group aims to ensure continuous professional training and development with the aim of developing a special portfolio of talent in various geographies or professional families, developing potential and expanding the skills of its employees, whilst respecting the company's values and strategy. The Group also promotes the training of people able to experiment and innovate and tending strongly to the future, able to anticipate market trends, promote continual product and service innovation and offer customers high-quality solutions.

Thus the Group defined training programmes structured so as to respond to the training requirements of the entire corporate population, ensuring a differentiated and inclusive offer, designed to involve the different professional families on all levels. Employees are given access to a number of specific tools

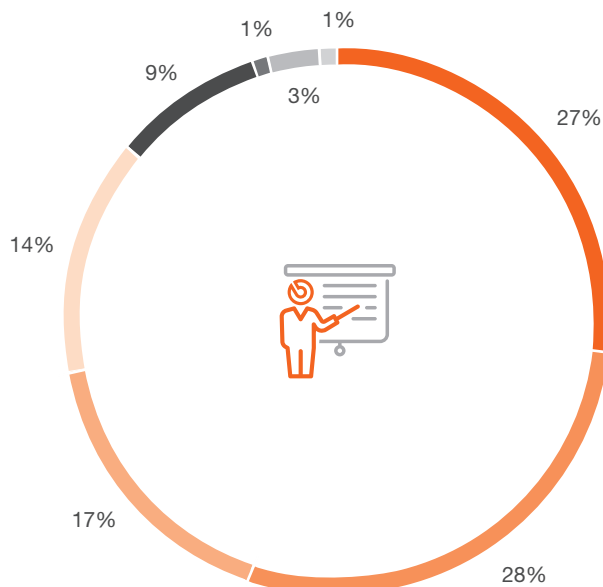
(individual or group coaching paths) as well as personal support programmes to complement the training and development offer. In 2019, on average each employee received 23 hours of training, with this figure reaching an average of 38 hours per year for white-collar workers, around 28 hours for managers and around 18 hours for blue-collar workers. Over the course of the year, 28% of people participated in training about human rights and the associated procedures (Code of Ethics included), for a total of more than 5,645 hours.



Over 250,000
hours of training
provided in 2019.
In 2018: over 240,000

Over 97% of training
hours was delivered
in classrooms

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



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



Average hours of training by classification level

	2017	2018	2019
Managers	29	30	28
White-collar workers	38	37	38
Blue-collar workers	12	17	18

Average hours of training by gender

	2017	2018	2019
Men	20	23	24
Women	17	20	21

Average hours of training by employee

	2017	2018	2019
	20	23	23

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

defines the methods and organises the various phases of the process, starting with identifying the annual training needs of the corporate population.

More specifically, Brembo defines the annual training plan based on a survey of the specific areas and topics which individual organisational units believe need to be analysed in more depth, also taking account of the views expressed in the Brembo Managerial Competencies Model and Technical Competencies Libraries, where — such as for example in the case of Manufacturing and ICT functions — the technical competencies required within specific professional families at global level are mapped and formalised, also in the context of other company projects and processes relating to Digital Transformation.

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

Lifelong Learning

As proven by numerous university and economic studies and researches, training and learning are fundamental requirements for people's personal and professional development, not only when they start their employment experience, but right through their career. It is for this reason that the Group has promoted various training projects to ensure that employees are kept up to date on given areas of cutting-edge skills and that all employees receive ongoing retraining, including those more experienced.

For example, as far as Italy is concerned, Brembo launched its own Lifelong Learning Hub in 2018, following the entry into force in the National Employment Contract for the Metalworking sector of mandatory "Lifelong Learning" for all workers covered by the contract, through the legal provision of 12 hours training for 2018 and the same number for 2019. This is a dedicated lifelong learning initiative which aims to provide the foundations for understanding Industry 4.0 and involving about 1,900 employees every year. The programme during 2018 involved

Italian employees only and the Group is examining the possibility of expanding the programme into other sites worldwide.

2018 already saw some of these sites organise entire weekly intensive training sessions that, as well as touching on specific topics, introduced employees to the actual Lifelong Learning concept and allowed them to see first-hand the importance of each person's proactive attitude in the continual process of learning and employability.

Finally, promoting lifelong learning and improving work-life balance is a further action level in this area. The Group is working to facilitate and support Executive Research Doctorates under employment contracts in Italy and On-Site degree programmes in the USA (in collaboration between the Spring Arbor University, for Associates, Bachelors, MBA and Masters in Management and Leadership programmes, and Brembo, including in terms of tuition reimbursement), as well as provide scholarships in Italy and Brazil to employees who, as well as working, are following advanced study programmes on their own behalf.





Finally, in the past year the Group's Training and Development catalogue was further enriched (both regarding managerial and technical-specialist topics), and presented in a simpler form featuring increased accessibility and immediacy of consultation. Included in the broader framework of personal development and skill enhancement designed to support the Talent Management and Succession Planning system in place within the Group for years, it is focused on several annual phases that, following

completion of the Performance Reviews in the different Countries worldwide, leads every geography, business area and function to create its own Talent Portfolio, which is later consolidated centrally by the Development Committees attended by Top Management. The catalogue currently offers 130 different subject titles (in addition to those in the Environment Safety area), allowing the user to find the desired course interactively using a tag and keywords.

Fostering knowledge sharing among the Brembo Group's competence centres



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

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

What is more, the coverage of the Brembo Production Laboratory System or BPS Lab programme, developed at the Curno site (Italy), was expanded on a global level in the past three years. Most of the Group personnel were given the opportunity to attend training courses in a classroom located in different countries and created specifically to make it possible to carry out practical experiments that simulate production processes, with the objective of improving their technical skills in accordance with Brembo Production System criteria. Moreover, learning programmes related to the Brembo Production Development System can be found within the training offer. These cover both the development process for

the phases, responsibilities and interactions that take place during a project and the FMEA process for preventing and eliminating all possible faults during the product development phase. And this is in addition to the Design-to-cost programme, designed to increase competences and tools to support the design process, in order to develop new products whilst at the same time continuing to be highly aware of the cost target. Finally, looking to the future, the training paths also include courses dedicated to Additive Manufacturing technology to inform its employees of the innovative industrial process that creates physical products designed digitally with software and fabricated by 3D printing machines.

The Brembo S.p.A. Academy has been confirmed in the Lombardy Region register for operators accredited for Education and Professional Training services, and so can provide such services — also in a publicly recognised manner — as well as lifelong, permanent, qualifying and specialisation courses. Finally, 2019 saw Brembo S.p.A.'s Brembo Academy being awarded 1st place in the "Markets and Competitiveness" area for the LifeLong Learning Hub in the 5th year of the Adriano Olivetti Prize organised by AIF (Italian Trainers Association).

The same importance is attached to the internal wealth of expertise and skills also in China, through a structured training curriculum delivered by in-house trainers in the product, technologies, Brembo production system, Quality System and financial areas, with 33 sessions having been run already since its launch in only July 2019.



4.4 Professional growth through recognition of merit

The individual performance and professional development assessment plans represent important levers for ensuring continual improvement and the permanence in Brembo of talents and skills, providing People on the one hand with well-defined career developments and on the other with the certainty of being able to build their own professional pathway within the Group.

Given the importance attributed by Brembo to the assessment of people's performance and development, the Group has defined special processes at world level, designed to regulate the performance management and assessment flows, as well as define special management tools. These processes are representative of Brembo's Human Resources Management Model, which is based on measures of performance, competencies, potential and motivation.

In addition, the System for professional development and for recognising each person's contribution to the Group's success is based on the constant sharing of business expectations with employees, defining expected performance and accurately assessing the results achieved during the year.

A wide variety of qualitative-quantitative objectives may be

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

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

In 2019, over 82% of Brembo People (83% of men and 79% of women) were included in a periodical and structured performance assessment process, with a rate of 81% for both blue-collar workers and managers, and 87% for white-collar workers.

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

	Men	% on total men	Women	% on total women	Total	% on total
Managers	379	81%	52	80%	431	81%
White-collar workers	1,795	88%	566	83%	2,361	87%
Blue-collar workers	5,191	81%	765	77%	5,956	81%
Total	7,365	83%	1,383	79%	8,748	82%

* Data refer to the 2018 performance assessment process ended in April 2019 and refer to workforce at 31 December 2018.

In order to further promote the personal and professional development of its people, Brembo is encouraging the use of internal mobility tools, allowing employees to access new job opportunities within the Group through the Internal Job Posting which, where present, advertises worldwide open positions

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





4.5 Safeguarding workers' health and wellbeing

For Brembo safety does not mean just ensuring its braking systems' reliability; it is also about promoting the value of safety across all its manufacturing sites. A principle that is reiterated through organised management of workplace health and safety aspects, capable of meeting the needs of all interested parties in a positive and concrete manner: employees, suppliers, public bodies and the local community. Brembo's organisation cooperates and works to ensure that all individuals can access the work environments in complete safety.

To guarantee the highest health and safety standards for their own people, Brembo has adopted an increasingly structured approach oriented to achieving this objective, especially with regard to workplace health and safety, which also takes into account the challenges and peculiarities linked to the Company's geographical diversification. In accordance with local legislative requirements, Brembo takes into account all the company processes connected with the production plants, personnel and contractors who have access to all the structures as well as the contracted out services. For an effective management of these issues the Group has issued a special Workplace Health and Safety Policy outlining the guidelines followed by Brembo. The document, which was signed by Brembo's Chairman, has been distributed to all the Group's employees and contractors and was made available on the corporate Intranet to provide all those interested — customers and suppliers — with detailed information about optimal behaviour to be adopted, thus privileging preventive actions and aiming at ongoing improvement.

The Health and Safety Policy contains the principles set out in the OHSAS 18001 standard, which acquires concrete expression both at a Group and local hub level in the workers' Health and Safety Management System, as well as in procedures and operating instructions, which are subject to external certification.

To ensure the full and effective implementation of the policy's provisions, the Group voluntarily submits to regular independent third-party audits to verify that said Management System has been effectively implemented at all the different manufacturing sites. Furthermore, at local level all manufacturing sites undergo a

third-party statutory yearly audit to verify and ensure compliance with applicable laws and regulations in every country where the Group operates.

Health and Safety audit results and annual performance verification, activity planning and medium-/long-term goal setting are entrusted to the Health & Safety and the Manufacturing committees which meet on a six-monthly and four-monthly basis, respectively. The meetings are also attended by the Chief Executive Officer, top managers and relevant plant managers. Moreover, on a site level, in keeping with rules established by the Group, committees or work groups meet to discuss aspects of health and safety. All the workers are represented in these groups.



100%
of Brembo's plants in full operation
is OHSAS 18001:2007 certified

The Group's approach as part of the Health and Safety Policy entails analysing potential sources of risk for its personnel and putting the most effective solutions into place to prevent, reduce and, where possible, eliminate such risks: from appropriate handling of substances and processes to the correct operation, maintenance and control of machinery. The risk identification and assessment process inside each plant involves an inter-functional team consisting of the Health and Safety Officer, Occupational Physician, process supervisors and, last but not least, the employees through interviews or specific requests for opinions. Where necessary, the process involves external roles that support the plants in carrying out practical surveys, for example for noise and chemical risk. Once identified, all the risks (both generic and specific) are added to an assessment scale that allows identification of the priorities in terms of mitigation actions. The precise goal of each prevention and protection measure for employee Health and Safety is to reduce, if not to eliminate, the existing risk.



The strong focus on workplace health and safety issues translates into a systematic approach for monitoring trends in accidents, near misses, unsafe acts and objective conditions¹⁴. Based on problem solving principles, if indicators are revealed that are not in line with the pre-set objectives or critical issues inside Brembo sites, each individual plant engages in improvement plans and actions, setting up ad hoc working groups.

Once the efficacy of the actions adopted has been verified, these are shared within the Group to allow all the plants to implement the same solutions promptly, if necessary. The value added of this process lies in implementing the Kaizen method, founded on a continuous search for improvement by involving all employees in collecting ideas and suggestions in the area of workplace health and safety.

Annually, the Group defines quantitative targets to be achieved for the accident frequency rate. Specific objectives are then defined for each site, based on the previous year's performance and the results of the assessments and periodic audits. Finally, Brembo reported an accident rate of 1.29 (excluding en route accidents) in 2019, whilst the rate stood at a marginal 0.03 for accidents with high-consequence. The main types of accidents are connected to the use of machinery, transport and manual lifting, in other words connected with the work environment and the operations carried out therein.

The path towards Management System compliance with ISO 45001

A variety of activities were started in 2019 to update the present Management System in accordance with the new principles defined by recent standard ISO 45001. All personnel belonging to the Health and Safety Department, after attending a training course dedicated to understanding ISO 45001, identified the new developments and procedural differences with the current Management System (based on standard OHSAS 18001) to define the necessary updates to be made to the employee Health and Safety Manual and Guidelines. Once the first draft of the new System was completed, three pilot projects were started in two Italian plants and one Polish one to verify its efficacy. The experience of these projects has allowed the Parent Company to start extending the new Management System to the other plants as well, organising a number of workshops for the introduction and explanation of the new Guidelines.

At the beginning of 2020, all plants will start to implement the new Management System with the aim of achieving ISO 45001 certification by the end of the year.

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Workplace accidents by gender (%)	85%	15%	92%	8%	87%	13%

¹⁴ An objective condition is a condition not caused directly by the action or inaction of one or more employees in an area. It may result in accidents or injuries if not corrected in a timely manner. It may be caused by a defective design, incorrect fabrication or construction or inadequate maintenance procedures and resultant deterioration. Objective conditions differ from unsafe acts because they are beyond the direct control of operators in the area in which the condition is observed.

**Accident rates of employees***

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate** (No. of workplace accidents / No. of hours worked) x 200,000	1.63	1.56	1.62	1.28	0.66	1.18	1.38	0.91	1.29
Accident frequency rate with high-consequence*** (No. of workplace accidents with serious consequences / No. of hours worked) x 200,000	0.04	0.00	0.03	0.02	0.07	0.03	0.02	0.05	0.03

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

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

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

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

rate stood at 1.05 during the year whilst the frequency rate for accidents with high-consequence was 0, an improvement on 2018 which reported a rate of 0.06.

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

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate* (No. of workplace accidents / No. of hours worked) x 200,000	1.22	1.11	1.20	0.90	1.88	1.02	0.92	1.97	1.05
Accident frequency rate with high-consequence** (No. of workplace accidents with serious consequences / No. of hours worked) x 200,000	0	0	0	0.06	0	0.06	0	0	0

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

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

In 2019, 17 cases of employee occupational diseases were reported. Said cases are not directly connected with the employee's working activity.

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Recordable occupational diseases (No.)	4	1	5	8	7	15	12	5	17



People training on workplace health and safety

For Brembo, employee training on health and safety matters constitutes an essential part of making the working environment increasingly safer. For this reason, and consistently with current regulations, Brembo has set up some general health and safety training courses for its employees, especially new recruits.

Brembo is committed to keeping all staff responsible for managing workplace health and safety issues up to date with professional training, as well as adapting training content to the different functions in accordance with the risk assessments and training needs triggered by organisational changes, process changes or internal improvement programmes.

In addition, during the year the Group defined specific health and safety training paths, dedicated and personalised based on the different professional profiles and risk levels, in order to

transfer the right knowledge, skills and values for “working in safety”, in a bottom up approach.

In particular, during the year the Group promoted training initiatives with the aim of presenting the innovative features of the new Management System, conforming to ISO 45001. For this purpose training courses were run for the Plant Health and Safety departments and for the employers. The training activity for the production sites is expected to be completed at the beginning of 2020. The Company also continued its commitment to raising awareness about the “**10 Life Saving Behaviours**” that all employees must comply with at the workplace, through a training path across all major sites to spread the knowledge and implementation of said behaviours.





In addition, in the wider, more positive and inclusive sense of Promoting Workplace Health, a number of sensitisation and prevention initiatives regarding specific illnesses were carried out in each site, such as: WHP (Workplace Health Promotion) in Italy; “Pink Week” (on breast cancer) which ran in Mexico and Brazil, and targeted programmes against tobacco addiction conducted in the United States, Mexico, Poland and Italy. Moreover, Brembo supports a variety of sports-related initiatives promoting the positive values of physical exercise, including the Brembo Sporting Event in the Czech Republic, Running,

Volleyball and Football Teams in Poland, Brembo Ski in Italy. Worthy of note in this context are also “Brembo Strong”, a wellness and welfare corporate programme carried out in the USA aimed at encouraging healthy behaviour alongside discounts on medical insurance.



Over 43,400
hours of training regarding Health
and Safety provided in 2019

World Anti-Tobacco Day

The WHO estimates that each year the number of victims due to tobacco consumption reaches almost 6 million and the figure could rise enormously, reaching 8 million by 2030 in the absence of measures to reverse this worrying trend. In May 2019, various voluntary sessions were organised in the Escobedo plant, in Mexico, for employees (smokers) with the plant Doctor in attendance, focusing on how tobacco affects people’s health. On completion of these activities, each person was given a t-shirt for World Anti-Tobacco Day, which they wore throughout the day during which they undertook not to smoke.



Open dialogue and discussion for continuous improvement

The trend for ongoing improvement in the Group's health and safety performance can certainly also be attributed to the involvement of Brembo People as active players in the accident prevention model.

Local Health & Safety Committees	At all Group sites, the workers and management meet periodically to discuss open health and safety issues and identify specific solutions. The workers involved are the site team representatives.
Prevention through information sharing	In order to encourage information sharing and discussion about problems, an IT portal facilitates the prompt communication and analysis of information regarding incidents, accidents or near misses at the various Group sites, improving management effectiveness and above all efficiency in preventing incidents. In fact, the platform facilitates the analysis of each event and the identification of the root causes, as well as makes it possible to structure the information in a single archive accessible to all Group sites. In this way the plants not involved in the incident are able to rapidly assess whether what happened could repeat itself at their facility and to implement appropriate preventive actions.
Promoting workers wellbeing	The Group's commitment to promoting the health and wellbeing of its workers has received recognition from the Associazione Confindustria Bergamo, which rewarded Brembo together with other firms in the area for its participation in the WHP – Workplace Health Promotion project, for which the Group has been one of the main advocates since 2011. This initiative, in partnership with the local health authorities and Bergamo's entrepreneurial association, is designed to promote healthier lifestyles and eating habits among workers of the companies involved. On the basis of recommendations from the World Health Organisation, Brembo employees (Stezzano plant, Italy) have been involved in an awareness-raising process regarding individual behaviours that can have the biggest effect on people's health and psychological and social wellbeing, such as cigarette and alcohol addition, a sedentary lifestyle, eating habits and driving style.
Promoting worker health	Brembo recognises the importance of promoting initiatives that facilitate employees' access to medical and paramedical services not directly related to the work area. As well as ensuring that the Occupational Physician is always present to provide support and advice, the Group encourages workers to have full check-ups, flu jabs and specialist optician and dental checks with a view to prevention. In some plants, the Company also offers tests and check-ups for the prevention of certain illnesses and/or conditions, such as diabetes, hypertension, malnutrition and weight control, dependencies and viral and contagious diseases, in any event making supplementary health insurance available to all employees.





Communication campaign on health and safety issues

During the year, Brembo completed the first global communication campaign on health and safety issues, "I am Safety", launched in 2018 and personally involving the employees of all the Group's plants, proving Brembo's major focus on workplace health and safety issues.

With this initiative, the Group raised the awareness of employees on health and safety issues through a process leading to everyone feeling responsible for their own safety and that of other people.

In particular, the Brembo Group wanted to use this initiative to:

- disseminate and stimulate a shared Brembo Safety Culture throughout the Group;
- boost the motivation of Brembo's People to continually improve every aspect relating to their own safety and that of other people;
- increasingly improve safety performance and the related indicators (accident frequency index and gravity index), focusing attention on the behavioural causes that contribute to accidents and near misses;
- spread awareness that safety is based on principles such as responsibility, choice, personal and collective commitment and that health and safety are non-negotiable.

This communication campaign involved the people who work in the various production plants, in order to understand

which main messages to convey regarding safety. Thanks to this work, the Group was able to identify common values and thinking in the world's different regions regarding the issue of health and safety, which accompany more specific views reflecting the distinctive features and sensitivity in the various Countries in which Brembo operates. Subsequently workshops, emotional intelligence training and interviews in the Plants were organised on the values of safety in the broadest sense. To close this two-year process, 2019 saw the creation of a booklet that emphasises personal attention and responsibility for workplace health and safety, using a number of images closely linked to the large posters of the Safety communication campaign affixed in Plants throughout the World. In addition to images, the booklet includes reflections gathered from Brembo employees about the values of the Campaign and so acts as the mouthpiece for the words, thoughts and opinions of those who live their daily lives in the plants. In fact, the booklet was produced thanks to the contribution made by all Brembo's employees to creating Workplace Safety based on listening and on shared values. It should be emphasised that this innovative Safety Campaign is also closely linked to Brembo's Communication Campaign on the 17 sustainable development objectives, and particularly to Goal 8 of the UN's agenda 2030 "Protect labour rights and promote safe and secure working environments".



Methods and tools supporting workers' health and safety

L.O.T.O. (Lock Out - Tag Out) audit	In order to improve health and safety management in the workplace, a guideline to be applied at all production sites has been drawn up in relation to the L.O.T.O. standard, which defines the criteria to be used for the management of hazardous energy sources, describing the correct methods to be adopted, for example, during machinery and system maintenance, cleaning and set-up phases. Special audits were carried out in 2019 to verify that the L.O.T.O. standard is being correctly applied.
Brembo Best Practice	Thanks to the section of the company's Intranet portal, dedicated to gathering and sharing Safety Best Practices implemented in Group plants, Brembo has the opportunity to suggest the application of the best solutions identified in the various production plants to resolve specific Health and Safety problems precisely because they come from the main players involved, the workers.
10 Life Saving Behaviours	They represent a Brembo's rule book on safety principles that people must apply in a work environment that is increasingly safe. Audits were started in 2019 on the observance of the 10 lifesaving behaviours.
Workshop 'Melting deck'	With the aim of improving safety conditions in the foundry work environments, a global meeting was organised with representatives from all the cast iron foundries, with the aim of constantly monitoring and keeping up to date the best practices to be adopted to manage the risks, emergencies and "Lock Out-Tag Out" procedures in these areas. Held in Escobedo, in Mexico, the workshop assembled managers from the Production, Maintenance and Health and Safety areas. The meeting proved to be a useful occasion for sharing experiences and problems, know-how and concrete situations — including difficult ones — of everyday working life.
Workshop 'Robot line'	In line with the Group's innovation and design strategy, a workshop was run in 2019 involving the central technologies and some disc machining plants. The activities conducted during the workshop are merely the start of a process to renew the basic safety criteria and standards — Safety concept design — for the design and development of future robot lines.
'Safety Walk'	Each plant, depending on specific local circumstances, provides for employee consultation and participation activities. One example features the 'Safety Walks', in which the Employer and Worker Representatives jointly carry out an monthly audit in the sections regarding the operational aspects of health and safety.

