



P.EDIC-01¹

**GUIDELINES FOR THE BREMBO
INTERNAL CONTROL AND
RISK MANAGEMENT SYSTEM**

(REV. 00 - 08/05/2025)

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FOREWORD

Beginning with the cross-border transformation from Italy to the Netherlands in April 2024, Brembo N.V. (hereinafter Brembo) adopted the legal form of a joint stock company with limited liability governed by the laws of the Netherlands and moved its registered office to Amsterdam. At the same time, Brembo maintained its operational and administrative headquarters in Italy. Brembo has, therefore, adopted a one-tier board structure, with a Board of Directors composed of Executive Directors and Non-Executive Directors, the purpose of which is to facilitate, in accordance with or in relation to laws and regulations, a robust and transparent system of controls. To promote a corporate governance model aligned with best practices, Brembo constantly monitors the principles and systems governance generally adopted in Europe (including the Netherlands and Italy) and internationally and compares them with its own structural and organizational elements for the purpose of continuous improvement.

In addition, since the cross-border transformation affected only the registered office, with no impact on Brembo's legal relations, the Organizational Model pursuant to Legislative Decree 231/2001 continues to be applied seamlessly, and the Supervisory Committee continues to operate and supervise the adequacy and compliance of Brembo's Organization, Management and Control Model.

In an increasingly integrated and dynamic macroeconomic environment, the Automotive sector is undergoing a phase of profound and radical change, with a push for the growth of electric vehicles at the expense of traditional vehicles, increasing technological innovation, a market that is seeing the entry of new "players," and an imbalance toward Eastern countries. Against this backdrop, companies, in order to pursue sustainable success, must define strategy and corporate governance with an increasingly "risk-based" view, aimed at protecting corporate value and seizing the opportunities offered by market transformations, considering risk as an indispensable component of doing business.

In this context, the Internal Control and Risk Management System (hereafter ICRMS) constitutes an essential element of Brembo's Governance system as it enables the Board of Directors (hereafter BoD) to ensure the creation of value in the medium to long term by also defining the nature and level of risk compatible with the strategic objectives.

The ICRMS, integrated also with the accounting, administration and organizational model, thus helps to ensure that the company is run in a sound, fair manner and consistent with the objectives defined by the BoD, encouraging informed decision-making consistent with risk appetite.

Brembo's System of Internal Control and Risk Management is the set of rules, procedures and organizational structures aimed at enabling the identification, measurement, management and monitoring of the main business risks within the Group in order to contribute to sustainable success; the ICRMS is consistent and

compatible with the provisions of the Dutch Corporate Governance Code - March 2025 edition and, more generally, with existing national and international best practices.

It stems from the sharing of the company's ethical principles and values, is an expression of Brembo's Code of Ethics and is considered a tool to contribute to the development of ethics as well as intended to consolidate over time a true corporate culture oriented towards legality, fairness and transparency in all company activities, involving the entire company organization in the development and application of methods to identify, measure, manage and monitor risks.

The BoD understands that risk control and risk management processes cannot provide absolute assurances about the achievement of business objectives and the prevention of risks inherent in business operations; however, it believes that the ICRMS can reduce the likelihood and impact of poor decisions, human error, fraud, violations of laws, regulations and business procedures, and unexpected occurrences.

Information flows between the different actors and levels of control ensure that the ICRMS functions as a unified and integrated system, based on common rules and objectives and on the basis of the continuous exchange of information necessary for each component of the system to fully perform its role.

ROLES AND RESPONSIBILITIES

The BoD then defined the following Guidelines for the Internal Control and Risk Management System (hereinafter Guidelines) and identified the main roles and responsibilities, through the approval of corporate referral documents².

In summary, the ICRMS involves, according to their respective competencies, the administrative bodies (Board of Directors, Risk Control and Sustainability Committee, Executive Director in charge of establishing and maintaining the ICRMS, and Top Management), the External Auditors, the Supervisory Committee, the Internal Audit GCF³, the Sustainability & Risk GCF, the Administration & Finance GCF, the Legal & Corporate Affairs GCF, as well as other GCF and other corporate roles and areas with specific tasks in internal control and risk management, articulated in relation to the size, complexity and risk profile of the enterprise. In particular, GCF Administration & Finance, with the cooperation of the Financial Compliance Manager, defines the process to identify and assess the risks that might prevent the Company from achieving its objectives regarding the reliability of financial reporting.

² See, among others, "Regulations of the Board of Directors", "Regulations of the CCRS", "Brembo Organization Management and Control Model", published on the Brembo website in the Corporate Governance section.

³ Global Central Function

The Executive Directors are responsible for establishing additional policies to give concrete implementation to these Guidelines, making reference to best practice models; these policies are approved by Top Management and reported to the Audit, Risk and Sustainability Committee for prior advice.

Finally, the management involved in the Internal Control and Risk Management System is responsible for the effective implementation of the ICRMS for their respective areas of responsibility, through the collaboration and active contribution of all Brembo people at every level in their work activities, contributing to the creation of not only economic but also intangible value for the company.