Dedicated company notice boards, projections on screens inside the factories, booklets and information leaflets, as well as the company's Intranet portal and the internal quarterly magazine 'MyBrembo' supplement the range of tools available to employees on this topic.





5. The supply chain

Mutual **trust** and shared responsibility: a **single team** determined to reach the same milestones. **Spreading** a culture of **sustainability** throughout the supply chain.





5.1 Ancillary companies and supplier network

The Group relies on the contribution of more than 6,700 businesses located in more than 16 countries throughout the world to carry out its own activities. These provide essential goods and services for Brembo's industrial processes.



€1,687 million
Procurement value



88%
Local supplies, i.e., supply from supplier located in the same countries where the Group operates



63%
Suppliers of direct materials involved in social and environmental auditing activities (in terms of value of supplies)

During 2019 the total number of raw materials, components, materials and auxiliary production services processed and integrated in Brembo products generated a purchasing value of more than €1,532 million, in addition to about €154 million for machinery and industrial plant. Since 2019 the scope of the analysis has been broadened to also include services not closely linked to production such as costs of ICT, cleaning, security, canteen and other outsourced services, so as to provide a more comprehensive view of the total value managed by the Procurement function. The increase of €97 million compared to 2019 is also due to the inclusion of accessory services that

are not strictly related to production included in the auxiliary products and services category.

The supply of raw materials, such as ferrous scrap (amounting to more than 337 thousand tonnes), aluminium (about 39 thousand tonnes), cast iron goods, binders and refining agents directly used in the Group's foundries are fundamental to the Group and accounted for an overall purchase value of nearly €480 million in 2019.

Equally significant, worth a total of more than €600 million, are external components and processes.

Value of supplies* by category (€)

	2017	2018	2019***
Raw materials and cast iron goods	491,810,571	517,712,952	477,100,854
Components and outsourced processing	591,954,970	618,946,043	637,224,059
Ancillary products and services	283,493,387	321,047,338	417,749,405
Total	1,367,258,928	1,457,706,334	1,532,074,318**
Industrial assets	314,727,000	222,235,816	154,620,841
Total	1,681,985,928	1,679,942,150	1,686,695,159

* This includes the costs of purchasing goods and services directly involved in the manufacturing of finished products, namely purchases of: raw materials, components, semi-finished and finished products, ancillary materials and services (mostly transport, utilities, packaging and MRO).

** In 2019, Brembo Argentina S. A was not included for the Company's months of operation.

*** In 2019 the scope of analysis was expanded to also include the provision of services not closely associated with production, such as the costs of ICT and telephony, cleaning, security and canteen services. Tax and legal advice, insurance, sponsorships, business travel, recruitment and training activities and building leases are excluded.



Value of supplies by geographical area (€)

	2017	2018	2019*
Europe	740,410,107	795,607,951	885,417,700
North America	273,098,844	267,622,478	275,773,880
South America	44,562,441	38,910,812	34,183,929
Asia	252,842,292	297,901,862	334,770,342
Other	56,345,245	57,663,231	1,928,467
Total	1,367,258,928	1,457,706,334	1,532,074,318

* In 2019, the item "Other" includes Russia, Australia and United Arab Emirates. All the other countries, which in 2017 and 2018 were included under the same item, were reclassified in the respective geographical areas.

Brembo pursues an international development strategy with a central focus on the local area and a commitment to create stable relations with local communities. This is proved by the high percentage of purchases received from local suppliers in the same country where the Brembo Group operates, equal to 88% of purchases¹⁵.

	2018	2019
Europe	85%	87%
North America	89%	86%
South America	99%	99%
Asia	90%	92%

Promoting sustainable business models through responsible purchasing practices

Aware of the importance of the proper supply chain management for a responsible procurement, as well as of the significant impacts of the supply chain on local communities, over the years Brembo has defined a structured process for managing suppliers that allows the Company to develop strategic relations with a supply chain focused on continual innovation, quality improvement and sustainability. This process is structured into three main phases:

1. Clear communication of the standards that Brembo expects from its business partners in terms of product and service quality, correct environmental management and proper working conditions.
2. Assessment of suppliers' capacity to meet technical specifications and requirements both during the qualification phase and during the business relationship.
3. Providing suppliers with support to continually improve their own performance and strengthen their ability to innovate.



¹⁵ This percentage is only calculated with regard to the purchase categories of raw materials and cast iron goods, external components and processes, and auxiliary products and services (excluding industrial assets).



Clear communication of what the Group expects from suppliers



In light of the complexity of the production and technological processes featured in the sector in which the Group's main suppliers operate, Brembo asks them:

- to implement a quality management system certified by independent accredited bodies, promoting where possible the use of Automotive IATF standard 16949 amongst direct material suppliers;
- to develop and maintain an ISO 14001-compliant environmental management system;
- to apply an effective safety management system in accordance with OHSAS 18001 standards or equivalent, preferably obtaining third-party certification;
- to base their conduct on the Universal Declaration of Human Rights, the ILO's Tripartite Declaration on the Principles Concerning Multinational Enterprises and Social Policy, as well as the OECD Guidelines for Multinational Enterprises, mentioned in the Code of Basic Working Conditions.

In addition, in 2018 the Group published the Supplier Code of Conduct which summarises the guidelines set out in Brembo's sustainability policy, the rules and principles that Brembo's suppliers are required to uphold.

Selection and assessment of suppliers



Brembo has defined a structured process for the assessment and approval of new suppliers.

- The first phase of the process consists in asking suppliers to complete a pre-assessment questionnaire (available online on the website www.brembo.com/en/company/suppliers/criteria-for-selection). The questionnaire also assesses the measures put in place by the supplier to safeguard workers' rights, counter corruption and minimise the risks for the environment. In 2018, Brembo introduced a new version of the questionnaire which has more detail about the selection parameters related to sustainability. The Group has also

added a special section to the questionnaire dedicated to Risk Management activities related to supplier management.

- The questionnaires are analysed by the Purchasing, Administration & Finance, Quality & Corporate Social Responsibility Departments with the aim of assessing the operating, financial and sustainability profiles.
In 2019, Brembo consolidated the use of the "Brembo Supplier Portal" to facilitate the exchange of information and documents with Brembo's suppliers. The Portal provides, inter alia, for the computerisation of the pre-assessment questionnaire and the related internal approval.
- Once the pre-assessment phase is concluded positively, all potential suppliers receive onsite visits from the Quality Department and/or any other Brembo personnel to check that the quality and process requirements are met effectively.
- Once the approval process has been completed, the supplier becomes part of the supplier base to which Brembo can award orders. The assignment of a specific supply takes place by benchmarking the various offers received on the basis of the following assessment criteria:
 - A. Compliance with technical specifications
 - B. Technological and innovation capabilities
 - C. Quality and service
 - D. Economic competitiveness.
- In pursuit of a virtuous process of continuous improvement in product quality and risk management, for its most important suppliers Brembo regularly assesses quality and risk indicators relating to the supply chain, such as the increase in supply costs, suppliers' dependency on Brembo, non-compliance with quality standards and the presence of possible critical situations. In 2019, 32 situations were monitored. Where a situation considered at risk were to threaten business continuity, Brembo has a plan in place to set up a Crisis Committee composed of a cross-functional team to take the measures needed to minimise the impact.
- In addition, in consultation with experts, Brembo has conducted assessment audits of suppliers for the past several years with the specific goal of assessing compliance with the sustainability standards mandated by the Group.

In 2018, Brembo issued the Procedure for Managing CSR Audits, which defines the procedures for selecting suppliers involved in audits, the processes for managing third party-audits, related follow ups and any corrective actions. The parameters for selecting suppliers involved in CSR audits are: the Country



of origin of the supplies, the turnover with the Brembo Group and the type of production process.

In 2019, continuing with its campaign of onsite audits, Brembo extended the use of a self-assessment questionnaire to increase the number of suppliers subject to assessment.

The objective of the third-party audits and self-assessment questionnaire is to identify critical factors affecting areas such as: working conditions, related remuneration and working hours, health and safety and the environment. The Supplier is required, for each non-conformity reported, to develop corrective action plans, which are then monitored by Brembo using the same third-party assessment body.

To date, Brembo has involved **82 suppliers** in sustainability-related audits, of which 20 in 2019, covering 63%¹⁶ of overall direct material purchases in terms of value. In addition to the new assessments, the Group carried out follow-up activities involving suppliers which had obtained a score not considered to be sufficiently adequate during the previous assessments.

The Purchasing Department and the Quality Department regularly present an update to the CSR Steering Committee, to which they belong, of work in progress regarding the supply chain and sustainability-related issues.

Development and capacity building



The continual innovation and quality improvement offered by Brembo require the constant involvement of suppliers, to ensure the development of a supply chain network able to make an active contribution to this goal.

It is for this reason that the Group promotes opportunities for supplier development, through collaborative initiatives that encourage direct discussion and the sharing of best practice.

Examples include the projects, coordinated by Brembo's Supplier Quality function, involving a number of suppliers in programmes for assisted quality performance development: in 2019, an assisted development project was run with one supplier with the support of the Dabrowa plant. The process had already begun in 2018 and was concluded in October 2019 with the final audit. These projects aim to support the development of Quality competencies in managing production processes, by analysing the processes themselves, sharing experiences and approaches with the aim of identifying the improvement solutions to be implemented.

¹⁶ The focus of CSR activities is on direct suppliers classified as "relevant" — a term that refers to suppliers that account for at least 80% of total suppliers' sales in the three organisational dimensions of purchasing: Commodities, Regions and Div/BU's. There were 188 relevant suppliers of direct materials in 2019. The list is revised annually on the basis of Suppliers' sales to Brembo in the previous year.

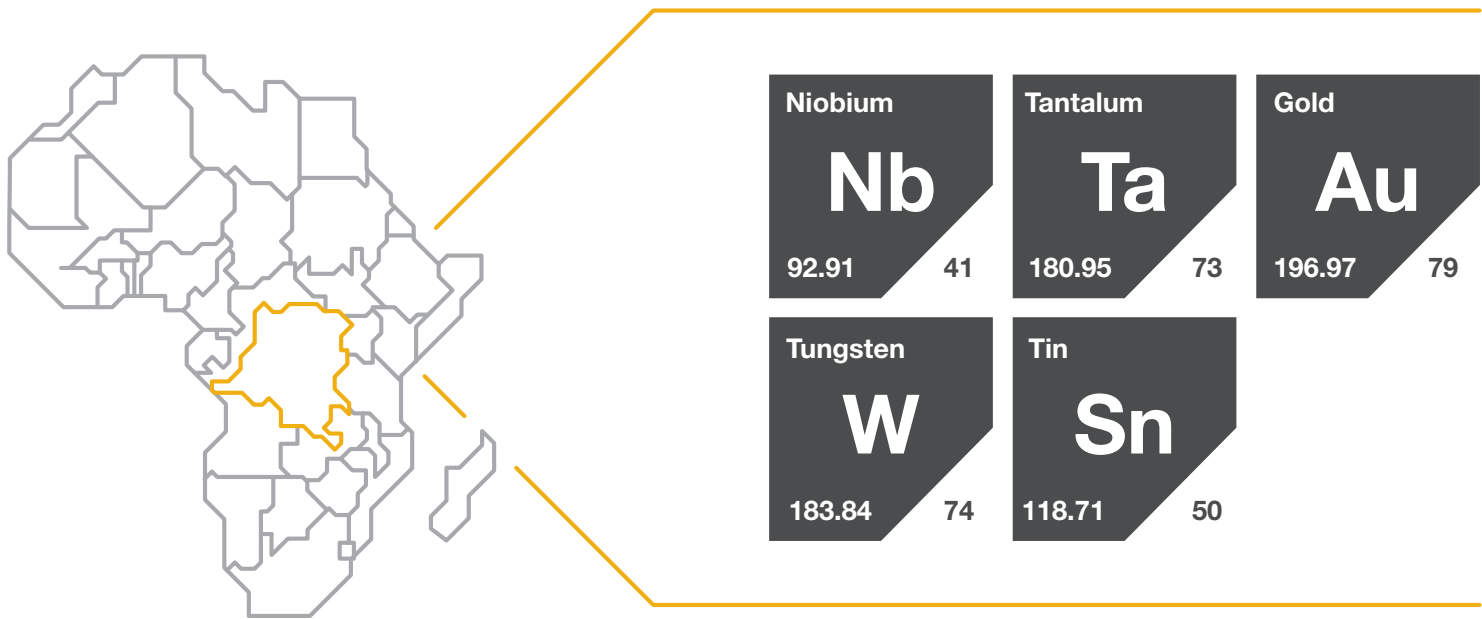


Combating the use of conflict minerals

“Conflict minerals” are metals such as gold, coltan, cassiterite, wolframite and their derivatives such as tantalum, tin and tungsten coming from the Democratic Republic of the Congo (DRC) or in neighbouring Countries.

These minerals are subject to international regulations, including

section 1502 of the Dodd-Frank Act, a 2010 U.S. federal law which discourages their use because their trading could fund conflicts in Central Africa, where there are reports of serious violations of human rights.



Promoting the full protection of human rights in its own supply chain as set out in the Group’s Code of Ethics and the Code of Basic Working Conditions, Brembo does not directly purchase minerals from conflict zones and requires its suppliers and commercial partners to declare the presence and provenance of metals for Brembo Group supplies so that a check can be

made that they do not originate in Countries at risk. To this end, Brembo investigates its supply chain, in compliance with the provisions of the Organisation for Economic Co-operation and Development (OECD), which specify the “due diligence” activities required.







6. The production process

Constant **innovation**
generates
production
systems capable of
safeguarding the
environment.
Technology also
serves **humanity.**





6.1 Designing innovation

The constant evolution of transport vehicles is driving Brembo's Research and Development activities, which have always focused on finding the best braking system design to ensure the safety of vehicles of the future, while always taking account of people's safety at all production phases of Brembo's products.

**2,741**

Active patents, utility and design models

**1,168^{FTE²}**

People involved in R&D activities

**100%³**

Plants with IATF 16949 quality certification

The work supported by the Group covers all brake system components (caliper, disc, pad, suspension, control unit) and guide Brembo in testing revolutionary solutions that can improve the comfort and environmental sustainability of products, as well as the application of a design that can combine functionality, comfort, durability and aesthetics. Therefore, the aim of the Group's research and development work is to:

- ▶ **increase braking system performance**, while ensuring maximum reliability and improving comfort through solutions that can reduce braking action noise, vibrations and harshness;
- ▶ **prolong the life of Brembo's products**, while minimising disc and pad wear;
- ▶ **reduce the environmental impact** resulting from the use of vehicles in terms of greenhouse gas and particulate emissions into the air, through the reduction of the weight of Brembo's products and the control of the dispersion of braking-related

dust, thus contributing to combating the climate change;

- ▶ **reduce the final weight of vehicles** using increasingly lighter alloys to obtain lightweight products;
- ▶ **enhance the style content** so as to offer products that can interpret concepts of prestige and elegance, thus becoming new status symbols.

**2,741**

active patents, utility and design models

filed by the Group since it was founded

Brembo's capacity to innovate and exploit its own expertise as a strategic lever for maintaining its technological and commercial leadership at global level can also be gauged by the patents filed by the Group over time: 2,741 patents, utility models and designs divided into 479 families have already been registered

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

³ Net of the Zaragoza plant in Spain which is ISO 900. The new Indian site Chennai is expected to be achieved by the end of 2020.



in the world in little more than fifty years since its foundation. In 2019 the Group filed several patent applications for cast-iron brake discs and light brake discs, made possible by research, development and testing of unconventional solutions based on the study of shapes, materials, technologies and surface treatments capable of meeting the needs of next-generation hybrid and electric drivetrain vehicles or conquering new segments of the market. In 2019, 49 patents and 5 design models were filed, for a total of 54, in addition to the 47 patents filed the previous year and 43 in 2017. This year, Brembo also registered two new trademarks, bringing the total registered since its foundation to 242, divided into 55 families.

Continuous innovation is the stylistic approach taken by Brembo to 100% of its products and processes, both existing

and in development, with regard to quality and environmental impact, including through prior analysis of the relevant laws and regulations in force in the Countries where the product will be marketed, with an eye towards a future in which the Life Cycle Assessment method will be extended to all products and processes.

Brembo views innovation as a direct expression of the constant search for beauty and style in its products. Focusing not only on the technological profile, but also on the impact caused by its shape and aesthetics, means becoming increasingly familiar with, and adaptive to, the various design guidelines of Brembo's customers, while ensuring consistency in the choice of the names and colours of the end product.

6.2 The results of innovation

The main areas that reflect the Group's capacity to develop new generation brake systems are as follows:

Discs and calipers



In the area of cast iron brake discs, in 2019 Brembo consolidated the results of its research activities to identify parameters for improving the comfort characteristics of brake systems and continued to cooperate with various organisations to explore methods for ensuring system comfort and fluid dynamic calculations for discs, while taking account of airflow throughout the wheel side. The Group also continued with studies researching new geometries to enable significant mass reduction and improvement in disc performance, also in environmental terms. The year 2019 also saw the Group engaged in developing and testing new non-conventional solutions to be applied to cast iron discs and the new generations of "light" discs through the study of forms, materials, technologies and surface treatments designed to meet the needs of the new generation electric drive vehicles.

Regarding commercial vehicle applications, Brembo continued to develop, in collaboration with Daimler, a new light disc solution that reduces weight by up to 15%, thanks to the combination of two different materials. In particular, it is due to this solution that Brembo has been chosen as the brake disc supplier for all the new generation rear-drive cars produced by the German

manufacturer. In addition, the new "light" disc has also been tested successfully by other leading manufacturers such as Jaguar, Land Rover and Tesla. In 2019 efforts were directed at finalising the completion of the application development phase of the new models set to make their debuts in 2020.

In 2019 product and process development activity also continued for the co-cast disc designed to reduce mass and optimise performance in view of a revision of drag and ventilation geometries. Brembo's new disc has already been presented to customers for future application development. The innovation solutions proposed by Brembo are all designed to reduce their environmental footprint in terms of lesser impact, less fine particulate matter and wheel dust, while also maintaining the Brembo brand's distinctive qualities in terms of design and durability. Production of the first vehicles equipped with this type of disc by a German customer is set to begin in 2020.

In the motorbikes sector, the Group continued development of composite discs for road use, setting usage limits and finalising mechanical processing; bench performance and durability tests were passed, and concept validation thus begun. In addition, during the year a specific design was formulated for



new mid-range pumps developed on the basis of two Brembo patents, while development of the brake pump and clutch pump — also suited for use as a rear brake pump for scooters — remains ongoing. As part of this process, the concept for the rear pump with integrated microswitch was validated. In 2019 as well, a new version of the arm/lever variation device that allows the feeling to be adapted was developed for off-road master cylinder. In the first three months of 2020 innovations will be introduced to the feeling/distance regulation system for front pumps to formulate the Brembo concept to brought to market. Off-road components are constantly evolving and the Group is redesigning the contents of such components with regard to both calipers and brake and clutch pumps.

On the Indian market, the project to design components in a new style entered the application phase: Brembo is designing a single-piston floating rear caliper and finalising the design of the four-piston front caliper in accordance with the family-feeling chosen for this new range of products. The components in the proposed new style are part of a broader project for various platforms used by an important Indian customer. On the Indian market, development was also successfully completed for the combined drum/disc brake system for scooters and the product began to be supplied to the local customer. In-vehicle development also continued for the new disc/bell concept with a reduced tendency to jolt, which will presumably be presented to the customer in 2020, once the testing process has been completed.

In motorbikes, Brembo made new systems with an amplified anti-drag caliper available to all new customers in the MotoGP

and Superbike categories. A new valve to reduce piston knock-off was also brought to market, improving on certain characteristics of the old valve used in the previous two years.

Pads



The structure dedicated to the study and production of brake pads, called **Brembo Friction**, is now a well established, stable reality, in constant expansion and focused on ongoing product improvement in accordance with the company philosophy of innovation and technological development. Friction materials — increasingly flexible and designed to meet individual clients' various needs — represent a specific, reactive response made possible by the synergy of the work carried out by the Research and Development department and all the other Brembo's departments. One example is the joint effort to develop new friction materials suitable for the production of pads for electric parking brakes or to be paired with new applications that involve the use of discs that are much lighter than standard but offer a high level of heat and mechanical resistance. The search for innovative friction materials also embraces the development of new environmentally friendly solutions with an increasingly limited environmental impact. In 2019, the first motorbike pad prototypes based on Brembo Friction's COBRA technology were created and bench-tested. The planning of the second phase of development of Affida pads for Motorbike applications will be formulated in the first quarter of 2020.

Brembo's capacity to achieve significant results in all areas where the Group is committed to product and process innovation is the result of:



1,168 People
(Full Time Equivalent) engaged
in Research and Development activities



More than 20 years
of refining the **Brembo Project Development System** methodology which structures phases, roles, responsibilities, controls and tools for the innovation management process



Innovation by Brembo also has a design component, become the success story of a brand known worldwide

The meaning of “brand reputation” or “company reputation” is fluid: it refers to an ability to attract and retain talented individuals, social responsibility towards the community and environment, the degree of innovation, the quality of products and services, the use of company resources, financial solidity and the value of investments. However, the recurring theme of brand reputation is a product of expectations towards the brand: the goal is to consolidate trust in the brand to the extent that consumers expect that the products and services offered will also be of high quality.

Product brand and design share the same spirit: innovation. Design innovation means strengthening the identity of a product so that it becomes recognisable even in the absence of the brand, thus conveying a message of innovation and value.

If a car’s design is often one of the reasons for purchasing it, then Brembo has a part to play in determining the car’s particular character. Brembo is an industry leader due to its focus on brake system aesthetics. Technology and innovation, excellence in braking performance and style have made it the market leader for over 50 years. Technological innovation and design render the vehicle unique and can be summed up in the phrase that accompanied the award of the Compasso d’Oro in 2004: “If it wasn’t a brake, it would be a sculpture worthy of any modern art museum.” In 2019 Brembo reinforced its unique nature by launching Brembo Style, a think-tank where styles, approaches and methods fuse technology, style and design into a new aesthetic language that strengthens the brand’s identity.

Brembo Style

“Brembo Style” was presented at the Frankfurt IAA (International Motor Show) in September 2019 with a large video installation at the Group’s stand. Set up as a part of the Marketing Department, Brembo Style acts as a home to the knowledge and experience gained by the Group thus far in the style arena. A key partner for the customers with which Brembo has been collaborating for years in developing new projects, Brembo Style will be the place in which to increasingly define the brand’s identity through product design.

Planning a Style project involves a number of activities and divisions: from market to style research, from surveying customer needs to celebrating innovative aspects, from the values and positioning to convey to identifying the language to be used, in terms of colours, offerings and even names. Only in the last two

years have the style projects managed by the Group involved the Systems Division (Mazda, Infiniti, Volvo, Lamborghini and Jaguar Land Rover), the Motorbikes Business Unit (Stylema, Bybre, Harley Davidson and Ducati), Performance (RCS Corsa Corta and GP4-MS caliper) and the Discs Division (Jaguar Land Rover). In 2019 Brembo participated in the show “Red in Italy. The Colours of Red in Italian Design” organised by the Italian Culture Institute, Campari Group and the Campari Gallery. The project, already on display in the Campari Gallery, was dedicated to a comprehensive exploration of everything that revolves around the colour red through the exhibition of a series of iconic examples of Italian design. The event was attended by Brembo Style, with the central role of beauty and design in Brembo’s ethos emphasised by a special red caliper on display.



The product and process improvement work is constantly ongoing in the same way as the search for solutions to reduce mass, increase performance and improve styling.



Specifically designed for high-performance vehicles, with the aim of significantly reducing track operating temperatures (and thus of increasing system performance), the **Dyadema® caliper**, a six-piston monoblock model, is the most advanced caliper that Brembo has ever produced for road vehicles because it is equipped with an air-cooling technology implemented during the casting phase. Dyadema offers better cooling capacity with a constant increase in performance and reduction of braking distance. The increased airflow reduces brake fluid temperature by up to 15% compared with a standard caliper, allowing the system to maintain optimal braking efficiency.




Brembo has expanded its brake caliper line to include **Stylema® R**, its latest new offering for the super-sportscars of tomorrow. It is the “R” version of the well-known Stylema® caliper, emphasising the reference to racing. Stylema® R, with its sculpted, compact and airy design, featuring light weight and performance, offers exceptional lever stroke stability, which is particularly appreciable under extreme usage conditions, ensuring constantly extraordinary performance even when used on the track. The configuration of its internal components, emphasised by its racing-derived positions, with radial ventilation holes that contribute to lowering the temperature of the brake fluid and an outlet opening in the central bridge, emphasises airflow around the pads and makes it possible to integrate the calipers perfectly with dynamic air intakes. The innovation and style that this caliper has to offer are an embodiment of speed and performance, pure emotion and technology, perfectly consistent with its ultimate purpose.



Designed for Harley-Davidson’s flagship models, Brembo introduces a new brake system. Its new four-piston (30 mm) **monoblock radial caliper** has a unique design and a strong personality. Its shape combines sharp angles with gentler curves to create a style that blends harmoniously with the motorbike’s personality. This unique result was supported by the use of the topological optimiser — software that optimises the caliper’s technical characteristics — and the know-how that Brembo has gained in 40 years of successes in MotoGP. The new geometry, which fully exploits the characteristics of the material and optimises both stiffness and weight, also permits improvement in ventilation channels, thereby increasing cooling capacity.



	<p>This year the GP4 line of calipers welcomes to its family the new GP4-rr Brembo, a very high-performance monoblock racing caliper. The new caliper, inspired by the monoblock caliper developed for MotoGP, is a product for racing enthusiasts and those who want something truly innovative for their motorbike calipers. To optimise stiffness and limit weight, Brembo's new GP4-rr caliper is produced from a single solid billet using cutting-edge CAD-CAM technologies, resulting in a mass/stiffness ratio at the very top of its class. Not least importantly, thanks to the use of simulation software, it was possible to optimise the shape of the caliper body, overturning the stylistic tenets typically applied to racing calipers and further improving the product's technical and performance level.</p>
	<p>Brembo introduced the second generation of the dual-cast floating brake disc made of two materials, cast iron and aluminium. The second generation of this disc is an alternative to the "classic" version already present on the market, because it is capable of improving fluid dynamic efficiency and thus of reducing operating temperature thanks to optimisation of drag and ventilation geometries. In addition to a clear weight reduction — approximately 20% compared to an integral disc of the same size — this type of disc offers greater comfort, reduced corrosion and consumption and better component performance. The innovation of this product consists in the way in which the two materials have been joined in a single component, and the behaviour of the disc itself; in fact, it behaves as an integral disc at low temperatures and like a floating disc at high temperatures, when top performance is required and the disc tends to deform. The highest expression of a floating disc, yet without the number of components that such discs require.</p>
	<p>Brembo is currently capable of offering all its customers a light brake disc designed for applications in ultra-high performance vehicles, introducing a different ventilation shape, optimised according to vehicle fluid dynamics, and above all a larger size (395x36mm) than the line currently being produced. At the 2019 Geneva International Motor Show, Brembo took the opportunity to present the expansion of its light disc range to include a version for high-performance vehicles: a patented solution that permits better dissipation of the heat generated during braking, combined with reduced generation and propagation of thermal cracking.</p>



Innovation serving the mobility of the future

The automotive market is on the brink of one of the most important revolutions in its history, which could radically alter the concept of the car and its use. A profound transition as a mark of the new electric drive systems, autonomous driving and integration of different vehicle systems, where the car is increasingly more able to carry out independent actions and provide assistance to the driver in real time. In particular, over the next few years we will witness a sharp increase in cars fitted with hybrid and electric motors in response to the new European regulations. In fact, it is estimated that over the next three or four years hybrid cars could represent about 40% of the vehicles in circulation and electric cars could reach a threshold of 10% of the total.

This is a revolution for which Brembo has been preparing for almost twenty years, due to an ever greater focus and investment spending on electric braking system research and development. The Group has developed and presented the Brake By Wire system in this direction. This will enable the vehicles of the future to have braking electronically controlled using sensors and control unit, developed on mechatronic bases. The new brake system will also be able to communicate with all the vehicle's other systems and particularly the electric motors, allowing effective use of 'regenerative' braking, typical of these new motors.

In particular, Brembo's Brake By Wire system will provide car drivers with increasingly higher safety standards, thanks to a significant reduction in stopping distances compared to a traditional system, and unprecedented driving comfort, the result of the system's capacity to ensure braking that can automatically adapt to the vehicle's load conditions, whilst maintaining constant stopping distances.

The advantages of the Brake By Wire system do not end with benefits in terms of safety, performance and comfort for the driver, but also extend to the topic of environmental sustainability. On the one hand, integration with the regenerative systems optimises energy use in hybrid and electric cars; on the other, in the traditional combustion engine car it reduces the phenomenon known as 'residual torque', caused by intrinsic and unwanted friction between disc and pad outside the braking phase. This causes the car to brake, albeit imperceptibly, increasing its fuel consumption and as a result its emissions. This phenomenon is already minimised by

Brembo's traditional fixed hydraulic calipers but is extremely reduced thanks to the Brake By Wire system, which actually allows CO₂ emissions to be reduced.

In 2019 an electromechanical brake-by-wire project, with hydraulic actuation and a safety concept, was launched in partnership with a Formula 1 customer, enabled by the experience gained in the Formula 1 sector itself. The project, which entered the vehicle testing phase in mid-2019, was then used in a race on four wheels at the end of the previous year.

Mechatronics and system integration entail the development of new components for Brembo's products, including sensors, mechanisms and electric motors. Brembo is therefore coordinating a group of companies based in the Lombardy region within the framework of the funded project "Inproves", with the aim of creating brushless motors based on permanent magnets offering very high levels of performance, specifically designed for the brakes of the future. The first prototypes of motors designed by Brembo for its Brake by Wire actuators are being created in 2019. The project calls for the creation of a prototyping line for these motors in 2020.

In addition, Brembo continued to conduct R&D activities in cooperation with international universities and research centres with the aim to constantly seek out new solutions to apply to brake discs and calipers, in terms of new materials, innovative technologies and mechanical components. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials, such as technopolymers or reinforced light metal alloys, to produce structural components. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

With reference to the Car and Commercial Vehicle Division, the goal of using the braking system to help reduce vehicle consumption and resultant CO₂ emissions and particulates is being pursued through the development of new solutions. In detail, the use of methodologies to minimise caliper mass for the same performance, the improvement of caliper functionality by defining new characteristics for the pairing of seal and piston and optimisation of a new-concept pad sliding system continue to feature among the main areas of development.



After consolidating the technical solutions for fixed calipers, resulting in the assignment in the first half of 2019 of a share of the business relating to a platform of fully electric vehicles

created by a major German manufacturer, the Group's focus shifted to the study and application of floating calipers for commercial vehicles.

The Carbon-Carbon brake system

Carbon - Carbon project activities for racing applications were launched in 2019. The project, divided into three strategic areas, involves:

- ▶ the development and fine-tuning of Carbon - Carbon disc and pad manufacturing technologies and the start-up of the first needle-punching machine for constructing preforms from carbon fibre. Brembo filed a patent application for a new carbon preform made from a new fibre with a new construction to replace the previous preform. Alongside this research, the Carbon Factory project was launched in Curno (Italy), making available nearly all the production technologies required to develop and manufacture carbon discs and pads. At present, installed capacity is limited to a small monthly quantity, which, however, is sufficient to commence the manufacture of the first prototypes of the Formula 1 2021 discs, which will be completely different to those in use today;

- ▶ the development of new systems on the basis of the Formula 1 discs and research into Formula 1 disc and pad architecture and fibre to extend this technology to other categories. In the case of the Formula 1 pad in particular, research will focus on various areas, including friction and mechanical and thermal characteristics;
- ▶ the development of new Formula 1 systems for the 2020 season, with a particular focus on systems dedicated to discs.

In view of, and in preparation for, the Formula 1 2021 Tender, all technical development areas within Performance have been involved to a significant degree to ensure that Brembo will be capable of offering all components of the brake system for all Formula 1 vehicles starting in 2021.



6.3 Listening to customers for product improvement

The Group collaborates and exchange views daily with the main manufacturers of vehicles equipped with Brembo brake systems to understand and anticipate their future needs and promote the joint development of new solutions in technological areas that have yet to be consolidated.

It is equally important for the Company to establish constant dialogue with the end users of vehicles equipped with its products, in order to understand to what extent Brembo's solutions meet their expectations and what aspects can be further improved, particularly with regard to perceived quality and comfort.

The annual analyses of data relating to issues encountered by drivers in certain key markets during brake use are particularly important tools in this context. The Group uses, amongst others, the "Initiative Quality Study" and "Vehicle Dependability Study" monitoring research, published by J.D. power. These studies cover drivers in the first few months after buying a new vehicle, as well as those using vehicles from one to three years old, and reveal the main braking system issues.

In addition to monitoring the quality and comfort perceived by users of Brembo solutions, the Group also involves end customers in its processes to develop new products. For example, new design concepts for the composite disc were presented during various trade fairs — amongst the most important for 2019 the Frankfurt IAA, NAIAS, MIMS in Moscow and Auto Shanghai — and visitors were asked to choose which one they preferred. Likewise, during the local aftermarket fairs, meetings are organised with distributors to hear what their mechanics have to suggest.

Other important opportunities for making contact and engaging with the Group's clients include its Tech Days, such as the ones held in Brazil, designed to reveal 'another side' to Brembo, which differs from the one clients usually encounter, highlighting everything that goes into making Brembo a global leader in braking systems.

In 2018 Brembo also participated in the "ADI Impresa Docet" event cycle, organised by Scuola del Design, in collaboration with the Design Department of Politecnico di Milano, Polidesign and ADI, intended as an opportunity for dialogue and discussion



**more than
1.5 million fans**

for the Brembo brand
Facebook page,
who have left more than
3.7 million likes



**over
463,000 fan**

fans for Brembo's
Instagram profile



**over
121,000 follower**

for Brembo's
LinkedIn profile



**over
28,300 follower**

for Brembo's Twitter
profile



**over
33,000 follower**

for Brembo's WeChat
profile (China)



**over
10,400 follower**

for Brembo's Weibo
profile (China)



amongst design students, businesses and professionals in Italy. On this occasion, Brembo contributed its experience as a company capable of making product design the foundation of its competitive advantage, presenting the main challenges overcome over the years to turn a project into a successful product. In other developments relating to the association ADI, Brembo was added to the ADI Design Index for the design of its new Formula E caliper, which stands out for its distinctive, dynamic and sporty aesthetics, consistent with the style of the vehicles for which it was designed.

Brembo is also in contact with its customers' style centres and designers, with which it often collaborates to set the design guidelines for its new products. In recent years, this has been accompanied by participation in the prestigious Car Design Award organised by the magazine Auto&Design, a prize bestowed on outstanding projects in the automotive design sector. The winners were awarded trophies specially designed and built by Brembo. In 2019 the prize went to the design teams responsible for the Alfa Romeo Tonale (concept car category) and Peugeot 208 (mass production vehicle category), as well as to the Citroën brand for the style of its product range.

Brembo continues its positive performance on social media, where the number of its followers on the six main channels (Facebook, Instagram, LinkedIn, We-Chat, Twitter and Weibo) increased in 2019, while the level of engagement — i.e., the ability to engage users in interaction with its content — remained very high. It bears emphasising that the level of engagement with its followers, i.e. the brand's ability to stimulate conversations and constantly offer a good reason to talk about and interact with the brand, should be considered one of its most valuable intangible assets in the current knowledge economy environment.

In social media, mention should be made, above all, of the presence and increasing following garnered by Brembo on social platforms that are less well known but enjoy widespread local use, such as WeChat and Weibo in China and VKontakte in Russia.

Brembo's official website is another important communications tool. Brembo's site is constantly growing and was visited approximately 6 million times in 2019, up by approximately 5.7% on the previous year.

The site seeks to communicate with all stakeholders in the relevant market sectors (Cars, Motorbikes and Performance), presenting the Group's global activities, product ranges and all market information to users the world over. It also offers a general overview of the Group's history, growth and constant research.

In 2019 the number of new content postings on Brembo's official website — constantly being updated both from a structural standpoint and to enrich the content available — reached 124, thereby increasing the information offered on the site's pages. It also bears emphasising that, in line with the Group's increasing CSR activities, the Sustainability section of the site — where all sustainability news, initiatives and projects are published — was further expanded and enriched during the year. The Brembo Group's other sites also grew compared to the previous year, receiving nearly three million total visits, an increase of 49% on 2018. On the whole, all the sites in the Brembo digital ecosystem were visited a total of approximately 8.5 million times in 2019, up 12.6% on 2018.

No. of followers 2019

Facebook	Instagram	LinkedIn	Twitter
1,518,451	463,372	121,867	28,350

No. of interactions in 2019

Facebook	Instagram	LinkedIn	Twitter	We-Chat	Weibo
2,491,401	2,952,120	46,827	53,366	9,257	2,938





6.4 Partnerships to improve the environmental impact of products

One of the prime objectives of Brembo product innovation is to reduce environmental impact, linked especially to the production of raw materials used, the generation of particulates during braking — harmful for human health — and greenhouse gas emissions caused by vehicles that can be reduced also by limiting the brake systems' weight. In a perspective of open-innovation, and to improve the effectiveness of research in these areas, the Group encourages collaboration, through networks and joint work projects, with other players in the automotive sector, Research Centres and Universities both at Italian level (the Milan Polytechnic, the University of Padua, the University of Trento and other) and at international level (where Brembo continues to partner with the Royal Institute of Technology in Stockholm).

Also important was the collaboration with eNovia for electronic development and the development synergies that will allow both facilities to grow in the coming years. eNovia will bring to market bicycles with an ABS brake system based on the concept developed and patented by Brembo Performance in 2016, whereas in 2019 Brembo brought electromechanical systems in which the electronic component was developed according to its specifications by eNovia to the racetrack.

In the Aeronautics project, Brembo certified by the EASA as a qualified developer and designer of complete brake systems and by the Italian Civil Aviation Authority - ENAC for the manufacture of front and back wheels is successfully completing management of several client orders, in keeping with its decision to refocus solely on its core business.

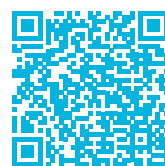
The customer's approval and validation tests on the brake system according to aeronautical standards (ETSO) were successfully completed. At the end of 2019, Brembo was one of six brake system manufacturers in the world to possess the technical and manufacturing qualifications required to bring brake systems to the aeronautical market.

Brembo subscribes to various coordinating organisations that promote industrial research in the automobile field, including AIRI (Italian Association for Industrial Research), ATA (Technical Automobile Association), Automotive SPIN Italia, CAAR (Automotive Cluster of Aragon Region) and the Lombardy Mobility Cluster.

The **main joint research projects** in which Brembo participates are described below:

► **LOWBRASYS**: acronym for “Low Environmental Impact Braking System”, this three-year project began in the second half of 2015 as part of the Horizon 2020 scientific research and technological innovation programme. The project sees Brembo in the role of coordinator of a consortium of 10 partners from the industrial world — including Ford, Continental Teves, Federal Mogul and Flame Spray — and research institutions including: Ostrava Technical University, Stockholm's Royal Institute of Technology, Trento University's Department of Industrial Engineering, the European Commission's Joint Research Center and the Mario Negri Institute for Pharmacological Research in Bergamo. The challenge is to develop a new generation of technologies, materials and measures to improve the impact of vehicles on health and the environment through an innovative braking system that can halve the emissions of micro and nano particles. To date, the first results of the project have highlighted the possible reduction of about 30% of particulate matter generated by braking systems, through the implementation of next generation discs and new friction materials. Similar results have been reached through the implementation of an in-vehicle smart dashboard designed to teach more sustainable braking styles to drivers. Lastly, the project has shown that it is possible to obtain a further 20% reduction of emissions by using the new Brake By Wire system. The project, which is a part of the European Union Horizon 2020 programme, came to an end in the first quarter of 2019, becoming a key element of the sustainability of Brembo's products.

For further information www.lowbrasys.eu/en



Learn more

LowBraSys Project

<https://www.brembo.com/en/sustainability/esg/environment/innovation>



► **LIFE-CRAL:** launched by the European Union in July 2016 and set to end in December 2019, this project is coordinated by Brembo and aims to develop a production line, in the pre-industrial phase, that will allow aluminium and magnesium components to be produced, starting with recycled or highly impure materials, whilst maintaining the product's end quality. The use of secondary aluminium, i.e., arising on the recycling process, avoids the energy consumption required to prepare aluminium, by saving 97% of CO₂, as well as the emissions of polluting gases released in the magnesium casting process. After the first pilot production line was created, a complete secondary aluminium caliper was then manufactured and validated according to Brembo's standards. The entire project may be considered quite successful, in light of the successfully completed road durability test (2,000 km) and the use of the method concerned to make brake heads and levers for motorbikes from Eco-Magnesium.

For further information: www.cralproject.eu

► **AFFIDA:** it represents the natural evolution of the European LIFE+ project known as COBRA. Continuing the collaboration with Istituto Mario Negri, AFFIDA aims to completely eliminate the phenolic binders commonly used in all friction materials and replace them with cement-based binders. The new materials must perform on a par with their traditional predecessors, while also meeting the high-performance standards required by the sporting applications and limiting fine particulate emissions and environmental impact. The

considerable experience gained in COBRA made it possible to pursue more challenging objectives: AFFIDA pads are now meeting with great interest from various car and motorbike manufacturers, which are considering them for the future development of new applications. The prototype pre-industrialisation process, involving a mould created using ad hoc technology, would currently be sufficient to meet customer demand, and the process may be further improved through synergistic collaboration with each brand. The goal is to ensure that the product offers optimal performance and comfort, in a manner compatible with its mission. The introduction of the cement-based binder proved decisive in reducing volatile organic compound (VOC) emissions, with important positive repercussions for the environment.

► **LIBRA (Light Brake):** Launched in 2015, this project aims to develop brake pads using a material capable of replacing steel in the composite material backing plate, reducing pad weight by 50%, by eliminating the steel backing plate in brake pads, replacing it with high-performance composite materials. In addition to the light weight, advantages include faster brake pad production times and a reduction in CO₂ emissions. The results achieved in the first year of research and development have confirmed the validity and competitiveness of this approach: lighter pads and a consequent reduction in the overall weight of the brake system and in production times. A major US automotive brand requested the use of units developed with LIBRA in its parking systems and played a primarily role in intensive development, resulting in increasing

ECOPADS

1,337,060 €

budget for the project
35% of the costs financed by Brembo, which was responsible for supplying materials such as pads and discs on reduced scale, performing bench and road testing and conducting market analysis on brake pads

LOWBRASYS

9,465,000 €

budget for the project
8% of the costs are financed by Brembo, which is the Project Coordinator

LIFE - CRAL

3,327,000 €

budget for the project
42% of the costs are financed by Brembo

LIBRA

2,987,140 €

budget for the project
50% of the costs are financed by Brembo

MODALES

5,088,302 €

budget for the project
7% of the costs financed by Brembo, which performed particulate desk tests and organised site pilot tests

INPROVES

4,013,870 €

budget for the project
76% invested by Brembo as Project Coordinator





recognition of the competitiveness and innovation introduced by LIBRA. In late 2018 and early 2019, a mould fully dedicated to the manufacture of these particular pads was installed to prepare for the imminent launch of manufacturing and mass production of the product. The important new goal pursued throughout 2019 was to transfer LIBRA technology to rear service pads as well, in order to continue to benefit even more thoroughly from the innovation and technology offered by this project.

- ▶ **ECOPADS:** an evolution of the LOWBRASYS and REBRAKE projects, this is an international research project to develop new copper-free brake pads, with excellent brake performances and lower polluting emissions and a more effective recycling process. In this project Brembo works in partnership with the Trento University and the Stockholm Royal Institute of Technology (KTH). In 2019 a new pad formulation was implemented and tested, both in the laboratory and on the road, and then approved according to the European procedure for aftermarket products.
- ▶ **INPROVES:** this is a pilot project aimed at creating brushless motors based on permanent magnets (PMM) for braking systems, traction and energy recovery. Brembo is the lead partner of the project in which other partners are Magneti Marelli, the Milan Polytechnic University, the Bergamo University and PMI members MD Quadro, eNovia, Peri, Mako-Shark and Utp Vision. The project is also aimed at integrating product and process innovation, by designing a new production line exploiting the potential of digitalization and IoT to produce future electrical motors. Brembo successfully completed the design of brake system motors and their production process, with an initial series of prototypes created and tested. The project was enriched by the installation at the plant in Stezzano (Italy) of a pilot flexible production line to demonstrate the efficacy of the Internet-of-Things and Industry 4.0 paradigm, applied to specialised production, planned for mid-2020.
- ▶ **MODALES (MODify Drivers' behaviour to Adapt for Lower EmissionS):** this project is the clearest expression of Brembo's commitment over the last eight years in the field of non-exhaust particulate emissions produced by brake systems through European Union projects of the calibre of Rebrake, COBRA and

LOWBRASYS. This project involves analysing driver behaviour, not only as a consequence of the particulates emitted by brake use, but also with regard to tyres, exhaust systems and problems relating to maintenance and tampering. Once the behaviour that has a negative influence on overall emissions levels has been identified, a strategy will be developed to guide drivers' behaviour to be more respectful of the environment around them, in addition to dedicated training activity.