GUIDELINES

RISK MANAGEMENT POLICY

The risk management policy adopted by the Brembo Group is designed to ensure that risks that may jeopardize the achievement of the company's strategic objectives, including those related to sustainability, are correctly and preventively identified, analyzed and evaluated, and that the measures necessary to manage them are implemented in anticipatory and proactive terms, taking risks in a manner that is conscious of and consistent with its risk appetite.

In particular, the Enterprise Risk Management Model envisions the involvement of all corporate management in order to foster the integration of risk assessment into the definition of business decisions at different corporate levels, creating and spreading a common culture of risk management within the Group.

In this context, the BoD, with the assistance of the Audit, Risk and Sustainability Committee, shall:

- Annually update risk appetite and tolerance levels against specific risk categories within the *Risk Appetite Framework (P.EDIC-01 - Annex 1 - Risk Appetite Framework, a document for internal company use only)*;
 - Review the significant business risks brought to its attention by the Executive Director in charge of the ICRMS and assess how they have been properly identified, as well as adequately analyzed, measured, managed, and monitored, including in relation to the risk appetite levels approved within the *Risk Appetite Framework*; particular attention should be paid to examining changes in the nature and extent of risks during the last reporting period and to assessing the Group's response to those changes;
 - Continuously monitor the design and operation of the System and carry out an evaluation of its effectiveness at least once a year (that is to check whether the structure of the System is concretely effective in pursuit of its objectives and whether it is able to cope with the identified risks, paying particular attention to any weaknesses that have been reported);
 - Consider what actions have been put in place or should be promptly taken to remedy any deficiencies.
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Among the benefits of adopting such a risk management policy is to have a comprehensive view of the risks to which the organization is exposed, also in order to optimize the allocation of resources for their management, and to improve the company's performance and "resilience" over time, ensuring the sound and proper management of the company and the sustainability of the Group's business in the medium and long term.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control and Risk Management System, in addition to facilitating the identification, measurement and continuous and adequate monitoring of the risks assumed by the Group, must provide for the presence of a set of organizational structures, rules and procedures designed to ensure:

- The reliability of both financial and non-financial information;
- The compliance with laws and regulations, as well as with the company's statute and internal procedures;
- The preservation of corporate assets, the effectiveness and efficiency of business operations and processes.

With these Guidelines, the Board wishes to direct actions on the ICRMS so that they are ensured:

- the activation of appropriate information, communication and training processes, as well as the adoption of disciplinary systems that discourage behavior contrary to the principles of the control system;
- the implementation of organizational solutions that ensure that the functions directly involved in the ICRMS have access to the necessary information for subsequent hierarchical ascents consistent with the principles of segregation of duties and sustainability expressed in the organization's management procedure;
- the necessary segregation between operational and control areas so as to avoid or minimize situations of conflict of interest in the assignment of tasks.
- the performance of control activities at each operational level, clearly identifying tasks and responsibilities, in the supervision and intervention phases;
- the timely reporting of detected anomalies to the appropriate referrals of the company and taking appropriate steps to overcome them.

EVALUATION OF THE EFFECTIVENESS OF THE RISK MANAGEMENT AND CONTROL SYSTEM

Monitoring activities on the adequacy and effective functioning of the Control and Risk Management System, as well as its possible revision, are an essential part of its structure. The ICRMS is therefore subject to periodic review and verification, taking into account the organizational company evolution and the reference context. Based on the roles and responsibilities already defined, several control bodies can be identified that are responsible for conducting audits and making assessments of the Internal Control and Risk Management System.

The overall and final assessment is the responsibility of the Board of Directors, which expresses its opinion, giving an account in the Management Report, on the basis of the reports prepared by the control and supervisory bodies.

In particular, the BoD must account for:

- i. the design and operation of the Risk Management and Control System in the areas of operational, compliance and reporting risks, and the frameworks used for this purpose; and
- ii. its assessment of the effectiveness of the Risk Management and Control System with regard to operational, compliance and reporting risks, all during the past fiscal year.

In addition, the BoD should state in the Management Report that:

- i. the Internal Control Risk Management System provides at least limited assurance that the sustainability report does not contain material misstatements; and
- ii. the Internal Control Risk Management System is effective in the management of operational and compliance risks.

The BoD, therefore, will take care not only to verify its existence and implementation within the Group, but also to conduct a detailed review periodically as to its suitability and its effective and practical operation.

From such an assessment, there may therefore be a need to prepare any additional policies, processes, and behavioral rules that would enable the Group to respond appropriately to new or inadequately managed risk situations.

These improvement actions, that are the responsibility of the competent management, should be coordinated by the Executive Administrator in charge of establishing and maintaining the ICRMS.

ATTACHMENTS

Type of document	Document code	Title	Storage address
Attachment	P.EDIC - 01 - Annex	Risk Appetite Framework	Document for internal company use only