For further information: <http://modales-project.eu/>

- ▶ **ENSEMBLE:** the main goal of this project is to support the adoption of a multi-brand truck Platooning in Europe, by working on standardisation, universal communication projects and international legislation. 'Platooning' technology has made great progress in recent years: taking an integrated, multi-brand approach is the next step. By guiding up to six trucks of different brands in one (or more) platoons in real traffic conditions across national borders, it will already be possible to achieve benefits such as improved traffic security, productivity, fuel savings and, overall, a direct positive impact on total emissions.

For further information: <https://www.platooningensemble.eu>

- ▶ **EVC1000:** The EVC1000 project seeks to further increase user awareness and acceptance of electric vehicles (EVs) by developing components and systems independent of the brand using an integrated in-wheel propulsion architecture and proposing an approach to managing EVs implemented on second-generation electric vehicles. The goal of EVC1000 is to exceed the ERTRAC efficiency targets for EV2030+, demonstrating a range of 1,000 km with a maximum of 60-90 minutes of additional travel time thanks to faster recharging, while also reducing costs by at least 20%. This would also make it possible to achieve greater convenience and comfort in long-distance trips. Brembo will contribute to achieving these goals by developing and supplying a Brake By Wire system that will include brake mixing strategies and other advanced features developed with the consortium to optimise regeneration and residual resistance, thereby increasing the vehicle's overall efficiency and range by 10% in real working conditions.

For further information: <http://www.evc1000.eu/en/>



6.5 Creativity and method: ensuring product safety

Over the past few years, Brembo has promoted constant innovation and improvement of its production processes by researching cutting-edge solutions that can enable the Group to meet the many difficulties of integration and direct management of all the braking system's main production phases, starting with raw material processing in the foundries, moving through product machining and assembly, and then ensuring that products are promptly distributed in the various geographical areas where the Group's customers are located.

Following a preventive and proactive approach, Brembo is committed to applying the voluntary technical standards that national and international standards bodies develop to define in detail how to produce excellent products and align its own production processes with best practice, guaranteeing safety, quality, respect for the environment and certain performance. All Brembo products have to pass controls and checks designed to ensure their quality and safety, following a logic of ongoing improvement, which makes an essential contribution to increasing the ability to meet all requirements and to improving process efficacy and efficiency, both within the Group and throughout the supply chain. From this standpoint, every problem identified and resolved for a specific product is then extended, on the basis of a "lesson learnt" approach, to the entire Brembo product range, where applicable.



Family Feeling

Family feeling is recognition at first sight. Creating family feeling in a product means endowing it with visually recognisable elements allowing it to be instantly associated with its brand. Similarly to what happens in a real family, therefore, every single member — each product — shares some features with other members, such as the colour and the shape, as well as some common elements of cohesion and quality. Adopting this approach requires the engagement of customers from the very early stages of project development, to decide with them the main features of a product's design, colour and style. Once that any product and process-related criticalities which have a potential to impact the product's look and design have

been analysed, corrections are implemented just before the beginning of the start of production.

The Test



During the development and technical approval stage, each product is subject to tests, carried out in different operating conditions. These are tests designed to define product quality, performance and efficiency and are performed in type-approved laboratories, as well as on the road and racetrack. This process follows a rigorous sequence that includes static bench tests, dynamic bench test cycles and then on-road tests. These three steps are needed to ensure that the products meet the relevant requirements, to identify any discrepancies with the quality standards pinpointed during the design phase and to test the braking systems in operating conditions similar to actual usage conditions.

The static bench tests represent the moment when design, testing and production come together; in order to check that design requirements are met, the prototypes are subject to load, pressure and braking torque cycles, superior to those physically applicable on the vehicle in various ambient conditions in terms of temperature, humidity and corrosion.

The dynamic benches, by contrast, are used to replicate vehicle dynamics through a combination of mass and speed. The checks carried out regard efficiency, functionality and resistance, and also use loads that are greater than operating ones in accordance with appropriate safety coefficients. To reduce development times, these benches, designed by Brembo, operate independently 24/7 thanks to sophisticated control systems. They are able to simulate all worldwide type-approved circuits for the various categories of cars and motorbikes, as well as the main alpine descents for any vehicle type. Comfort is also tested on dynamic benches and is measured based on three characteristics defined in the acronym NVH — Noise Vibration Harshness: the lower these three elements, the more silent and vibration-free the braking. In addition, Brembo has a roller bench for cars, motorbikes and heavy goods vehicles, where vehicles can reach 250km/h at temperatures between -30 and +40°C (-22 and 104°F). This is a test booth which simulates road tests in all conditions, from snow to wet roads to extreme speeds.





However, it is the final on-road vehicle tests that allow Brembo to achieve excellence. In fact, the products approved on the various benches are mounted on car prototypes supplied by the manufacturers. An internal team, consisting of expert inspectors, carries out all the tests necessary for testing brake system performance, comfort and durability. The inspectors trained by Brembo have a broad-spectrum profile that allows them to cover functions ranging from prototype assembly to data analysis, and thereby provide a subjective assessment supported by the measurements carried out. The tests carried out include superfading, which involves a suitable braking sequence, from high speed to speed kept at zero in full load conditions, the subjective comfort and feeling assessment, carried out by drivers who have an in-depth knowledge of the vehicles and products, and the efficiency tests on wet and dry terrain. These tests are shared with the client and logged into a list (DVP – Design Verification Plan). The test procedures used to determine the fulfilment of customers' product specifications are logged by means of the BTS (Brembo Testing Specification). In 2019, there are 390 BTSs in place.

The entire test system falls within the solid Project Management (BPDS - Brembo Project Development System) process, known as "Butterfly". This management system is based on Project Management, a structured method that, focusing on the principles of planning, coordination and control, enables to develop and follow a new project in all phases of its evolution. By planning and managing specific inspection moments (so-called "gates") and handling any recovery plans, the Butterfly system makes it possible to verify the suitability and completeness of the activities carried out, guaranteeing that the mass-produced products fully comply with the set requirements.

Training on the Butterfly system

Given the importance that the Butterfly system holds for Brembo, the Quality Department, with the support of the Brembo Academy, designed in 2018 the first BPDS training course conceived and taught by certified internal teachers. The main objective of this project is to train new people recruited for platform roles and who are not familiar with this methodology.

Partnership with Regulatory Bodies

- ▶ The Brembo Group is associated with the **Italian Standardisation Body** (UNI) and complies with the technical standards of the British Standards Institute.
- ▶ The Group also works with the **National Unification Commission for the Automobile** which, in the framework of UNI federated bodies, assists with defining technical standards and instructions for production, testing, the correct use and maintenance of vehicles, motor vehicles, operating machines and related components so as to improve their safety and reliability.
- ▶ Brembo also participates as an expert member on functional safety in the joint **working group in technical commission TC22/SC3/WG16** appointed to improve standard WG 16 ISO:26262 regarding the functional safety of electrical and electronic systems in motor vehicle production.

At the same time, Brembo intends to highlight the strategic nature and importance of this process for the entire company population operating in development platforms. This training campaign, which began as a pilot initiative in 2018, has now seen the involvement of more than 130 people over 10 editions. The training package has a duration of 16 hours.



FMEA/FMECA



100%¹⁷
of production plants
are IATF 16949 certified

To ensure maximum safety and quality of its products, Brembo adopts a preventive and proactive approach enabling the company to anticipate any problems and criticalities along the entire production cycle and take preventive correction measures. In detail, during the **design and development phase**, the Group carries out product and process FMEAs/FMECAs to identify in advance the weaknesses and critical issues that could compromise product reliability and safety and define the necessary improvements and priority measures to be taken before the product enters into production.

FMEA methodology is used, in particular, to identify product and process characteristics having a potential impact on end-user safety, so that these characteristics can be managed and controlled systematically throughout the entire production chain (product development, internal process and supplier process).

These elements represent a fundamental part of Brembo's quality management system, compliant with **IATF 16949:2016** technical specification.

This system, characterised by Guidelines common to all the Group's plants, allows best practices to be transferred from one plant to another, as well as all the sites to be managed with the same standards and quality indicators.

Like other management systems, in newly opened sites the quality management system is implemented when production gets underway and certification audits are normally carried out around twelve months after the plant is commissioned.

Quality monitoring process



Brembo has established a structured internal and external quality monitoring process, which also involves clients and suppliers. In detail, product quality and safety is monitored at all the Group's plants, by using specific indicators that are set out annually by the Quality Department as part of the Quality Plan, which also sets yearly quality objectives in this field.

From an internal standpoint, the most important indicators involved are those regarding waste, while from an external standpoint, those regarding complaint monitoring and the number of defective items sent out to clients are key, both as regards their level of criticality (in terms of inconvenience for the client) and severity (in terms of their impact on end-user safety). Brembo also monitors any product recalls from the market, or customer's notifications of non-compliance with the pre-defined qualitative standards. The application of these indicators also extends to the monitoring of product quality and safety made by the suppliers.

Should these indicators reveal situations that diverge from the established objectives, action plans are immediately put in place to restore compliance.

Activities guaranteeing product authenticity



For the Group, safeguarding the safety of those who buy and use Brembo equipment also means promoting initiatives aimed at countering product illegal counterfeiting activities and fraud in the distribution channels. The sale of counterfeit braking systems may represent a source of high risk for the end user due to the importance of the braking system as a safety component in vehicles. In fact, it is not uncommon that counterfeit products are found to be extremely dangerous because they are not made with controlled materials and are inadequately tested in the production phase.

The main tool developed by Brembo to counter the sale of non-original products is an **"anti-fraud card"** which allows customers

¹⁷ The Zaragoza site is ISO 9001 certified. The new Chennai site in India will be certified by 2020.



to easily check if their purchase is really “Made in Brembo”. The anti-fraud card is delivered inside a sealed bag in the packing of the product purchased and gives a unique identification code, which — once entered on the website www.original.brembo.com together with the card number, component type and country of purchase — allows its authenticity to be checked. If the check fails to give a positive outcome, the purchaser is invited to enter further information to enable the Group to start investigations about the origin of the counterfeit part. The card also contains the quality control document, another tool for confirming product originality, whilst an external seal guarantees that the purchaser has received the product intact from the factory.

The anti-fraud card is currently available for the Brembo High Performance and Brembo Racing lines, with reference to the following products: Sports discs, Rally discs and GT kits. For motorbikes, the initiative covers: calipers, discs, brake/clutch cylinders and replacement levers.

The collaborations established by the Group over the years with public institutions, public security authorities and customs control authorities are also fundamental in Brembo’s fight against the production of and illegal trade in counterfeit products. In this context, Brembo’s collaboration with OLAF - European Commission Anti Fraud Office continued during the year to prevent the growing presence of counterfeit products.

To help coordinate the management of all its anti-counterfeiting activities, Brembo has devised an Action Plan — the ACP (Anti-Counterfeiting Plan) — which was specially designed for this purpose. Starting from the regions with the greatest exposure to such a risk (China, Thailand and Taiwan), the Group has defined some precise areas of intervention. Although the Action Plan’s implementation is only recent, its role in protecting intellectual property has already claimed its first successes: thanks to a multilevel investigation, 30 companies guilty of producing and distributing counterfeit calipers have been uncovered. At the same time, 2019 has seen market investigations conducted in 4 key areas: Shenzhen, Dongguan, Chengdu and Kunming, in China, where about 14 markets were checked and 4 large-scale offenders were identified.

Lastly, regarding the online sales channels, the Group is engaged in monitoring the main e-commerce sites with the aim of reducing the number of counterfeit Brembo products sold on

digital platforms. As a consequence, the function in charge has undertaken the systematic repression of illegal posts and contents that are related to counterfeiting, free riding and copyright. To assist in the monitoring of the main online e-commerce platforms, a number of activities take place towards the accreditation and constant updating of the various intellectual property rights relating to takedown procedures.

Thanks to these activities and an ongoing in-depth analysis of over 100 online platforms, in 2019 Brembo was able to remove thousands of advertisements relating to counterfeit products: since the beginning of these activities, it identified more than 65,500 offers of these products, blocked over 1,214 pages and fraudulent accounts on the main social networks and identified 745 websites using the Brembo brand illegally.

Brembo’s commitment in this field to date is clear:

- Over 90 markets analysed;
- Almost 100 platforms constantly monitored;
- Over 12,300 sellers identified;
- Over 306,900 product sells blocked;
- An about €4,000,000/year turnover from counterfeit products blocked.

In detail, the Group carried out several activities focusing on China and Thailand. On the Chinese market, Brembo’s anti-bribery unit is carrying out a large number of investigations on the possible existence of an entire supply chain of counterfeit Brembo brake calipers and discs linked to a Chinese distributor. On-site checks carried out have confirmed the counterfeiting hypothesis. To stop this from happening, Brembo is planning a number of actions, including the verification of design patents for counterfeit products and the monitoring of organisations linked to them.

On the Thai market, it is mainly the Group’s motorbike braking products that are targeted by counterfeiters. For better results, Brembo has enlisted the help of local authorities in identifying and discovering counterfeit Brembo products. The initiatives undertaken with the help of local authorities have foiled allied industries’ counterfeit sales worth €1.5 million.

After China and Thailand, the Group intends to roll out these efforts to more Far Eastern countries where counterfeiting activities are rife, such as Indonesia, Vietnam, Malaysia and the Philippines.



Eureka: a software to tackle and manage product criticalities

As of 2019 Brembo implemented “Eureka”, a software that will enable the company to revolutionise the management of all product issues, both in the development phase and for products that have already entered the mass production phase. This is an innovative project developed by Quality Management, ICT Management and Technical Department, as well as Advanced R&D, in collaboration with inter-departmental and interdivisional teams and some sites. Eureka is a tool intended to support those who have to face any critical product issues by conveying all the relevant information in a single container. The software allows not only to understand the underlying causes in a more structured and faster way, but it also enables the plants to more easily share solutions, by making such information available to all the people involved at the various Brembo offices. The problems, whether internal to Brembo or reported by the client, can then be managed by the relevant teams using a common

problem solving methodology. Thanks to Eureka it will also be possible to view similar cases that have already occurred at other sites and to know in real time how and by whom they have been solved.

The goal is to use shared knowledge to preventively manage potential problems, prevent the occurrence of the same problem at other plants and / or on similar products. Eureka combines under the same name two basically ‘twin’ software, one dedicated to products under development (Eureka Development) and one to series products (Eureka Production). Finally, the new system allows real-time reporting of problems underway and how they are being managed, resolution times and compliance with the pre-set deadlines, providing a brief overview of the issues underway. From January 2019 the software was officially released and integrated into all Brembo plants, starting from the European ones.

6.6 Awards for innovative ideas of employees

Brembo values the contribution to innovation of all teams and reinforces the spirit of collaboration within the Group, by rewarding ideas that have enabled major improvements and progress to be made in different areas including quality, process or product innovation, cost reduction, increased productivity and simplified processes.

BREMBO Excellence Awards



Thanks to its Excellence Awards Brembo promotes continuous improvements through the application of the Brembo Production System (BPS) principles, and it rewards the most innovative ideas and solutions put forward by employees in each category:

► **Best Ideas**, which promotes ideas for improvement in the production and office area;

► **Best Improvement Plant and Best in Class Plant**, which respectively reward the plants that have produced the most significant improvements and the best performances in terms of quality, production system efficiency and human resources organisation within the plant. Those Brembo plants which have experienced significant Safety or Quality-related issues during the past year are barred from entering the competition.

Moreover, innovative ideas in the larger areas of Sustainability and Digital Factory have been given particular emphasis with the introduction of the “Sustainability” and “Digital Factory” special mentions.

Participation in the Excellence Awards is open to individual employees or groups of employees from all of the Brembo sites. The participation of all plants to the Best Ideas competition was very encouraging, with nearly 93%. A good result: 131 projects submitted.

Among the categories that attracted the greatest number of participating plants there were “Cost reduction” and “Productivity”, both of which achieved a 96% participation rate.



BREMBO Innovation Awards



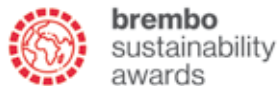
The Innovation Awards have been established by Brembo in order to recognise each year the most innovative ideas relating to the Product and Process areas, with reference to the systems and discs production.

These annual awards are also accompanied by the **Brembo Monthly Innovation Prize**, which every month recognises the best projects developed by Group employees. The evaluation criteria focus on innovative content, possible cost reductions and project added value.

Among all the ideas that get recognised on a monthly basis, the one judged to be the best in product category, and the one voted as the best for process for a given year get the accolade.

In 2019, **35 ideas were presented**, comprising 21 product ideas and 14 process ideas: the latter regarded both the systems and the discs. Out of all those submitted, **awards were given to 34 ideas**: 20 product ideas and 14 process ideas.

BREMBO Sustainability Awards



"Thinking responsibly, acting concretely": this is Brembo's approach to sustainability. In 2019, the new Brembo Sustainability Awards competition was launched. The award now complements the long-standing Brembo Excellence

Awards and the Brembo Innovation Awards, and it is awarded to Brembo staff members who come up with the best ideas in areas such as sustainable development at every level of the organisation.

There are six categories that will receive a prize for the first time in 2020 and which will be linked to the ISO-26000 guidelines and to the 17 Sustainable Development Goals with a special focus on People, Good Management Practices, Governance, Environment, Business Partners and Community Involvement and Development.

The Brembo Sustainability Awards will make use of the CSR Ambassadors' and CSR Champions' contributions, these being people nominated by each Brembo plant and country with the aim of inspiring and engaging all Brembo People into CSR issues and to act as a bridge between the Corporate HQ and the Group's companies. They are the sustainability spokespeople, and they are tasked with engaging all Brembo People into adopting sustainable behaviours, as well as with officially representing the Corporate HQ's CSR Office.

It was in a climate of great attention, and in a melting pot of languages and people from all over the world who had reconvened in Stezzano (Italy) that in Spring 2019 the awards for 2018 were distributed. There were 14 winning projects, with two ex-aequos: two Innovation projects, ten Best Ideas for the Excellence category, and two plant awards. Four prizes were awarded to Italian plants, two each to India, Mexico, Poland and the Czech Republic, one each to the USA and Brazil. Finally, worth of mention is also the novelty special prize for the "Best Ramp-up Plant", awarded to the aluminium calipers manufacturing plant in Nanjing, China.



6.7 Towards a new carbon neutral era

Brembo is aware of the importance of the environmental impact of production processes required for the development of the automotive market, and this leads the Group to strengthening its push towards developing a greater carbon-neutral product offer. This is not just rooted in the conviction that purchase choices are increasingly dictated by environmental considerations, but above all in the willingness to cement change towards a sustainable mobility and a reduction of the environmental impact generated by the Group's supply chain.

To reach this goal, Brembo starts from an accurate evaluation of the environmental aspects of a product's entire life cycle, going as far as including carbon neutral criteria in the development of processes and products.

As of 2020, the operating model shared with the Environment & Energy Department will cover the following aspects:

- Understanding of the impact throughout the production chain (Life Cycle Assessment)
- Definition of the project criteria (Process and Product)
- Involvement of the supply chain.

In order to improve its management of this issue, Brembo takes advantage of CDP initiatives by taking part to workshops, conferences, webinars and participating in the Green Economy Observatory promoted by the Bocconi University, it also promotes experience-sharing activities among Customers and Suppliers such as meetings on climate change, which are promoted by industry unions such as Assofond, Confindustria, FIRE, ANFIA, CLEPA, etc.

The operating model will rest on the accuracy of impact data gathering, opening up possibilities for developing a software capable of measuring impacts such as those linked to raw materials production.

Nevertheless, given the topical nature of an issue that has only just been categorised as "material" for Brembo, specific targets or objectives are yet to be defined, most probably they will be introduced during the coming year.



7. Environment

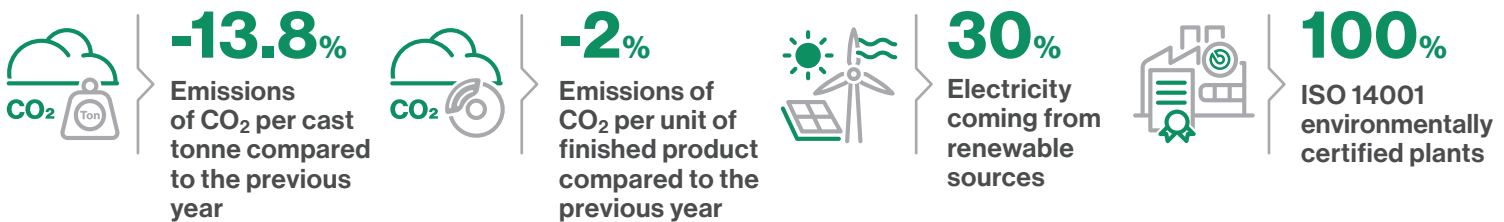
Energy **efficiency**,
lower emissions
and rational use of
water **resources**:
preserving the
environment
is our priority.





7.1 Efficiency and environmental protection in production processes

As a global company leading in the sector in which it operates and consistent with the principles of responsible and sustainable business, Brembo is engaged in constantly transforming its operating model to be increasingly more focused on countering climate change, using water resources rationally and protecting the environment in all its forms.



To give tangible form to its commitment to the environment, in recent years Brembo has developed an operating model based on increasingly strict, innovative requirements capable of anticipating future legislation, with the goal of continuing to create value for its stakeholders, by adopting solutions that minimise the environmental impact of its processes, thus ensuring industrial development balanced against respect for the environment everywhere the Group operates.

Thanks to the steps it has taken, Brembo is certain that it will be able to ensure operating efficiency together with containment of emissions of climate-altering substances deriving from the use and generation of energy in all its forms, while also heeding the call to action from the international scientific community to fight against climate change, having embarked on a process of gradual transition to an increasingly “carbon neutral” model. The energy use required for the functioning of the Group’s production facilities represents the main source of its greenhouse gas emissions. It is for this reason that Brembo actions in the environmental area are aimed at reducing polluting

atmospheric emissions through a gradual transition to more efficient production processes, featuring reduced CO₂ emissions and an ever-increasing use of energy from renewable sources. The emission reduction and energy efficiency objectives have been defined precisely based on these elements, which, as of 2018, form part of the performance assessment scheme for each of the Group’s managers.

This process is founded on creating a solid culture of sustainability within the Brembo community, as a fundamental tool for stimulating the creation of innovative ideas aimed at constantly reducing energy consumption, atmospheric emissions and use of water resources. In this way, all employees are hence asked to make a daily contribution to achieving the business objectives defined by the Group for environmental protection.

Brembo’s commitment also translates into an in-depth knowledge of the emissions generated by company’s operations. The identification and quantification of all the direct and indirect emission sources means that it is possible to identify the priority

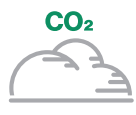


action areas for which specific objectives and improvement measures have to be defined. For this reason, Brembo has drawn up an internal procedure that describes the process of building the emissions inventory in all the Group's factories and the data collection and processing procedures.

The environmental protection process embarked on by Brembo also includes rational use of water.



Since 2018
every site has maintained an **environmental identity card**, containing all the environmental information necessary to understand the environmental impact of Brembo's site in qualitative terms.



Slightly over 1,470,000 t of CO₂ eq
greenhouse gas emissions
into the atmosphere

In this area, the propensity for technological innovation and awareness of the water resource's value has led the Group to identify and gradually introduce new production processes requiring a more sustainable water use aiming at limiting its use, eliminating waste and avoiding any possible form of contamination. Brembo's commitment is most evident at the plants located in areas with significant strain on water resources due to local climate and hydrogeological conditions.

The careful management of the environmental impacts of Brembo's activities has received growing attention from its stakeholders, not only the local communities, but also customers and investors. For example, for several years now, there has been an ongoing exchange of information regarding the Group's environmental performance with almost all its customers: a particular focus has been placed on strategies, technical and organisational solutions, which have led Brembo to highly mitigate risks for the environment.

Brembo's strategy, in terms of values, vision and mission, is described and made available in its Environment and Energy

Policy, where the company states its commitment to full endorsement of sustainable development principles in order to minimise the use of non-renewable resources, and keep the use of renewable ones within the limits of their regeneration capability. Brembo intends to contribute to ensuring that the use of the environmental resources required to meet its current needs is managed responsibly, so as not to harm and deplete their availability for future generations.

In order to ensure transparency and provide customers and investors with accurate information about these aspects, Brembo has voluntarily adhered to CDP (former Carbon Disclosure Project) initiatives since 2011. This independent organisation promotes synergies between the financial community and the business world, monitoring and advocating for commitment to limiting climate change and ensuring responsible and sustainable use of water resources. It should also be recalled that requests by the main external stakeholders are managed in coordination with the CSR area, which provides an immediate, precise response where needs arise.

Over the years, Brembo has progressively extended this monitoring and reporting activity over the years, making it possible to include all Group sites as of 2015. This commitment has allowed not only to paint a full mapping of greenhouse gas emissions deriving from both energy and fuel consumption during production processes and from the Group's logistic activities, but also to identify the main mitigation actions put in place to reduce the environmental impact. In addition, since 2016 Brembo has extended its reporting to water resources as well, identifying improvement measures with particular regard to the plants located in geographical areas where there is a greater water risk.

In recognising this commitment, in 2019 CDP named Brembo as one of the 72 world's leading companies in terms of commitment to guarantee water security. At the global level, there are 37 companies that, together with Brembo, are on both the Climate Change and Water Security A Lists, whereas in Italy Brembo was the only company to achieve this prestigious twofold environmental recognition.





System for the effective management of environmental impact (ISO 14001)

In a complex aspect such as the environment, which is characterised, at world level, by the constant evolution of regulatory requirements, a growing attention from stakeholders — communities, governments, customers, investors — towards the Group's environmental impacts, and the need to reduce non-compliance risks related to effective and applicable regulations, Brembo has developed and maintains an up-to-date Environmental Management System based on the ISO 14001 standard. The Group voluntarily submits its system for assessments on an annual basis by independent third-party organisations to ensure its full compliance with international standards. Twice yearly the top management is tasked with verifying the efficacy of the management system during the management review, which at Brembo coincides with the environment and energy committee, the output of which includes measures designed to increase the efficacy of the management system.

In 2019, the Environmental Management System, transformed in 2018 from a “single-site system” to a “corporate system”, was extended to the recently built factories now included in a single Group certificate. In particular, the facilities of Avenel (USA) and Nanchino Sistemi (CHI) and the iron foundries in Escobedo (MEX) and Homer (USA) passed the certification authority's inspection and were included in Brembo's certificate, which now encompasses a total of 25 plants. The Chinese factories in Langfang and Nanjing — an iron foundry and disc processing plant, already certified ISO 14001 compliant — will be included in the Brembo certificate at a later date.

One important new development relating to the management system in 2019 is the inclusion of the requirements established by the ISO 50001 standard relating to energy management. The new system was implemented at a pilot site, which at year-end also received energy management certification. The new system is to be gradually extended to all Group plants starting in 2020.

One of the elements featured in the management system is the introduction of common operating requirements for all sites focused on environmental risk prevention — including risks

linked to climate change and water management —, going beyond the concept of respect for requirements defined by local legislation. After concluding the mapping activity carried out in 2018 to understand each Group plant's gaps with respect to the established requirements, in 2019 the Environment and Energy Department launched a process of monitoring the state of progress of the actions identified at the local level as necessary to fill the gaps identified. For example, factories are committed to extending the measurement instruments required to quantify wastewater discharge (e.g., at the plant in Curno, Italy) and to the gradual replacement of the refrigerant gas R22 (e.g., at the plant in Escobedo, Mexico), for which the Group has committed to anticipating the phase-out even in countries where its use is still permitted. It is interesting to note that in the course of identifying improvement measures, the plants observed the expected benefits of introducing the corporate system, which systematically shares experiences and best practices, facilitating and expediting the improvement process.

Lastly, in addition to investments in technology and services to protect the environment, the human factor is a decisive element for ensuring the effective protection of the environment in everyday corporate activities. Accordingly, within the framework of its management system, Brembo invests in training activities designed to provide information on how to handle the main environmental aspects, including specific technical training for those affected on the front lines, participation in webinars, conventions and seminars promoted by the various national and international organisations (such as CDP, the former Carbon Disclosure Project) and specific induction programmes designed for newly hired employees. In 2019, as well as standard training, more than 3,650 hours of training on environmental issues were provided across the Group's sites.



Over 3,650
hours of training provided to personnel
on environmental management



Brembo's "green" e-learning

In confirmation of the Group's commitment, the first e-learning initiative regarding the environment was implemented during the year. This course, intended for those not well versed in the subject, seeks to emphasise the impact that each of us has on the environment. The course is simple and streamlined, with mini-modules that last 10-12 minutes each. At the end of the mandatory modules (on water, waste, plastic, paper, hazardous substances, energy, atmospheric emissions, cement and

biodiversity), there is an additional optional module entitled "How green are you?", and a self-assessment test, which can be repeated, including to verify how each person's environmental sustainable footprint improves over time. The next online environmental course will be a technical e-learning modules, available in early 2020 and intended for those who, in various capacities, have an impact through their work on managing water — an increasingly precious resource.

Energy consumption

It is claimed by the world's scientific community that one of the main contributors to the emissions of climate-altering substances lies with CO₂ emissions due to electrical energy production.

For this reason, Brembo is working hard to reduce its impact due to electrical energy use, undertaking to play its part in containing global warming. This general commitment — in accordance with the Environment and Energy Policy — translates into both the introduction of an Energy Management System certified compliant with the ISO 50001 standard and decisions regarding energy procurement, seeking to make the greatest possible use of renewable energy sources — instead of fossil fuels — and self-generation, through the installation of photovoltaic panels. Obviously, the implementation of a gradual reduction of energy consumption is also fundamental to reduce both processing costs and the Group's contribution to the emission of climate-altering substances. Accordingly, as part of its strategy, the Group has formulated a series of challenging objectives for reducing the consumption of its production facilities, which have resulted, and continue to result, in search for and implementation of new energy-efficiency initiatives.

Regarding the "Green" electrical energy quota which the Group procured during 2019, this rose from 21% in 2018 to 30%. This result was achieved thanks to the purchase of Certificates of Origin equivalent to 75% of electricity consumption in the Italian sites and about 40% in the Polish sites. Mention should be made of the result achieved in Mexico where, thanks to the adoption of a renewed purchasing strategy, in 2019 the new iron foundry received **100%** of its electricity from renewable sources — a result that will gradually be achieved at the other production facilities

in Escobedo and Apodaca. Self-production also represents a further area of intervention: besides the recently installed photovoltaic plants in Stezzano and Curno, several assessments are being completed for new installations at production sites both in Italy and other countries.

The actions taken to achieve these goals include, for example, adopting advanced monitoring systems, interconnected with the factory's main utilities according to a *smart factory* approach, replacing obsolete systems with others using more efficient technologies, reducing waste, for example by locating and reducing compressed air leaks in the internal distribution network and automatically shutting down systems or parts of systems during unproductive periods.

The promotion of energy saving, which is reflected in the rational use of energy and hence in reduced consumption, is a topic that involves all the Group's operating units, which were asked to help achieve Brembo's energy efficiency objective set for 2019 at 2.34%.

This objective has been largely exceeded, with an about **4.9%** result especially thanks to the activities aimed at optimising the foundries' production processes.

The cast iron foundries, the processes of which make up about 60% of total consumption, have implemented energy efficiency projects that have helped achieve about 40% of the goal set for the Group. Aluminium foundries also made a similar contribution this year, working on optimising the use of furnaces powered primarily by natural gas.

The energy consumption optimisation measures have produced major savings and reduced costs significantly, both in the



Group's older plants built with previous-generation technology, and in the more recently constructed plants which, built with high energy efficiency, cutting-edge technologies, have focused on the management procedures connected with electricity use

in both general technical and processing systems. Overall the measures implemented in 2019 in the various production hubs have reduced energy consumption by **168,342 GJ**, equivalent to **20,484** tonnes of emissions of CO₂ eq.



An about 4.9%
energy consumption reduction
compared to 2018 thanks to energy
efficiency initiatives



About 79%
the contribution of cast iron and
aluminium foundries to **the Group's**
total energy efficiency in 2019

The Brembo Energy Platform

In 2018, Brembo launched a project to permanently monitor the energy consumption of every facility, every department, and where consumption levels are significant, even production machinery.

Once created the IT platform called Brembo Energy Platform (BEP), the related project started as a pilot at the Curno site and then continued in 2019 with the installation, in nearly all production sites, of a network of measuring equipment able to monitor the consumption patterns of each site and to provide more targeted energy efficiency programmes. By the first quarter of 2020 it will be rolled out across all production facilities.

Measuring and monitoring in detail own consumption will allow Brembo to enable the creation of an internal benchmark and the implementation of improvement measures, also through a comparison between the different production sites. Finally, since abnormal consumption - including in terms of energy - can be a tell-tale sign of malfunctioning machinery, the platform will be an important source of information for maintenance and production teams, enabling the deployment of preventative and predictive actions which can ensure production continuity at optimal machine capacity levels. In 2020, training activity will start on the IT platform understanding and use.



Analysis of main measures to reduce energy consumption at global level

Area of intervention	Energy consumption reduction (GJ)	Estimate of CO ₂ eq tonnes avoided
Lighting system optimisation (installation of LED lamps in offices and production departments)	11,250	1,342
Compressed air system optimisation (replacement of compressors, leak detection and repair, optimised use during production processes)	20,419	3,288
Replacement of processing systems with more efficient technology	23	3
General production process optimisation*	132,932	15,308
Optimisation of general technical equipment management	3,022	450
Installation of photovoltaic plant	695	93
Total	168,342	20,484

*Only this special category of intervention includes the reduction of both electricity and natural gas

Overall in 2019 Brembo consumed around 4.6 million GJ with a slight increase of 0.49% compared to 2018 as a result of a balance between the rise of new production facilities (chiefly foundries), the lower production of several facilities near the end

of the year, the installation of new machines and implementation of new processes, as well as energy efficiency projects. This consumption is primarily in the form of electrical energy (around 71% of total consumption).

Annual energy consumption broken down by source (GJ)

	2017	2018	2019
DIRECT CONSUMPTION	1,169,199	1,385,284	1,300,475
Energy from non-renewable sources			
Natural Gas	795,293	1,017,612	990,104
Other fossil fuels*	372,118	365,975	308,768
Energy from renewable sources**			
Sources (photovoltaic, thermal solar, etc)	1,788***	1,697****	1,603
INDIRECT CONSUMPTION	2,673,431	3,151,771	3,258,755
Electrical energy	2,647,302	3,124,939	3,232,565
from non-renewable sources	2,429,422	2,458,899	2,247,507
from renewable sources	217,880	666,040	985,058
District heating	26,129	26,832	26,190

*Other fossil fuels" include: diesel, petrol, LPG and other.

**In 2019, the Group did not generate any energy destined for sale.

*** The entry does not include production at the plant in Homer (USA), which manufactures discs, because the data was not provided by the plant operator in time to draw up this document.

**** The entry does not include production at the US and Chinese plants because the data was not provided by the plant operators in time to draw up this document.





Greenhouse gas emissions

The strategy in place focuses on implementing a series of actions to achieve the medium- and long-term objectives set by the Group to cut its greenhouse gas emissions, formulated in accordance with the commitments made by the United Nations during the COP21 in Paris, deemed essential to combatting climate change.

In particular, a sustainability goal has been set as a percentage of emissions avoided due to improvements, including efficient use of any form of energy and the use of energy from renewable sources, compared with the previous year's emission levels.

In 2019 two new objectives were added to the 2018 reporting, aimed at more ambitious milestones (a 23% reduction by 2028 and a 50% reduction by 2045), in addition to including all factories recently built and started up, with a commitment to a year-on-year reduction of scope 1+2 of 2.5%, inspired by the new SBTi (Science-Based Targets initiative) criteria for keeping the global temperature increase well below 2°C.

The reduction achieved in 2019 due to the improvement was -6.3% on the previous year, a value that exceeds the minimum annual reduction required to keep the global average temperature increase to less than 1.5 C°.

-19% by 2025	Brembo is committed to reducing scope 1 and scope 2 direct and indirect emissions by 19% compared to the levels measured in 2015 (on a like-for-like consolidation basis).
-23% by 2028	Brembo is committed to reducing scope 1 and scope 2 direct and indirect emissions by 23% compared to the levels measured in 2018 (on a like-for-like consolidation basis).
-41% by 2040	Brembo is committed to reducing scope 1 and scope 2 direct and indirect emissions by 41% compared to the levels measured in 2015 (on a like-for-like consolidation basis).
-50% by 2045	Brembo is committed to reducing scope 1 and scope 2 direct and indirect emissions by 50% compared to the levels measured in 2018 (on a like-for-like consolidation basis).

Brembo's commitment to the reduction of CO₂ has been transformed into an internal reduction objective calculated using the following formula:

$$\frac{\text{CO}_2\text{eq reduction achieved through improvement actions}}{\text{CO}_2\text{eq emissions of the previous year}} \geq 2.5\%$$

In 2019, these improvements led to a 10% reduction in CO₂ emissions compared to the previous year.



-13.8%
reduction of CO₂ emissions
per cast tonne compared
to the previous year



The CO₂eq emissions generated by Brembo's production activities in 2019 amounted to slightly more than 1,470,000 tons (scope 1+2+3). The emissions result is significantly higher than in previous years because scope 3 now includes the new category "Purchased Goods and Services" (emissions generated by suppliers to provide materials and/or services for Brembo), the value of which is approximately 550,000 tCO₂eq. During the year, a panel of 50 suppliers, representing approximately 33% of total spending and 53% of sales by relevant suppliers, were asked to provide some data useful to determining the impact in terms of CO₂, such as energy consumption, which were used to calculate the panel's emissions and reportioned to total spending. Said activity met a twofold objective. On the one hand, the total result of the emissions measured was included in the reporting of Brembo's CO₂eq emissions, while on the other, in order to raise awareness among the supply chain of its carbon footprint, in view of constantly improvement in the approach to managing environmental issues throughout the entire value chain, Brembo returned sheets with the results of the analysis performed to each of the suppliers involved. The overall

result was thus included in the reporting of Brembo's CO₂eq emissions.

In 2015, which is considered the benchmark year for the monitoring of emissions improvements, emissions amounted to about 440,000 tons of CO₂eq (scope 1+2). In a like-for-like comparison with 2015, over the last year a total of 356,000 tons of CO₂eq were produced, marking a reduction of almost 20%. This result was achieved thanks to energy efficiency-boosting projects totalling 13,496 tons of CO₂eq and to the implementation of renewable energy solutions equal to 155,000 tons of CO₂eq.

Like every year, the emissions inventory and calculation methodology underwent assurance certification by a third-party body in accordance with the ISO14064 standard.



-2%
reduction of CO₂ emissions
per unit of finished product
compared to the previous year



Greenhouse gas emission by scope (t CO₂eq)*

	2017*	2018*	2019 (*)
Scope 1	74,911	87,691	80,707
Emissions from foundries	34,959	35,379	30,576
Emissions from production plants and heating systems	35,381	46,845	45,579
Coolants for air-conditioning systems**	1,200	1,234	990
Emissions from company vehicles and other fuels	3,371	4,233	3,562
Scope 2***	444,525	492,821	404,531
Indirect emissions due to power consumption and heating district			
Market based	444,525	492,821	404,531
Location based	498,005	584,916	509,850
Scope 3	270,687	330,366	990,493
Emissions due to product distribution logistics and waste transport	161,001	201,594	250,885
Emissions due to employees commuting between home and workplace	34,303	29,199	34,743
Emissions due to business trips	7,623	3,934	2,878
Emissions due to product transport within the Group	38,762	54,595	18,862
Emissions due to the energy lost through power distribution and transmission	28,998	41,044	40,794
Emissions generated by the purchase of hardware, machinery and equipment	-	-	91,842
Emissions generated by suppliers to produce materials and/or services for Brembo	-	-	550,489
Total	790,123	910,878	1,475,731

* The calculation of the CO₂eq (which includes CH₄, NO₂, HFC, PFC and SF₆ emissions when present), was carried out in accordance with the indications contained in the "Global Warming Potential Values" guide from the Greenhouse Gas Protocol (calculation methodology and emission factors as per the GHG Protocol. See <http://www.ghgprotocol.org/calculation-tools/all-tools>) which is based on the latest scientific studies carried out by the Intergovernmental Panel on Climate Change (IPCC): "IPCC Fifth Assessment Report, 2014 (AR5)" "IPCC fourth assessment report, 2007 (AR4)" and "IPCC second assessment report, 1995 (SAR)", supplemented by data from the EPA (Environmental Protection Agency) for US emissions and ASHRAE34 for coolants. The 2017 data does not include the plant in Langfang (China), acquired in 2016, as some utilities and some general systems are still shared with other activities that are not controlled by Brembo.

(*) The calculation of the share of CO₂ emissions from electricity was carried out using the IEA 2019 (International Energy Agency) emission factors <http://data.iea.org/payment/products/122-emissions-factors.aspx>

** The figure includes the quantities of coolants dispersed into the atmosphere and reported in the special registers when air conditioning systems are refilled periodically. In the absence of such a record or other evidence of gas refills carried out during the year, all the gas contained in the air conditioning systems is considered to be dispersed into the atmosphere — as a precautionary measure.

*** The overall scope 2 emissions takes into account the total emissions valued using the Market Based method.

Scope 1

Climate-changing emissions generated directly by Brembo come from plants, assets and vehicles operated directly by Brembo. This scope includes emissions from the combustion of fossil fuels in melting furnaces, leakage of coolants in air conditioning systems or use of the company fleet.

Scope 2

Indirect emissions of greenhouse gases resulting from the generation of electricity purchased by Brembo, as well as the heating of water/steam procured by the Group through district heating systems. With these purchases Brembo indirectly contributes to the emissions generated by electricity or heat suppliers.

Scope 3

Emissions that are not included in the previous scopes but linked to Brembo's value chain. This scope includes emissions from Brembo product distribution and handling among plants, personnel's commuting from home to workplace or business trips.



Atmospheric polluting emissions

Gas emissions are periodically monitored, in accordance with authorisation regulatory requirements at all Group plants. Although national and local laws set different limits and pollutants, as part of Brembo's new Environmental Management System common requirements have been defined for all the Brembo plants, to control the risks associated with this topic and ensure uniform emission control at all plants.

The substances chiefly present in Brembo's emissions are those typical of melting processes and the use of fuels (NOx and SOx), as well as those generated by mechanical processes such as powders (PM) and volatile organic compounds (VOC). With regard to the emission trend, it is specified that it is not possible to make a comparison with previous years as the emissions are subject to the variability of the production mix, which can also significantly influence the quantity of substances emitted.

Every emission subject to authorisation is monitored periodically to ensure compliance with the established limits set out in the authorisation documents.

In the same way it monitors pollutants, Brembo also monitors the quantity of coolants (HFC and HCFC) released into the atmosphere, calculating the relevant CO₂ equivalent impact. In 2019, 0.48 tonnes of ozone-depleting gases, including 0.45 tonnes of coolants containing hydrofluorocarbons (HFC) and 0.03 tonnes of freon 22 gas (R-22), were dispersed into the atmosphere. The figure includes the quantities of coolants dispersed into the atmosphere and reported in the special registers when air conditioning systems are refilled periodically. In the absence of such a record or other evidence of gas refills carried out during the year, all the gas contained in the air conditioning systems is considered to be dispersed into the atmosphere — as a precautionary measure.

Emissions of harmful substances (t)*

	2017	2018	2019
Nitrogen oxides (NOx)	135.25	110.20	122.31
Sulphur oxides (SOx)	49.29	36.91	122.69**
Persistent organic pollutants (POP)	0.00	0.00	0.00
Volatile organic compounds (VOC)	117.65	165.44	171.52
Hazardous pollutants	4.29	12.03	7.15
Fine particulates (PM)	160.46	317.15	117.46
Carbon monoxide (CO)	-	-	282.25

* The values shown are based on precise measurements made in plants that are subject to regular spot checks. Each plant's emissions are calculated based on these precise measurements, since the concentration of harmful substances, the mass flow and the operating time of the plant are already known. Hence, the values shown only refer to the plants equipped with measuring instruments. Compared to the 2018 NFI Disclosure, it should also be noted that, following the update of the calculation methodology, the figures for 2017 and 2018 have been modified to ensure a uniform measurement of emissions by all the Group sites.

** SOx values for 2019 were up on the previous year due to: start-up and transition to full operation of the new foundries and entry into force in Poland of a new legal requirement mandating the application of a more restrictive method for emissions sampling and analysis.

Cold Plasma deployed at the Ostrava foundry

Among the various initiatives launched in 2019, mention should be made of the launch of a project to implement an abatement system for the odorous emissions generated by the Ostrava aluminium foundry. A treatment based on "Cold Plasma" technology was installed at the plant, offering significant abatement of the odorous emissions associated with industrial activity. Cold Plasma uses oxygen and nitrogen hydroxide in gas

discharge flows to oxidise the odorous molecules present and render them odourless. The molecules thus generated are then released into the atmosphere.

The innovative characteristic of the process being launched in the Czech Republic will require constant monitoring of the solution's performance to evaluate its efficacy and the possibility of extensions to other plants.





Management and use of water resources

The demographic growth in world population, with the resultant increase in demand for water, and the gradual desertification of increasingly large areas of the planet due to climate change are forcing industrial complexes with a significant need for water resources, such as Brembo, to essentially commit towards a more rational use of this resource, through both progressively reducing its use and minimising the risk of potential pollutants that could cause water not to be released back into the environment. In line with these prerequisites, Brembo have developed its strategy, aimed at minimising consumption whilst maintaining the original quality features of current supply sources. To be more specific, such strategy is implemented through the Brembo Energy and Environment Management System, whereby each plant carries out a risk and opportunities assessment for each process and production phase that has an impact on water resources. The outcome of this analysis leads — for the relevant identified risk or opportunity areas — to mitigation or other actions that may help seize any opportunities.

In parallel to the risk assessment, Brembo runs a yearly company-wide risk evaluation programme linked to company sites located in areas classed as Water Stressed Areas, be it in present or future scenarios. Such evaluation is conducted using the “Aqueduct” digital tool, in accordance to the World Resource Institute’s (WRI) methodology.

As far as water performance is concerned, approximately 1,2 million cubic meters of water were used, decreasing by about 6% compared to 2018. The water mains still constitute the main source of supply (approximately 75%) which not only ensures suitable quality levels, but also a reliably constant supply over time.

After being used for industrial purposes, i.e. for plant cooling, the production of cooling lubricant emulsions, etc., the water is mainly destined for the local water consortium sewers and only a tiny fraction is released into surface water bodies, after ensuring that the specifications on acceptability are met. In that respect, it might be worth mentioning the initiative adopted at the Apodaca plant in Mexico where a water treatment system was installed allowing to take production process waste water that would have normally been disposed of, repurposing it for other uses, such as cleaning factory floors.

In 2019 the E&E management launched the ‘**Water Balance**’ project, aimed at assessing the water management level in

all Group factories. The project also envisages inspections to all sites in order to collect all the information required to produce a water report based on a common model applicable to all of the Group’s production hubs. With its final goal being that of offering improvement ideas, the project starts from the identification of wasteful practices to then be followed by the identification of potential technical solutions enabling a more responsible management of water resources.

Finally, the implementation of some innovative treatment systems for coolant emulsions, aimed at extending the lifespan of the emulsion itself are still in the testing and feasibility stages, with the goal of lowering the amount of water required to formulate a new emulsion.

With reference to waste water, nearly all of it is destined for the local water consortium sewers to which the sites are linked. Only a tiny fraction (about 2%) of waste water is released into surface water bodies, after ensuring that the relevant local legal specifications on acceptability are met.

To enable increasingly accurate water reporting, and identify and reduce every source of waste, the Group completed the installation of flowmeters at the entry points of every production facility. Therefore, in 2019 the Group gradually deployed special measuring equipment to quantify water waste. Simultaneously a programme aimed at increasing the involvement of the supply chain has been devised in order to increase awareness about the impact on water resources even outside the Group. Similarly to what happened with gas emissions, the questionnaire sent to suppliers also documented water consumption along the entire value chain.

Moreover, Brembo has set a wider strategic goal, i.e. reaching 100% water flows monitoring capability by 2025 (water withdrawal, disposal and significant internal use) for every site in the Group. This goal aims at identifying every source of waste, and every abnormal level of consumption against internal and external benchmarks, to enable the implementation of improvement measures that are in line with local standards. A further development of the project is the inclusion of water measurements within the BEP monitoring platform which — similarly to energy — will enable a constant monitoring of consumption, which in turn will be useful to identify priority areas for intervention.

The water-related impacts that Brembo might identify are the



ones linked to contamination risks and to resource depletion in areas with limited availability. To ensure that any impact is

controlled and minimised, special guidelines have been issued which state the common resource management requirements.

WATER WITHDRAWAL (megalitres)

	2017		2018		2019	
	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>
Groundwater	395.74	90.68	387.03	153.22	317.44	107.31
Fresh water	395.74	90.68	387.03	153.22	317.17	107.31
Other types of water	0	0	0	0	0.27	0
Third-party water resources	760.16	147.82	948.24	192.53	942.88	263.94
Fresh water	760.16	147.82	948.24	192.53	942.88	263.94
Other types of water	0	0	0	0	0	0
Total	1.155.91	238.50	1.335.27	345.75	1.260.32	371.25

Total third-party water withdrawal by source in 2019

Surface water	-	-	-	-	-	252.71
Groundwater	-	-	-	-	-	11.23
Total	-	-	-	-	-	263.94

**WATER DISCHARGE (megalitres)**

	2017		2018		2019	
	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>
Surface water	54.05	-	13.46	-	11.91	-
Fresh water	-	-	-	-	11.91	-
Other types of water	54.05	-	13.46	-	-	-
Groundwater	18.47	-	-	-	13	13
Fresh water	-	-	-	-	-	-
Other types of water	18.47	-	-	-	13	13
Third-party water resources	429.98	-	565.4	-	519.25	87.65
Fresh water	-	-	-	-	311.23	63.56
Other types of water	429.98	-	565.4	-	208.02	24.09
Total	502.45	-	578.86	-	544.16	100.65

Water discharge by level of processing*

Any processing	-	-	124.08
Level of processing 1	-	-	14.44
Level of processing 2	-	-	277.95
Level of processing 3	-	-	76.06
Total	-	-	492.53

* Treatment level 1: aims at removing the solid substances which either deposit or float on top of the water.

Treatment level 2: aims at removing the substances and materials which remain suspended or are dissolved in the water

Treatment level 3: aims at improving water quality before its disposal. This treatment also includes removal processes for substances such as heavy metals, nitrogen and phosphorous.

WATER CONSUMPTION (megaliters)

	2017		2018		2019	
	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>	<i>All areas</i>	<i>Water stressed areas</i>
Total water consumption	653.46	-	756.42	-	716.16	270.59



Waste management

At Brembo the conviction that the linear “take-make-dispose” economic model based on having access to only seemingly unlimited resources is increasingly ill-adapted to Brembo’s environment, is well established, especially given the need to access high quality raw materials with sustainable costs whilst being mindful of the environment

The typical situation at certain production facilities — such as cast iron foundries — is a clear example of how this concept is put into practice at Brembo. A foundry primarily uses secondary raw materials, such as cuttings and discarded materials produced during mechanical processing, thereby contributing to circular waste management. The vertical integration of Brembo’s factories is a positive example of how having a foundry near the machining and assembly facility — typically housed within a single industrial complex — in most cases enables immediate reuse of scrap metal in melting furnaces. It is therefore possible to state that by their own nature the Brembo production processes are perfectly suitable for a “take-make-reuse” model which constitutes the basis for the circular economy development model. The progressive extension of circularity to all production processes is an

opportunity that Brembo intends to seize in order to ensure a steady business growth that’s in balance with the environment. Worthy of mention are also some of the initiatives undertaken by Brembo to breathe new life into waste materials, such as the replacement of some additives and ferro-alloys from primary smelting origin with those of secondary origin, coming from waste recycling, or also the experimental projects on water-based waste materials, such as waste coolant emulsions, aimed at extending their lifespan and reducing the quantity of water contained in the end waste.

During 2019 Brembo generated over 384,500 tons of waste, a similar amount to the one produced in 2018, and the waste classed as hazardous stayed at 5% of the total, whilst non-hazardous ones were 95% following the inclusion into the statistics of new plants that were added to the 2018 reports. Worthy of note is the increase in the percentage of non-hazardous waste destined for recycling (+25% compared to 2018) thanks to a purchasing strategy adopted by the Nanjing Cast Iron Smelting Plant where supplier contract terms related to waste management were reviewed, requiring and assessing the recycling of non-hazardous solid waste.

WASTE GENERATED (t)

	2017*	2018**	2019
Hazardous waste	18,427	20,644	20,406
of which: discharged	-	12,799	12,427
of which: reused	-	7,821	7,979
Non-hazardous waste	301,118	362,180	364,119
of which: discharged	-	172,507	133,838
of which: reused	-	183,923	230,281
Total	319,545	382,825	384,525
of which: discharged	-	185,306	146,265
of which: reused	-	191,744	238,260

*Data on waste’s final destination (reuse/discharge) referring to fiscal year 2017 are not available as they were not specifically subject to monitoring by the Group.

**The entries “of which: discharged” and “of which: reused” do not include waste generated in the year but not discharged by the Langfang and Nanjing plants (5,774.42 tonnes).





Pilot project to reduce plastic use in Stezzano

Brembo is committed to promoting environmental protection initiatives both at individual and corporate level by actively involving its employees. With this prospect in mind in 2019 the Energy and Environment Department launched a project envisaging the reduction of single use plastic items in the Stezzano plant. To reduce the use of single-use plastic bottles near coffee break areas, some free water microfiltering devices have been installed and thermos flasks distributed to all Brembo members of staff working on-site. Other plastic single-use products such as plastic cups, coffee stirrers, canteen cutlery and plates, have been replaced with paper-based or biodegradable materials. This initiative will enable the elimination, in the Stezzano site alone, of 200 kg of single-use plastic translating into 4,000 plastic bottles, 306,000 coffee

cups, 305,000 stirrers, 400,000 single use plate-and-cutlery sets. Waste sorting facilities in break areas have been reviewed to improve the efficiency of separate waste collection, with the added help of the Brembo-appointed waste collection company to ensure the correct disposal of each waste type. The ultimate goal is to limit the use of plastic for all those uses where it's not deemed absolutely necessary, preventing chances of incorrect disposal, failure to recycle or disposal into the environment, whilst guaranteeing that any waste produced, including plastic, is correctly sorted in order to enable recycling.

In 2020 this project will be launched in the Curno, Mapello e Sellero sites to then be extended to other Brembo sites which will be required to develop single-use plastic utilisation curbing initiatives in line with local working practices.







8. Local areas

Interacting with
the communities,
people and
institutions.
Feedback becomes
support, dialogue
turns into **synergy**.





8.1 Creating opportunities for local areas

For more than 50 years, Brembo has contributed directly and indirectly to the economic development of the local areas and numerous communities around the world, which the Group has joined during its expansion at global level. This has stemmed from its willingness to keep strong geographical proximity to its reference markets and to its Customers' production centres, where the vehicles and motorbikes fitted with the Group's braking systems are manufactured.



€ **2,338** million
Economic value distributed



91%
Local managers born in the countries where they work for Brembo



5
Action areas for social projects

In particular, the Group's expansion to the different countries in the world has always been carried out taking into account the need to support the economic, social and employment growth of the territories, as well as the responsibility towards local communities.

In 2019, Brembo's investment management policy continued to develop along the lines that have been followed until today, aiming to strengthen the Group's presence both in Italy and, above all, internationally. Group's total investments undertaken in 2019 amounted to €247,336 thousand, of which €172,338 thousand was invested in property, plant and equipment, €38,111 thousand in intangible assets, and €36,887 thousand in leased assets.

The most significant investments were concentrated in Italy (35.7%), Poland (20%), Czech Republic (14.6%), North America (16.9%) and China (8.5%).

In particular, in Italy, works on the new building in Curno, which will house the new Carbon Factory, continued. The building has

been designed in view of progressively verticalising — within a single production facility adjacent to Brembo's current hub — the entire development, processing and production process for raw components used in carbon-fibre discs and pads for racing applications. Brembo's Carbon Factory will in fact produce semi-finished carbon-carbon discs and pads — to be distinguished from the carbon-ceramic discs intended for high-performance street vehicles manufactured in Stezzano (Italy) and Germany — for equipping the cars and motorbikes used by the racing teams in all major motor competitions, starting with F1 and MotoGP. The building will occupy an area of approximately 7,000 square metres, in addition to the 10,000 square metres of green space, parking and logistics and storage areas planned as part of the project. Following the conclusion of the construction work in the previous year, the first systems were installed and started up in 2019, whereas additional machines will continue to be installed in 2020 for a gradual increase in production capacity.

The other investments in property, plant and equipment made by the Group primarily related to purchases of plant, machinery and equipment to increase the level of automation of production



and constantly improve the mix and quality of factories. With regard to investments in intangible assets, development costs for 2019 amounted to €26,628 thousand, borne by the Parent and the U.S. subsidiary.

In addition, Brembo, which represents a reliable partner for many businesses in the supply industry, with which they can develop partnerships and grow over time, has contributed to strengthening the entrepreneurial fabric in its value chain, creating a network of ancillary companies that guarantees additional employment and technological development. In

fact, in 2019, much of the wealth distributed by Brembo went towards remunerating and supporting the system of businesses in the supply chains: overall, the Group made purchases worth over €1,680 million. More than €465 million were distributed to Brembo personnel in the form of salaries, variable remuneration and social security contributions.

The economic impacts of the Group can also be measured in its support for public spending through its contribution to tax revenue and its dividends to shareholders, thereby encouraging further investments.

Economic value generated, distributed and retained (€ thousand)

	2017	2018	2019
Economic value generated	2,546,706	2,748,210	2,687,122
Economic value distributed	2,235,339	2,440,370	2,338,379
Suppliers	1,608,135	1,748,475	1,683,433
Brembo People*	436,050	465,306	465,696
Investors and lenders	120,862	148,111	124,495
Public Administration	69,215	76,997	62,977
Gifts and sponsorships	1,077	1,481	1,778
Economic value retained	311,367	307,840	348,743

* The item "Economic value distributed to Brembo People" includes the costs of Brembo's employed personnel and temporaries.

The generation and distribution of wealth by the Group had a particularly significant positive impact in those areas characterised by levels of industrialisation and wealth distribution below the national average. This is the case, for example, with the Homer production plant in the United States and the Ostrava plant in the Czech Republic — areas that are characterised by an above-average employment rate.

In recognition of the benefits produced by the presence of highly specialised manufacturing firms, in 2019 — as part of national policies designed to attract and support industrial innovation and development — the Group received more than €29 million in public grants, in the form of tax relief and research grants.



Contribution to developing the local intellectual capital

Brembo's positive effects on local communities are not just measured in terms of the investments channelled into these areas or the job opportunities that are created there. Even more important to their development is the Group's contribution to increasing the intellectual capital of those districts.

The main tools used to make Brembo's "knowledge" capital a resource for the local area include personnel training and partnerships developed with various research and education institutions, including the Milan Polytechnic, the Royal Institute of Technology in Stockholm, the University of Padua and the University of Trento. These partnerships have made it possible to share Brembo's legacy of expertise in materials, braking systems, technology, and industrial fusion and mechanical processing procedures, while also allowing the Group to develop highly innovative products with a view to open innovation that benefits both Brembo and the local areas.

Out of the main initiatives that demonstrate Brembo's key role in creating and promoting knowledge and innovation on a local level, the most significant are reported below:

The development of the innovation hub Kilometro Rosso

The Group was involved in the creation of Kilometro Rosso from the very start. Established on the outskirts of Bergamo, where Brembo has its roots, this district acts as a catalyst for various areas of excellence in the field of research, high-tech production and services for innovation in various sectors and areas of specialisation.

This knowledge hub aims to create a meeting point for businesses with a strong propensity for innovation, scientific institutions and R&D centres, with a view to promoting the sharing of specialist expertise among businesses operating in various industries, considerably increasing the ability of the people involved to

generate product, process and service innovation.

Kilometro Rosso is now one of Italy's main science parks, accredited by the CENSIS 2009 report as one of Italy's top 10 outstanding initiatives for innovation. In addition to the Group's headquarters, within the park Brembo has a mechatronics, sensor systems and mechanical Research Centre and the laboratories of Brembo SGL Carbon Ceramic Brakes, a joint-venture set up between Brembo and SGL Group.

For further information: www.kilometrorosso.com/en/

Accademia del Freno (Brake Academy) at the Polytechnic University

In partnership with the Milan Polytechnic, Brembo set up the Accademia del Freno (Brake Academy) in 2014. This technical and scientific advanced education initiative specialising in braking systems seeks to complement the academic curriculum of Milan Polytechnic's engineering students. The Academy features a cycle of lessons and seminars in the University and in the company. It involves Group managers and specialists, who provide students with the knowledge and expertise developed by the Group, ranging from brake disc and brake disc caliper design to further study of friction materials, thermal and structural calculations, and testing and validation processes. This partnership aims to train new braking system specialists, therefore developing the sector's future professionals.

The support to local technological

The Group's partnerships with the world of education do not focus solely on universities. In fact, it is important for Brembo to develop a relationship with future generations from secondary schools onwards, so as to guide and introduce the best talents to the mechanics industry.



First visit to a Brembo facility by an Italian President of the Republic

On 24 October Italian Head of State Sergio Mattarella visited the Kilometro Rosso facility in Stezzano, which this year is celebrating ten years of activity and currently hosts 60 companies on its grounds, for a total of 1,700 individuals, including both staff and researchers, with 58 patents registered in 2018 alone.

The President of the Republic paused in the Brembo display corridor for an explanation of a Formula 1 brake system and a Ferrari carbon-ceramic system for road vehicles. He then headed to the Emilio Bombassei Hall, where he was welcomed by lengthy applause. After visiting Kilometro Rosso and Istituto

Mario Negri, the Head of State was welcomed to Brembo by Chairman Alberto Bombassei, Chief CSR Officer Cristina Bombassei and Chief Public Affairs and Institutional Relation Officer Manager Roberto Vavassori. After the presentations, President Mattarella visited two displays dedicated to the concept of Industry 4.0, and to smart factories in particular, as well as to virtual reality applied to braking simulations. An Extrema Rossa model calliper was bestowed on the President as a gift. The Head of State's visit continued with a trip to the city centre for a meeting with the young attendees of the BergamoScienza science festival.

8.2 Social and cultural development of local communities

Over the years, Brembo has established close ties to the local areas where it is present, paying attention to the needs they express, and defining a path of joint development and growth, which leads the Group to provide tangible support to numerous projects and initiatives in favour of local communities in the areas of greatest social needs.

In order to guarantee structured and strategic management of philanthropic initiatives, the Group set up a central Social and Cultural Sponsorships and Donations Committee. This body periodically brings together the Heads of the main corporate functions, in order to define criteria, guidelines and priorities on which to focus sponsorships and donations in the social and cultural arena, establish the annual budget set aside for these activities, evaluate projects and initiatives to support, as well as monitor the compliance and efficacy of the projects being promoted.

In order to be ever closer to local communities and fully understanding their needs, the Group also actively engages Brembo's Country General Managers in listening to and supporting local socio-cultural development initiatives. In keeping with the priorities identified by the Committee, they

identify local needs and define suitable ways of providing support to the communities.

In 2019, the Brembo Group confirmed its commitment to developing various social projects and initiatives in support of local communities. In particular, during the year the Group supported initiatives in five areas of intervention viewed as priorities by Brembo:

- **Social issues and safeguarding children**
- **Education, training and research**
- **Art and culture**
- **Sport**
- **Brembo's worldwide social projects**

With respect to this latter area of intervention, which conveys the Group's desire to play an active role in the most urgent international contexts and situations, four projects — three in India, the other one in Italy — were particularly significant in the 2016-2019 period and saw Brembo acting as the direct promoter of initiatives, developed through the active search for partnerships with non-profit organisations.



Houses of Smiles

As a result of the collaboration between Brembo and CESVI, an NGO involved in supporting development and combating poverty, the House of Smile was inaugurated in 2017 in Pune, India. The Houses of Smile project aims to support highly vulnerable women and children and consists of a service centre within a brickwork building in Bidwedi, and three education centres for children in poor areas on the outskirts. Swadhar, the local NGO, operates within the service and education centre hub, coordinating the psychological support, legal guidance, healthcare and career assistance services for women and the support services for young mothers. Swadhar also promotes activities for children between the ages of 3 and adolescence in favour of education and children protection.

The children, divided into classes by age, attend daily classroom sessions in the three educational centres, consisting of fully equipped facilities offering a wealth of didactic materials, and take part in a programme aimed at encouraging literacy,

supporting study, civic education and proper, healthy nutrition. Each class also has access to a small library space where children can borrow textbooks to read at home.

The three educational centres also offer professional training programmes for young women such as tailoring, hair-styling and beautician courses that award a recognised completion certificate.

In addition to this, Brembo continued its support for the CESVI Houses of Smile in Tamil Nadu, also in India, where, with the Group's contribution, maintenance and extension work have been carried out on the existing structures and more extensive services have been provided.

A fundamental role was played in this project by the active contribution of the local team at Brembo Brake India and Cristina Bombassei, who visited the facilities regularly, contributing their time, commitment and dedication to the success and growth of the House of Smile initiative.



I was a Sari

The Sari is the traditional dress for Indian women that has passed down through the centuries in local culture and “I was a Sari” is one of the social projects supported by Brembo since 2015. It is a social enterprise based in Mumbai, founded by an Italian entrepreneur with the aim of improving the lives of Indian women from the most disadvantaged social and economic classes.

The women of “I was a Sari” create hand-crafted fashion accessories — necklaces, bracelets, purses, shawls — using recycled Sari fabrics or premium textiles at the new Mumbai logistics centre. Awash in the unique colours of the fabrics, women select items, perform quality control, cut the saris and create fashion items.

Before they are dispatched to the customers, the products created at the three tailoring centres, which employ numerous women, are stocked and a custom label with a description of the project is affixed to each item.

The Indian women are thus taught specialist tailoring skills and

guaranteed a dignified regular wage, which provides them with precious independence.

Brembo’s contribution has made it possible to transform a social project for women’s empowerment into an independent “social business”.

The initiative was welcomed with great enthusiasm and engagement by Brembo People, who have been able to purchase “I was a Sari” products in the “Temporary shops” set up at three Italy-based production hubs to promote awareness amongst the employees and the objectives of the “I was a Sari project”. The “Houses of Smile” and “I was a Sari” projects received the Impresa Award, set up by the Italian-Indian Chamber of Commerce, in the “Community Development (Society) Awards 2017” category, and dedicated to corporate initiatives that have made the biggest contribution to the development of local communities in India. The two projects were judged to be the best from among more than 50 initiatives presented by as many Italian and Indian firms.





School on Wheels

Last October, during Cristina Bombassei's traditional trip to monitor the development of Brembo's social projects in India, the project "School on Wheels" was inaugurated. Thanks to this project, the local NGO Door Step School received a school bus fitted out to serve as a full-fledged mobile classroom, including educational materials, chalkboards, computers, monitors and audio-visual materials, to allow the educators from the NGO to provide literary and basic education to a total of approximately 200 children.

"School on Wheels" is a project active six days a week, Monday to Saturday, in which educators use the school bus to travel,

according to a pre-determined weekly schedule, to six areas in Pune's enormous shanty-town to teach to a group of 20-25 children at each stop.

Door Step School's educators teach children ages 5 to 10 the three fundamental skills (reading, writing and math), together with basic social skills such as hygiene, health and safety.

The bus is also used as a mobile reading room for children from Pune's slum communities. This is why it stops in certain areas for two hours to be available to those who wish to make use of the service. It is an initiative that is also very useful for children who already know how to read but do not have access to books.



SOSTeniamoci

According to the most recent data from the Ministry of the Interior, there are currently around 7,000 unaccompanied foreign minors in Italy. Lombardy is home to 12.3% of them. In particular, Bergamo hosts approximately 60 minors in its shelters. Driven by an awareness of current trends, Brembo has decided to renew its support for the NGO Cesvi by funding the second edition of SOSTeniamoci.

SOSTeniamoci is a project launched in 2016 by Cesvi in collaboration with Brembo and the Minors and Family Service of Bergamo District 1 to help the community's young unaccompanied foreign minors to achieve their life goals and make their dreams a reality.

The 19 young participants in the second edition of SOSTeniamoci, selected for their strong motivation, responsibility and desire to build a life for themselves in Italy, are not only supported from a psychological standpoint, but also guided to improve their capacities through ad hoc training programmes designed for their aptitudes and aspirations.

In October 2019, the 19 young people from Egypt, Albania, Pakistan, Mali, Nigeria, Morocco, Kosovo and Guinea received diplomas from Cristina Bombassei, Brembo's Chief CSR Officer, and Rosaria Bergamini, project coordinator for Cesvi, bearing witness to the milestones reached during the first stage of the training programme, which for some involved lessons in the Italian language, civic education and hands-on training.

The young recipients are attending, or are about to begin, courses of study that involve participation in training programmes run by local training agencies or schools and vocational activities or workshops, followed by periods of hands-on experience at businesses in the Province of Bergamo.

Brembo believes strongly that it is only through a shared commitment to hospitality and integration, in collaboration between businesses and non-profits, that social inclusion and integration into the workforce may be achieved for all young migrants, giving them a future and an opportunity for redemption in Italy.





In addition to social interest activities carried out with NGO's worldwide, Brembo supports projects and initiatives with a strong impact on communities.

We4Youth

In 2019 Brembo Italia participated in the initiative 'We4Youth' promoted by the Sodalitas Foundation for the creation in Italy of a National Action Plan capable of contributing to the results of the European Pact for Youth. In accordance with the European Commission's political initiatives relating to education and

employability of young people, the Plan pursues the objective of bridging the gap between academe and the working world, while also contributing to forming a skillset useful in helping young people enter the workplace.

The partnership with the Atalanta Youth Team

Since 2017, Brembo has been sponsoring the Atalanta Youth Team, in keeping with its commitment to supporting local areas of excellence and with a view to sharing important values for both the world of sport and the world of business, such as team spirit and sacrifice, the quest for ongoing improvement, fair play and a love of challenges.

As part of its sponsorship of the Atalanta Youth Team, Brembo is supporting the project "La Scuola allo Stadio" (The School at the Stadium), a social and educational programme intended for students enrolled in elementary and middle schools and in the first two years of secondary schools. The project involved over 23,000 students at various academic institutions during its 18 editions.

"La Scuola allo Stadio" seeks to educate young people on respect for the rules, fair play, preventing episodes of racism and

civil enjoyment of sporting events. This initiative allows them to combine football and school in an academic programme that pairs educational visits to various parts of the stadium with scholastic activities aimed at learning the values of sport and civic tolerance.

In 2019, Brembo bestowed the Brembo Award on students in the Atalanta youth programme regarded as the most meritorious from an athletic standpoint and their academic performance. All the young members of the youth division gathered for a single event celebrating the community, teaching and the shared values that unite Brembo and Atalanta. A scholastic and academic performance worthy of a champion — but above all of a person giving their all — to be professionals in life, and not only in sport, one day.



Brembo supports the communities in which it operates through local initiatives focused on the following priorities:

- ▶ **Social issues and safeguarding children.** Within this area, Brembo makes an annual contribution to the “Giocamico” project at the Papa Giovanni XXIII hospital in Bergamo. Giocamico comprises a psychological support for young patients through a fun activity that prepares them for surgery and diagnostic investigations. Children can therefore find out about what will happen to them in a fun manner; the operating theatre becomes a space ship, the operation an adventurous journey. Thanks to the use of sounds, images and simulations, they are not just told about their treatment, but actually experience it. Thanks partly to Brembo, Giocamico’s fun-filled psychological support activities are now available in all paediatric departments.
- ▶ **Education, training and research.** In keeping with its nature as a company with a strong vocation for innovation, Brembo supports scientific research projects in various fields of application, as well as various initiatives linked to education and training for young people. In particular, the Group renewed its support for and collaboration with FROM, the Research Foundation of Pope John XXIII Hospital in Bergamo, set up in 2008 to allow hospital workers to play an active role in national and international medical research, and with the Mario Negri Pharmacological Research Institute, one of the largest centres of biomedical and pharmacological research in Italy.

- ▶ **Art and culture.** Brembo has always sought to promote the artistic and cultural heritage of the areas in which it operates, as well as Italian culture around the world. Within this field, in 2019 the Group confirmed its support to the Fondazione Accademia Carrara in Bergamo through its sponsorship of the exhibition dedicated to Mantegna from April to July 2019. The traditional collaboration with the Brescia and Bergamo International Piano Festival — one of the most important cultural events in the Bergamo area.
- ▶ **Sport.** Brembo believes strongly in the importance of sports as an educational teambuilding element for young people. Because of this, it has sponsored a local female volleyball team, the “Brembo Volley Team”, since 2003.



Learn more

Numeruomini

<https://www.brembo.com/en/sustainability/esg/environment/innovation>



Appendix





Board of Directors

	Director	Age	Gender	Ex.	Non-ex.	Indep.	ARSC	RAC
1	Alberto Bombassei	79	M	X				
2	Matteo Tiraboschi	52	M	X				
3	Daniele Schillaci	55	M	X				
4	Cristina Bombassei	51	F	X				
5	Giovanni Canavotto	68	M		X (1)			
6	Barbara Borra	59	F		X	X	X	X
7	Laura Cioli	56	F		X	X	X	
8	Nicoletta Giadrossi	53	F		X	X	X	X
9	Umberto Nicodano	67	M		X			X
10	Valerio Battista	62	M		X	X		
11	Gianfelice Rocca	71	M		X	X		

(1) In April 2019, Giovanni Canavotto left the office of System Division Chief Operating Officer, although retaining his role on the Company's Board of Directors until the natural end of his term of office. The management powers connected with his executive role have therefore been revoked, and he was then qualified as a Non-Executive Director.

Workforce

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees (Headcount)	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868
Temporaries (Full Time Equivalent)	1,538	198	1,736	1,515	182	1,697	1,249	170	1,419

Temporaries by gender and geographical area¹⁸ (FTE)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	1,538	198	1,736	1,515	182	1,697	1,249	170	1,419
Europe	748	148	896	543	125	668	690	132	822
America	54	16	70	75	13	88	80	11	91
Asia	736	34	770	897	44	941	479	27	506

¹⁸ The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, and until 2018 Argentina.

Asia: includes China, Japan and India.



Employees by gender and geographical area¹⁸ (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868
Europe	5,197	1,122	6,319	5,474	1,175	6,649	5,483	1,205	6,688
America	1,541	234	1,775	1,731	268	1,999	1,668	294	1,962
Asia	1,465	278	1,743	1,689	297	1,986	1,924	294	2,218

Employees by employment contract and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868
Permanent contract	6,894	1,302	8,196	7,269	1,394	8,663	7,336	1,445	8,781
Fixed-term contract	1,309	332	1,641	1,625	346	1,971	1,739	348	2,087

Employees by employment contract and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	8,203	1,634	9,837	8,894	1,740	10,634	9,075	1,793	10,868
Full-time employees	8,146	1,434	9,580	8,845	1,529	10,374	9,023	1,574	10,597
Part-time employees	57	200	257	49	211	260	52	219	271

Employees by educational qualification

Educational qualifications of Brembo People (% on total)	2017	2018	2019
Brembo People	9,837	10,634	10,868
Compulsory primary school	18%	34%	27%
High school*	57%	43%	49%
University	25%	23%	24%

People with a university degree by subject studied (% of the total)	2017	2018	2019
Brembo People with a university degree	2,523	2,472	2,559
Engineering	57%	54%	53%
Business and Law	19%	17%	20%
Arts, Humanities and Foreign Languages	7%	7%	8%
Mathematical, Physical and Natural Sciences	6%	8%	7%
IT	3%	4%	4%
Social, Political and Behavioural Sciences	3%	2%	3%
Chemistry	3%	1%	1%
Other	2%	7%	4%

* As of 2018, the category "High school" includes exclusively Brembo People bearing a diploma awarded at the end of the whole secondary education.



**Turnover by gender (%)**

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	16.1	18.3	16.4	17.3	18.0	17.4	14.8	16.3	15.0
Termination rate	7.7	8.6	7.9	11.8	12.1	11.8	15.2	13.1	14.9

Turnover by age (%)

	2017				2018				2019*			
	≤30	31-40	41-50	≥51	≤30	31-40	41-50	≥51	≤30	31-40	41-50	≥51
Hiring rate	33.6	16.5	8.4	3.6	35.6	17.4	8.7	3.5	31.7	14	6.8	4.1
Termination rate	13.0	7.8	4.5	6.1	18.4	13.3	6.3	8.3	28.5	13.9	6.7	9.0

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

Turnover rate by geographical area¹⁹ (%)

	2017			2018			2019		
	Europe	America	Asia	Europe	America	Asia	Europe	America	Asia
Hiring rate	11.5	31.0	19.6	13.5	29.4	18.4	11.0	28.6	15.1
Termination rate	6.9	11.5	7.7	9.5	20.6	11.0	10.0	25.1	20.5

Hours of training by classification level and gender (h)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	167,382	27,973	195,355	206,597	34,108	240,705	215,285	38,155	253,440
Managers	12,923	2,813	15,736	12,736	2,980	15,716	12,819	2,704	15,523
White-collar workers	75,641	19,505	95,145	78,495	20,958	99,453	78,624	22,878	101,502
Blue-collar workers	78,818	5,655	84,474	115,366	10,170	125,536	123,842	12,573	136,415

¹⁹ The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, and until 2018 Argentina.

Asia: includes China, Japan and India.



Recordable accidents²⁰, fatalities and hours worked of employees by geographical area¹⁹ and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accidents at work without high-consequence²¹									
Europe	88	18	106	73	9	82	85	12	97
America	16	1	17	21	0	21	20	4	24
Asia	19	3	22	12	0	12	5	0	5
Total	123	22	145	106	9	115	110	16	126
Accidents at work with high-consequence²¹ (excluding fatalities)									
Europe	1	0	1	2	0	2	2	1	3
America	0	0	0	0	0	0	0	0	0
Asia	2	0	2	0	1	1	0	0	0
Total	3	0	3	2	1	3	2	1	3
Fatalities									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	1	0	1	0	0	0
Total	0	0	0	1	0	1	0	0	0
Accidents at work - total									
Europe	89	18	107	75	9	84	87	13	100
America	16	1	17	21	0	21	20	4	24
Asia	21	3	24	13	1	14	5	0	5
Total	126	22	148	109	10	119	112	17	129
Accidents during work commuting									
Europe	13	2	15	18	6	24	20	4	24
America	3	1	4	1	0	1	1	2	3
Asia	0	0	0	0	0	0	0	0	0
Total	16	3	19	19	6	25	21	6	27
Accidents during work commuting (excluding fatalities)									
Europe	1	0	1	0	0	0	1	0	1
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	1	0	1	0	0	0	1	0	1
Hours worked (No.)									
Europe	8,379,004	1,858,745	10,237,749	9,041,898	2,004,937	11,046,835	9,275,271	2,101,026	11,376,297
America	3,075,582	382,590	3,458,172	3,529,431	482,805	4,012,236	3,783,708	637,907	4,421,615
Asia	3,967,869	573,784	4,541,653	4,487,670	557,583	5,045,253	3,171,060	1,003,976	4,175,036
Total	15,422,455	2,815,119	18,237,574	17,058,999	3,045,325	20,104,324	16,230,039	3,742,909	19,972,948

20 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

21 "High-consequence" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.



**Rate of recordable²⁰ accidents and fatalities of employees (at work) by geographical area¹⁹ and gender**

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate without high-consequence²¹									
Europe	2.10	1.94	2.07	1.61	0.90	1.48	1.83	1.14	1.71
America	1.04	0.52	0.98	1.19	0.00	1.05	1.06	1.25	1.09
Asia	0.96	1.05	0.97	0.53	0.00	0.48	0.32	0.00	0.24
Total	1.60	1.56	1.59	1.24	0.59	1.14	1.36	0.85	1.26
Accident frequency rate with high-consequence²¹ (excluding fatalities)									
Europe	0.02	0.00	0.02	0.04	0.00	0.04	0.04	0.10	0.05
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.10	0.00	0.09	0.00	0.36	0.04	0.00	0.00	0.00
Total	0.04	0.00	0.03	0.02	0.07	0.03	0.02	0.05	0.03
Fatality frequency rate									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.00	0.00	0.00	0.04	0.00	0.04	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00
Accident frequency rate - total									
Europe	2.12	1.94	2.09	1.66	0.90	1.52	1.88	1.24	1.76
America	1.04	0.52	0.98	1.19	0.00	1.05	1.06	1.25	1.09
Asia	1.06	1.05	1.06	0.58	0.36	0.55	0.32	0.00	0.24
Total	1.63	1.56	1.62	1.28	0.66	1.18	1.38	0.91	1.29

Calculation methods:

- Accident frequency rate without serious consequences: (No. of recordable accidents without high consequence/ No. of hours worked) x 200,000
- Accident frequency rate with serious consequences (No. of recordable accidents with high-consequence/ No. of hours worked) x 200,000
- Fatality frequency rate: (No. of fatalities resulting from accidents at work/ No. of hours worked) x 200,000

Cases of employee occupational diseases and fatalities by geographical area¹⁹ and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Cases of recordable* occupational diseases									
Europe	4	1	5	8	7	15	6	2	8
America	0	0	0	0	0	0	6	3	9
Asia	0	0	0	0	0	0	0	0	0
Total	4	1	5	8	7	15	12	5	17
Fatalities resulting from occupational diseases*									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

* Recorded cases are not directly associated with the employee's working activity.



Recordable²⁰ accidents, fatalities and hours worked of workers who are not employees by geographical area¹⁹ and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accidents at work without high-consequence²¹									
Europe	12	2	14	11	3	14	12	3	15
America	0	1	1	0	0	0	2	1	3
Asia	5	0	5	2	1	3	0	0	0
Total	17	3	20	13	4	17	14	4	18
Accidents at work with high-consequence²¹ (excluding fatalities)									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	1	0	1	0	0	0
Total	0	0	0	1	0	1	0	0	0
Fatalities									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Accidents at work - total									
Europe	12	2	14	11	3	14	12	3	15
America	0	1	1	0	0	0	2	1	3
Asia	5	0	5	3	1	4	0	0	0
Total	17	3	20	14	4	18	14	4	18
Hours worked (No.)									
Europe	1,601,691	324,066	1,925,757	1,729,340	317,066	2,046,405	1,310,764	234,212	1,554,976
America	132,001	27,533	159,534	115,906	31,137	147,043	113,032	47,954	160,986
Asia	1,062,789	186,695	1,249,484	1,271,655	78,053	1,349,708	1,606,021	124,569	1,730,590
Total	2,796,481	538,294	3,334,775	3,116,900	426,256	3,543,156	3,029,817	406,735	3,436,552

19 The category “geographical area” is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, and until 2018 Argentina.

Asia: includes China, Japan and India.

20 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

21 “High-consequence” mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.



**Rate of recordable²⁰ accidents and fatalities of workers who are not employees (at work) by geographical area¹⁹ and gender**

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accident frequency rate without high-consequence²¹									
Europe	1.50	1.23	1.45	1.27	1.89	1.37	1.83	2.56	1.94
America	0.00	7.26	1.25	0.00	0.00	0.00	3.54	4.17	3.73
Asia	0.94	0.00	0.80	0.31	2.56	0.44	0.00	0.00	0.00
Total	1.22	1.11	1.20	0.83	1.88	0.96	0.92	1.97	1.05
Accident frequency rate with high-consequence²¹ (excluding fatalities)									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.00	0.00	0.00	0.16	0.00	0.15	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.06	0.00	0.06	0.00	0.00	0.00
Fatality frequency rate									
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accident frequency rate - total									
Europe	1.50	1.23	1.45	1.27	1.89	1.37	1.83	2.56	1.94
America	0.00	7.26	1.25	0.00	0.00	0.00	3.54	4.17	3.73
Asia	0.94	0.00	0.80	0.47	2.56	0.59	0.00	0.00	0.00
Total	1.22	1.11	1.20	0.90	1.88	1.02	0.92	1.97	1.05

Calculation methods:

- Accident frequency rate without serious consequences: (No. of recordable accidents without high consequence/ No. of hours worked) x 200,000
- Accident frequency rate with high-consequence (No. of recordable accidents with high-consequence/ No. of hours worked) x 200,000
- Fatality frequency rate: (No. of fatalities resulting from accidents at work/ No. of hours worked) x 200,000



Cases of occupational diseases and fatalities of workers who are not employees by geographical area¹⁹ and gender (No.)

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Cases of recordable* occupational diseases									
Europe	1	0	0	0	1	1	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	1	1	0	0	0
Fatalities resulting from occupational diseases* (No.)									
Europe	0	0	0	0	0	0	0	0	0
America	0	0	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

* Recorded cases are not directly associated with the employee's working activity.

Cases of near misses reported

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Reported near misses									
Europe	107	0	107	90	0	90	260	8	268
America	18	0	18	7	0	7	22	1	23
Asia	8	0	8	16	0	16	139	1	140
Total	133	0	133	113	0	113	421	10	431

19 The category "geographical area" is broken down in three macro-categories: Europe, America and Asia.

Europe: includes Italy, Poland, the United Kingdom, Czech Republic, Spain and other countries.

America: includes Brazil, the United States and Mexico, and until 2018 Argentina.

Asia: includes China, Japan and India.

20 A recordable workplace accident is an accident that causes one of the following situations: death, days of missed work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness, major injury or illness diagnosed by a physician or other authorised healthcare provider, even when it is not a cause of death, days of absence from work, restriction of work duties or assignment to other duties, medical care beyond first aid or loss of consciousness.

21 "High-consequence" mean accidents that may lead to the permanent loss of body function or accidents that report an absence of more than 180 days.





Methodological note

Reporting standards applied

The Consolidated Disclosure of Non-Financial Information of the Brembo Group (hereinafter also “Disclosure”) pursuant to Article 4 of Legislative Decree No. 254/2016 (hereinafter also “Decree”), as amended and extended, contains information relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, providing stakeholders with an accurate, thorough and transparent view of Brembo’s strategies, activities, performance and the Group’s results in its pursuit of economic growth and business development, while taking account of the expectations of the stakeholders involved and seeking constant improvement of the environmental and social impacts of its activities.

This Disclosure, published annually, has been written in accordance with Italian Legislative Decree No. 254/2016 and

in compliance with the Sustainability Reporting Standards published by the Global Reporting Initiative - GRI (Core Option). These Guidelines currently represent the most widespread and recognised standard on an international level regarding non-financial reporting. In order to facilitate the reader in finding information within the document, pages 170-175 contain the GRI Content Index.

The information included in the non-financial report reflects the principle of materiality or relevance, an element provided for by reference standards and characterising the GRI standard: the issues discussed within the Disclosure are those that, following a materiality analysis and assessment, described on pages 44-49 of this document, were deemed to be relevant, inasmuch as they reflect the social and environmental impacts of the Group’s activity or influence the decisions made by its stakeholders.

Reporting scope

The qualitative and quantitative data contained in the Consolidated Disclosure of Non-Financial Information issued by the Brembo Group refer to the performance of the Brembo Group (hereinafter also referred to as “the Group”) during the financial year ended 31 December 2019. As provided for by Article 4 of Legislative Decree No. 254/2016, this Consolidated Disclosure of Non-Financial Information includes data from the parent (Brembo S.p.A.) and its subsidiaries, consolidated on a line-by-line basis. The companies consolidated in Brembo S.p.A.’s Financial Statements using the equity method are not included.

The only exception is purchasing and environmental data, regarding which a number of commercial companies have been excluded (Brembo Deutschland GmbH, Brembo Japan Co. Ltd, Brembo Russia LLC., Brembo Scandinavia A.B.), in consideration

of the fact that their impacts regarding production sites are not material (within the document, the terms “production site” or “facility” refer to manufacturing and assembly facilities). Any further boundary limitation is specified appropriately in the document.

It should be noted that, as of 30 June 2019, Brembo decided to discontinue its industrial operations at the Buenos Aires plant. As a result, the subsidiary Brembo Argentina S.A. will be placed in liquidation. The NFI’s scope relating to this plant takes exclusively into account environmental and health and safety data until the discontinuation of its operations.

For the purposes of comparing or contextualising information, data from the 2018 and 2017 financial years have been included and duly indicated.



Reporting process

The preparation of the 2019 Consolidated Disclosure of Non-Financial Information is a real annual reporting process, subject to inspection, analysis and approval by several parties. In fact, the document is:

- prepared by the Chief CSR Officer and the relevant work team, which coordinate and involve all the main company functions in the phase of collecting, analysing and consolidating data, with the task of checking and validating — each with regards to their respective area of competence — each information included in the Disclosure of Non-Financial Information, using the new software implemented by the Group;
- approved by the Board of Directors, which meets to approve the draft financial statements, after having been assessed by the CSR Steering Committee which, through the Chief CSR Officer, presents it to the Audit, Risk & Sustainability Committee and, insofar as it is competent, to the Supervisory Committee for its examination and assessment. Brembo's

Directors are responsible for ensuring that the Consolidated Disclosure of Non-Financial Information is written and published in accordance with current legislation. Once it has been approved by the governing body and within the terms provided for the presentation of the draft Financial Statements, the draft Consolidated Disclosure of Non-Financial Information made available to the auditors (Board of Statutory Auditors and Independent Auditors);

- subject to limited audit by EY S.p.A. pursuant to the International Standard on Assurance Engagement (ISAE 3000 Revised), therefore the responsibility for the data and information lies solely with the Brembo Group managers.
- made available to Shareholders and the public within the same terms and using the same methods provided for the presentation of the draft Financial Statements;
- published on and downloadable from the corporate website.



Reporting Principles

The following principles have been taken into consideration in defining and reporting the contents of the Consolidated Disclosure of Non-Financial Information:

Materiality	The Report covers aspects that reflect the main direct economic, environmental and social impacts of Brembo's activities that are more significant for the Group and the internal and external Stakeholders involved in company activities.
Inclusiveness	Brembo takes into account the expectations and interests of all stakeholders who for various reasons participate in or are influenced by the company's activities. The Disclosure provides a description of the Group's main stakeholders and the main sources — documents or dialogue channels — used to identify stakeholders' interests and expectations.
Sustainability Context	The Consolidated Disclosure of Non-Financial Information has taken into account the social and economic context in which the Group operates and the most significant Topics for the engineering and automotive industry, including through the analysis of sustainability reports of national or international groups of the same or similar industries.
Completeness	The aspects and scope of the Disclosure allow the stakeholders to comprehensively assess the Group's main economic, social and environmental impacts.
Balance	The Disclosure covers the Group's main sustainability performances. It reflects both aspects where the Group recorded favourable results and trends, and those where the Group has detected room for improvement.
Comparability	The indicators contained in the Disclosure have been selected and presented in a manner that enables their construction and processing over time so as to enable stakeholders to analyse changes in the Group's performance over different periods. Figures for 2017, 2018 and 2019 have been added and indicated appropriately if useful for purposes of comparison or contextualisation of the information.
Accuracy	To guarantee the accuracy and comparability of the reported information the data have been directly measured, limiting the use of estimates to the extent possible. The report indicates which data has been estimated. Estimates were produced using the best calculation techniques currently available.
Timeliness	Brembo's Consolidated Disclosure of Non-Financial Information is prepared annually and disclosed in the same period of the presentation of the Consolidated Financial Statements.
Reliability	All the data and information reported have been validated by the Heads of the relevant company functions and have been processed based on documents that prove their existence, completeness and accuracy.
Clarity	Brembo's Consolidated Disclosure of Non-Financial Information contains information presented in such a way as to be clear and accessible to all stakeholders.



Material topics and related GRI aspects

Material topics identified by Brembo	Reference GRI Standards	Impacts boundary		
		Internal impact	External impact	Boundary limitations
Environmental footprint	302: Energy (2016) 303: Water and Effluents (2018) 305: Emissions (2016)	•	Suppliers	Reporting partially extended to suppliers
Energy Efficiency	302: Energy (2016)	•	Suppliers	Reporting partially extended to suppliers
Responsible use of water	303: Water and Effluents (2018)	•	Suppliers	Reporting partially extended to suppliers
Climate change	305: Emissions (2016)	•	Suppliers	Reporting partially extended to suppliers
Circular economy	306: Effluents and Waste (2016)	•		
Carbon neutral mobility	*	•		
Customer relationship management	416: Customer Health and Safety (2016) 418: Customer Privacy (2016)	•	Customers	
Continuous innovation	302: Energy (2016) 305: Emissions (2016)	•		
Product quality and safety	416: Customer Health and Safety (2016)	•	Customers	
Product design and style	*	•		
Sustainable and responsible supply chain	308: Supplier Environmental Assessment (2016) 414: Supplier Social Assessment (2016) 204: Procurement Practices (2016)	•		
Relationship with local communities	201: Economic Performance (2016) 202: Market Presence (2016) 204: Procurement Practices (2016)	•		
Diversity	405: Diversity and Equal Opportunity (2016) 406: Non-discrimination (2016)	•		
Fostering a positive working environment	401: Employment (2016) 403: Occupational Health and Safety (2018) 412: Human Rights Assessment (2016)	•		
People development and engagement	403: Occupational Health and Safety (2018) 404: Training and Education (2016)	•		
Health and safety	403: Occupational Health and Safety (2018)	•	Collaborators other than employees Contractors	Reporting partially extended to contractors
Brand reputation	205: Anti-corruption (2016) 206: Anti-competitive Behaviour (2016) 307: Environmental Compliance (2016) 415: Public policy (2016)	•		

(*) As regards the topic in question (not directly linked to an aspect covered by GRI Standards), Brembo reports the management approach adopted and the relative indicators in the document.



GRI Table of contents

GRI table of contents 'in accordance' – core option

GRI CONTENT INDEX			
GRI ID	Disclosure	Page number or disclosure	Omissions
GENERAL STANDARD DISCLOSURES (2016)			
ORGANIZATIONAL PROFILE (2016)			
102-1	Name of the organisation	9	
102-2	Activities, brands, products, and services	15, 22	
102-3	Location of headquarters	18	
102-4	Location of operations	18 – 19	
102-5	Ownership and legal form	18, 166, Corporate Governance and Ownership Structure Report; Annual Report	
102-6	Markets served	15, 20 – 21	
102-7	Scale of the organisation	14, Annual Report	
102-8	Information on employees and other workers	76, 80 – 82, 158 – 159	
102-9	Supply chain	98 – 99	
102-10	Significant changes to the organization and its supply chain	As of 30 June 2019, Brembo decided to discontinue its industrial operations at the Buenos Aires plant. As a result, the subsidiary Brembo Argentina S.A. will be placed in liquidation. Brembo took this decision as it was impossible to boost new projects because of the sharp downtrend experienced by the Argentinian automotive sector and its quite discouraging recovery prospects.	
102-11	Precautionary principle or approach	68 – 70	
102-12	External initiatives	The Group does not adopt any codes and principles that are external to the organisation. However, the Group follows the International Labour Standards set out in the fundamental conventions of the International Labour Organisation (ILO).	
102-13	Membership of associations	40 – 43	
STRATEGY (2016)			
102-14	Statement from senior decision-maker	6 – 7	
102-15	Key impacts, risks, and opportunities	70 – 73, 113, 116 – 118	
ETHICS AND INTEGRITY (2016)			
102-16	Values, principles, standards, and norms of behaviour	31, 62 – 65	
102-17	Mechanisms for advice and concerns about ethics	64, 67, 82	





GRI ID	Disclosure	Page number or disclosure	Omissions
GOVERNANCE (2016)			
102-18	Governance structure	29, 54 – 62, 158, Corporate Governance and Ownership Structure Report	
102-19	Delegating authority	28 – 30	
102-20	Executive-level responsibility for economic, environmental, and social topics	28 – 30	
102-22	Composition of the highest governance body and its committees	54 – 56, 58 – 59, 158, Corporate Governance and Ownership Structure Report	
102-23	Chair of the highest governance body	58, 158, Corporate Governance and Ownership Structure Report	
102-24	Nominating and selecting the highest governance body	55 – 57, Corporate Governance and Ownership Structure Report	
102-26	Role of highest governance body in setting purpose, values, and strategy	55 – 56	
102-27	Collective knowledge of highest governance body	58	
102-28	Evaluating the highest governance body's performance	57, Corporate Governance and Ownership Structure Report	
102-30	Effectiveness of risk management processes	68 – 69	
102-31	Review of economic, environmental, and social topics	29, 55 – 56	
102-32	Highest governance body's role in sustainability reporting	9, 29, 167	
102-33	Communicating critical concerns	29, 63, Corporate Governance and Ownership Structure Report	
102-35	Remuneration policies	56, Remuneration Report	
STAKEHOLDER ENGAGEMENT (2016)			
102-40	List of stakeholder groups	36	
102-41	Collective bargaining agreements	77	
102-42	Identifying and selecting stakeholders	36	
102-43	Approach to stakeholder engagement	37 – 39	
102-44	Key topics and concerns raised	37 – 39, 114 – 115	
REPORTING PRACTICE (2016)			
102-45	Entities included in the consolidated financial statements	166, Annual Report	
102-46	Defining report content and topic Boundaries	44 – 46, 168 – 169	
102-47	List of material topics	45 – 49	
102-48	Restatements of information	Any changes to the information provided in previous documents have been duly identified in the text through related explanatory notes.	
102-49	Changes in reporting	45	
102-50	Reporting period	9, 167	



GRI ID	Disclosure	Page number or disclosure	Omissions
102-51	Date of most recent report	9. The 2018 Consolidated Disclosure of Non-Financial Information (in accordance with Legislative Decree No. 254/2016) was published on 23rd March 2019.	
102-52	Reporting cycle	166 – 167	
102-53	Contact point for questions regarding the report	9	
102-54	Claims of reporting in accordance with the GRI Standards	9, 166	
102-55	GRI content index	171 – 177	
102-56	External assurance	167, 179 – 181	

CATEGORY: ECONOMIC PERFORMANCE**ASPECT: ECONOMIC PERFORMANCE (2016)**

103-1, 103-2, 103-3	Management approach	46 – 49, 146 – 148, 169	
201-1	Direct economic value generated and distributed	147	
201-4	Financial assistance received from government	147	

ASPECT: MARKET PRESENCE (2016)

103-1, 103-2, 103-3	Management approach	46 – 49, 71 – 72, 80 – 82, 169	
202-2	Proportion of senior management hired from the local community	82	

ASPECT: PROCUREMENT PRACTICE (2016)

103-1, 103-2, 103-3	Management approach	46 – 49, 98 – 99, 169	
204-1	Proportion of spending on local suppliers	98 – 99	

ASPECT: ANTI-CORRUPTION (2016)

103-1, 103-2, 103-3	Management approach	46 – 49, 62 – 63, 67, 72, 169	
205-2	Communication and training about anti-corruption policies and procedures	67, Corporate Governance and Ownership Structure Report	
205-3	Confirmed incidents of corruption and actions taken	67	

ASPECT: ANTI-COMPETITIVE BEHAVIOUR (2016)

103-1, 103-2, 103-3	Management approach	46 – 49, 64, 169	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	64	



GRI ID	Disclosure	Page number or disclosure	Omissions
CATEGORY: ENVIRONMENTAL PERFORMANCE			
ASPECT: ENERGY (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 70 – 71, 128 – 133, 169	
302-1	Energy consumption within the organisation	133	
302-4	Reduction of energy consumption	133	
ASPECT: WATER AND EFFLUENTS (2018)			
103-1, 103-2, 103-3	Management approach	46 – 49, 70 – 71, 130, 138 – 139, 169	
303-1	Interactions with water as a shared resource	138 – 139	
303-2	Management of water discharge related impacts	138 – 139	
303-3	Water withdrawal	139	
303-4	Water discharge	140	
303-5	Water consumption	140. Water storage does not have a significant impact in relation with the use of water resources	
ASPECT: EMISSIONS (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 70 – 71, 128 – 130, 134 – 137, 169	
305-1	Direct (Scope 1) GHG emissions	136	
305-2	Energy indirect (Scope 2) GHG emissions	136	
305-3	Other indirect (Scope 3) GHG emissions	136	
305-5	Reduction of GHG emissions	134 – 135	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	137	
ASPECT: EFFLUENTS AND WASTE (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 70 – 71, 130, 141 – 142, 169	
306-2	Waste by type and disposal method	141	
306-3	Significant spills	In 2019, only the Disk Mapello plant reported a 26.62 mc spill. The spill involved the ecological area and the square in front of it, and did not have a significant impact.	



GRI ID	Disclosure	Page number or disclosure	Omissions
ASPECT: ENVIRONMENTAL COMPLIANCE (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 65, 70 – 71, 128 – 130, 169	
307-1	Non-compliance with environmental laws and regulations	In 2019, Brembo received three pecuniary fines due to non-compliance with environmental laws and regulations for a total amount of € 208 thousand. Said fines referred to the BNBS plant in China, the Homer foundry in the United States, and the Dąbrowa foundry in Poland.	
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 71, 99 – 102, 169	
308-1	New suppliers that were screened using environmental criteria	98, 101	
CATEGORY: SOCIAL PERFORMANCE			
ASPECT: EMPLOYMENT (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 71 – 72, 76 – 79, 82 – 83, 169	
401-1	New employee hires and employee turnover	77 – 78, 160	
ASPECT: OCCUPATIONAL HEALTH AND SAFETY (2018)			
103-1, 103-2, 103-3	Management approach	46 – 49, 65 – 66, 71, 88 – 95, 169	
403-1	Occupational health and safety management system	88 – 89	
403-2	Hazard identification, risk assessment, and incident investigation	88 – 89	
403-3	Occupational health services	93 – 95	
403-4	Worker participation, consultation, and communication on occupational health and safety	91 – 92	
403-5	Worker training on occupational health and safety	93 – 95	
403-6	Promotion of worker health	92 – 95	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88, 100	
403-8	Workers covered by an occupational health and safety management system	88 – 89	
403-9	Work-related injuries	89 – 90, 161 – 164	
403-10	Work-related ill health	90, 162, 165	



GRI ID	Disclosure	Page number or disclosure	Omissions
ASPECT: TRAINING AND EDUCATION (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 71 – 72, 84 – 87, 91 – 92, 169	
404-1	Average hours of training per year per employee	85	
404-3	Percentage of employees receiving regular performance and career development reviews	87	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 61, 80 – 82, 169	
405-1	Diversity of governance bodies and employees	54, 60, 81, 158	
ASPECT: NON-DISCRIMINATION (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 64, 80 – 82, 169	
406-1	Incidents of discrimination and corrective actions taken	82	
ASPECT: HUMAN RIGHTS ASSESSMENT (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 66 – 67, 71, 84, 169	
412-2	Employee training on human rights policies or procedures	84	
ASPECT: SUPPLIER SOCIAL ASSESSMENT (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 71, 99 – 102, 169	
414-1	New suppliers that were screened using social criteria	98, 101	
ASPECT: PUBLIC POLICY (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 169, Code of Ethics	
415-1	Political contributions	In 2019, Brembo did not grant political or financial contributions, nor contributions in kind.	



GRI ID	Disclosure	Page number or disclosure	Omissions
ASPECT: CUSTOMER HEALTH AND SAFETY (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 72, 119 – 123, 169	
416-1	Assessment of the health and safety impacts of product and service categories	119 – 120	
ASPECT: CUSTOMER PRIVACY (2016)			
103-1, 103-2, 103-3	Management approach	46 – 49, 64, 72, 169	
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	64	
MATERIAL TOPICS THAT ARE NOT COVERED BY GRI INDICATORS			
MATERIAL TOPIC: CARBON NEUTRAL MOBILITY			
103-1, 103-2, 103-3	Management approach	46 – 49, 112 – 113, 125, 169	
MATERIAL TOPIC: PRODUCT DESIGN AND STYLE			
103-1, 103-2, 103-3	Management approach	46 – 49, 109 – 111, 123 – 124, 169	





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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of 18 January 2018

(Translation from the original Italian text)

To the Board of Directors of
Brembo S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Brembo S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31st December 2019 in accordance with article 4 of the Decree and approved by the Board of Directors on 9th March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

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Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Brembo Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Brembo S.p.A. and with the personnel of Brembo Nanjing Brake Systems Co. Ltd., Brembo (Nanjing) Automobile Components Co. Ltd. and Brembo Czech S.r.o. and we have performed limited documentary evidence procedures, in order to collect information about the processes and





procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the production sites of Nanjing of Brembo Nanjing Brake Systems Co. Ltd. D and Brembo (Nanjing) Automobile Components Co. Ltd. and for the production site of Ostrava of Brembo Czech S.r.o., that we have selected based on their activity, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

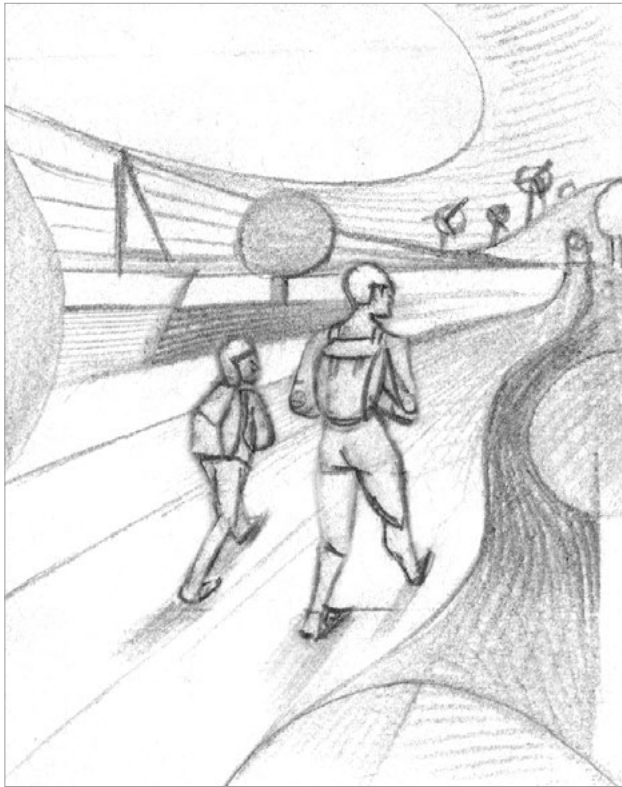
Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Brembo Group for the year ended on 31st December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bergamo, 23rd March 2020

EY S.p.A.
Signed by: Claudio Ferigo (Auditor)

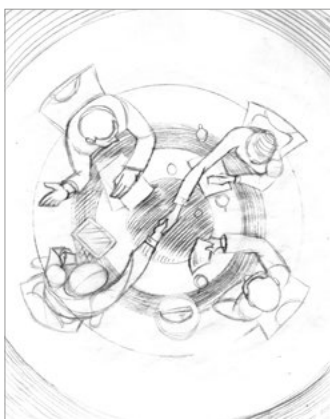
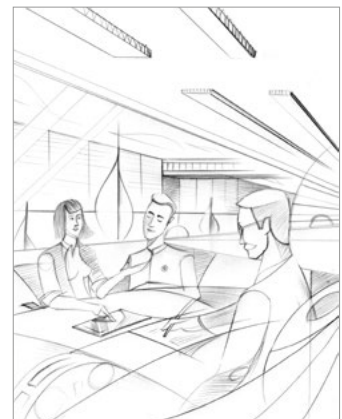
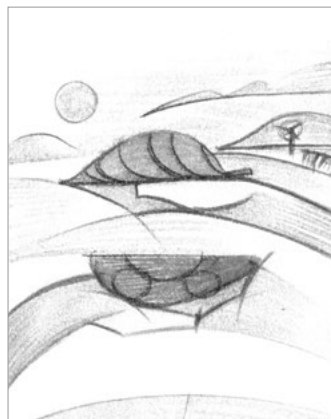
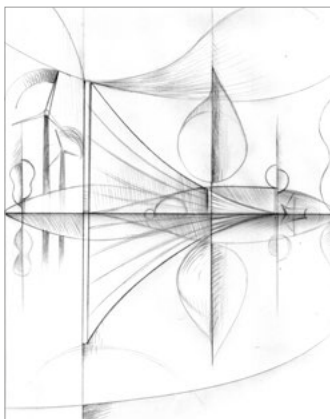
This report has been translated into the English language solely for the convenience of international readers.



In the Beginning Was Sustainability

Above all for those who, like Brembo, take a responsible view of the future. It is against this backdrop that a story unfolds, interweaving illustrations and textual elements, drawing inspiration from modern and contemporary art, and clearly bringing into focus the aspects of innovation, energy and dynamism that set Brembo apart, in its way of thinking and acting. Brembo's commitment to sustainability is tangible and concrete in its every activity. From technological innovation of processes — aimed at reducing consumption and environmental impact — and waste recycling and disposal — ensuring constant respect for the environment — through to its most valuable asset: people. Tending to human relationships and to the quality of the work and life of its employees, together with helping disadvantaged communities, are unquestioned values for Brembo.

The story provides us with numbers, actions, concepts and strategies, all tied together by responsible thinking.





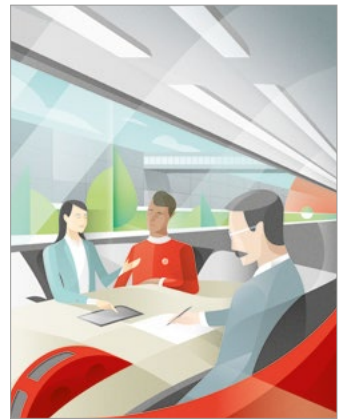
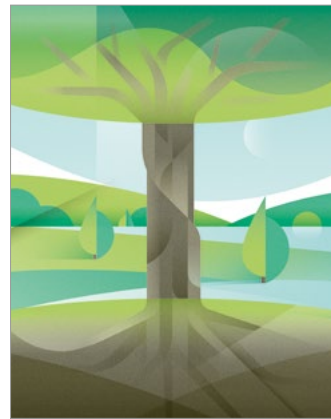
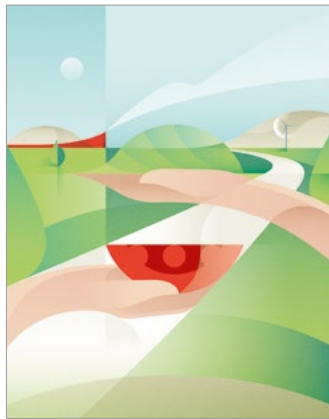
The Future

The style of the illustrations immediately evokes Futurism, adopting its themes: speed, dynamism, strength, power, concision, machine and technology.

Strong, dynamic lines cut across the images, fusing their subjects into a delicate, elegant composition in geometric balance.

Technology's unstoppable development constantly sets new milestones and poses new challenges to be faced and overcome. The original values remain unchanged, solid and unmoving, but the challenges change, shifting to the needs of a world of rapid progress.

Futurist language is thus reinterpreted from a contemporary perspective. Nature and humanity — the constant elements of the tale — are no longer antagonists but engage in dialogue, becoming a harmonious part of the whole, merging to form a single message and thus breathing life into a new vision of the Future.





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